

Ruakura Energy Methodology for Pricing and Capital Contributions

Memo

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There are three standard customer categories.

Small	Less than 110 KVA fuse size
Medium	Between 110 KVA and 500 KVA connection size
Large	Greater than 500 KVA connection size

Connecting customers are charged a capital contribution to connect to the Ruakura Energy electricity network, and a pass through lines charge to their chosen retailer. This memorandum outlines the current approach to setting capital contributions, and the ongoing lines charges.

Capital Contributions

Capital contributions are a charge levied to connecting customers, to allow them to connect to the Ruakura electricity network.

Ruakura Energy have two capital contribution components:

- **Site connection charge**, reflecting a charge for all direct incremental costs that setting up a new connection requires; and
- **Incremental network infrastructure charge**, reflecting a contribution to the shared network assets, based on a connecting customers' potential usage of the network.

For new connections to the Ruakura Energy network after August 2024, a capital contribution is paid in advance of a connection going live, with the rate set depending on the size of a customer connection.

Ruakura Energy's first cohort of customers who connected prior to August 2024 had their capital contributions included within the lines charge.

The capital contribution approach applied to the different customer categories is outlined in Appendix 2.

Line Charges

Ruakura Energy have differing standard pricing approaches for different customer categories. The key factor that determines the customer category is the size of the connected capacity / customer fuse size.

Ruakura Energy may negotiate a non-standard agreement, where a different methodology is adopted with a customer, for strategic or commercial reasons.

Small customer connections are charged a monthly lines charge, based on the number of days in a month and number of connections, and the power consumption in kWh.

Medium customer connections are charged a monthly lines charge based on:

- A **fixed daily charge** based on the number of days in the month and number of connections.
- **Anytime maximum demand (“AMD”) charge**, reflecting a charge for the customer’s expected maximum power demand in KVA over a 12-month period. Medium customers are allowed to reset AMD once a year during the retailer pricing reset period
- **Excess demand charge**, reflecting a charge if maximum power demand in a month is higher than the AMD nominated for the AMD charge.

Large customer connections are charged a monthly lines charge based on:

- A fixed monthly charge, calculated annually and divided by 12, based on:
 - A **fixed charge** for each connection.
 - **Capacity charge** for the customers connected capacity.
 - **AMD charge**, reflecting a charge for the customer’s expected maximum power demand in KVA over a 12-month period. For new connections a minimum AMD is set by Ruakura Energy, which is set at 70% of connected capacity, for a period of five years. For the first five years following a connection going live, large customers are allowed to reset the AMD above the minimum level once a year, during the retailer pricing reset period. Following the initial five year period, large customers are allowed to reset the AMD once a year to any level, during the retailer pricing reset period.
- Variable monthly charge:
 - **Excess demand charge**, this is an additional charge if maximum power demand in a month is higher than the AMD nominated for the AMD charge.

For connecting customers that connected prior to August 2024, Ruakura Energy charged capital contributions as part of the lines charge. Further details of the methodology applied is included in Appendix 2.

Further details of pricing arrangements are included in the pricing schedule in Appendix 1.

Appendix 1: Ruakura Energy Line Charges – 2024/25 pricing year

Small connections: <i>less than 110 KVA connection size</i>	The monthly lines charge is calculated based on the following formula for small customers:	
	Fixed daily charge	\$2 per day
	Variable charge	\$0.0787 per kWh
Medium connections: <i>110 KVA to 500 KVA connection size</i>	The monthly operational charge is calculated for medium customers based on the formula below:	
	Fixed daily charge	\$4.3108 per day x number of connections x number of days in the month
	+ AMD charge	\$18.553 x AMD that has been nominated (KVA) per month Customers are allowed to reset AMD annually (up or down), once a year during the retailer pricing reset period. If the AMD is increased beyond a level previously set, a capital contribution is payable. Details included in Appendix 2.
	+ Excess demand charge	If maximum demand (KVA) in a month is higher than the AMD nominated for the AMD charge, an excess demand charge is payable for the maximum demand (KVA) above nominated AMD. The monthly excess demand charge set at: (Maximum demand (KVA) – nominated AMD (KVA)) x \$1.092 x the number of days in the month
Large connections: <i>Connections above 500 KVA</i>	The monthly operational charge is calculated for large customers based on the formula below:	
	Fixed charge (calculated annual divided by 12)	
	Fixed daily charge	\$4.3108 per day x the number of connections x 365 days
	+ Capacity charge	Connection size (KVA) x \$0.2184 per day x 365 days
	+ AMD charge	AMD (KVA) that has been nominated x \$11.91 per month x 12 months For new connections a minimum AMD is set by Ruakura Energy, which is set at 70% of connected capacity for a period of five years from a connection being livened. Connected customers can reset the AMD once a year during the retailer pricing reset period, to any level above the minimum in the first 5 years, and below the minimum AMD after the five year period has lapsed
	Monthly fixed charge	Sum of above / 12
	Monthly variable charges	
	+ Excess demand charge	If maximum demand (KVA) in a month is higher than nominated AMD, an excess demand charge is payable for the maximum demand (KVA) above nominated AMD. The monthly excess demand charge is set at: (Maximum demand (KVA) – nominated AMD (KVA)) x \$13.101
	The initial pricing policy for large connections prior to June 2024 was for calculated capital contributions to be repaid over 15 years with an interest rate applied, as part of the lines charge. Details included in Appendix 2.	

Appendix 2: Capital Contribution Charges

For new connections to the Ruakura Energy network after August 2024, a capital contribution is paid in advance, with the rate set depending on the size of a customer connection. The rates are specified below.

	Site connection charge	Incremental network infrastructure charge
Small connections: <i>less than 110 KVA connection size</i>	All customers, regardless of size, pay a site connection charge based on the direct incremental costs that their connection requires. Site connection costs include costs such as stand-alone high voltage switches, transformers, cabling, and labour.	An incremental network charge of \$4,920 is charged for each new small customer connection.
Medium connections: <i>110 KVA to 500 KVA connection size</i>		The incremental network infrastructure charge for medium connections is set at: \$235 x nominated AMD (KVA) The nominated AMD can be reset annually. If the nominated AMD is being increased beyond a previously set level, an incremental network infrastructure charge will be payable at \$235 x increase in nominated AMD (KVA)
Large connections*: <i>Connections above 500 KVA</i>		The incremental network infrastructure charge for large connections is set at: \$235 x connected capacity (KVA)

A quote will be provided for capital contributions, splitting the site connection and incremental network infrastructure charges. The capital contribution is payable before a connection is made live.

Approach for large connections that went live prior to August 2024:

Site connection charge	The site connection charge is a charge for all direct incremental costs that setting up a new connection requires, including costs such as high voltage switches, transformers, cabling, and labour. This charge was included within the annual lines charge, calculated over 15 year period with a 6% interest rate applied.
Incremental network infrastructure charge	This charge has been set at the time of connection at \$336 per KVA, based on the connecting customer AMD estimates. This charge was included within the annual lines charge, calculated over a 15 year period with a 6% interest rate applied.

Appendix 3: Glossary of Terms

AMD	Anytime maximum demand	Highest peak power demand (KVA) over a 12 month period.
Capital contribution	Capital contribution	A charge to a customer as a contribution towards the infrastructure cost of a connection / network.
Connected capacity	Connected capacity	The dedicated transformer capacity of a connection.
KVA	Kilo volt-amps	1,000 volt-amps. This is a measure of potential capacity.
kWh	Kilowatt hour	The energy consumed within a one-hour period and multiplied by site Power Factor.
MVA	Mega volt-amps	1,000,000 volt-amps. This is a measure of potential capacity.
Nominated AMD	Nominated AMD	Nominated KVA peak.
ICP / connection	Individual connection point	A connection point that has a registered electricity meter, where electricity is measured by an electricity retailer. Customers that have multiple transformers, may have separate ICP's for each transformer.

