

THRESHOLD COMPLIANCE STATEMENT

FOR THE ASSESSMENT DATE, 31 MARCH 2006

Pursuant to the Commerce Act

(Electricity Distribution Thresholds) Notice 2004

18 May 2006.

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1. Disclosure of Information Required (Clause 7(1)(a)(i) – The Price Path Threshold)

Northpower Limited does not comply with all requirements of the price path threshold at the 31 March 2006 assessment date, as specified in the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

Commerce Act (Electricity Distribution Thresholds) Notice 2004

Assessment Against the Price Path Threshold for the Assessment Date 31 March 2006

Clause 5 (1) (a) The Notional Revenue of a distribution business at each assessment date (calculated in accordance with the numerator of the left-hand side of the following expression) is not to exceed the allowable Notional Revenue of the distribution business under the CPI-X price path at that assessment date (calculated in accordance with the denominator of the left-hand side of the following expression):

Test:	$\frac{NR_{2006}}{R_{2006}}$	≤ 1
Result:	0.9348	< 1
Result:	Threshold is not breached	

Clause 5 (1) (b) The notional revenue of a distribution business at any time during an assessment period is not to exceed the greater of the notional revenue of the distribution business at the assessment date on which that assessment period ends and the notional revenue of the distribution business at the previous assessment date under this clause (or, if the previous assessment date is the reference date, under clause 5 of the initial Notice).

Test:	$\frac{NR_{Max}}{Max(NR_{2005}, NR_{2006})}$	≤ 1
Result:	\$24,894,852 / \$24,862,179	> 1
Result:	1.001	> 1
Result:	Threshold is breached by \$32,673	

Supporting evidence is presented in Appendices A, B and D.

The breach of Clause 5 (1) (b) reflects an anomaly in the formula which causes companies which reduce their price during the year to breach. This has now been fixed by the Commerce Commission, to apply to price path assessments from 1 April 2006.

In the First Compliance Statement, Loss Rental Rebates were not excluded from the Notional revenue calculation because the process followed for the pass through of Loss Rental Rebates did not provide the level of transparency required by the Gazette Notice. For the Second Assessment, the process was altered to provide the level of transparency required. The same applies for the assessment dated 31 March 2006. The result is that Loss Rental Rebates are excluded from the Notional Revenue calculations at the assessment dated 31 March 2006.

In accordance with the Gazette Notice, the following sources of revenue have been included in the calculation of notional revenue:

1. Income from sale of electricity conveyance services to electricity retailers and customers.
2. Revenue from connection, disconnection and reconnection services.

Excluded Services:

In accordance with the Gazette Notice the following sources of revenue have been excluded from the calculation of notional revenue:

1. Revenue from external contracting work as this is derived from contestable activities performed for other lines businesses in New Zealand and overseas.

2. The value of assets vested in the network by Northpower's customers.
3. Interest received and sundry income from rent and sale of scrap, as revenue from these sources is not related to conveyance of electricity.

Pass Through Costs:

In accordance with the Gazette Notice, the following components of transmission charges have been included in pass through costs:

- Connection charges
- Interconnection charges
- New investment charges
- EVA adjustments

Electricity Commission levy and local body rates applying to system fixed assets: lines, cables, equipment, substation land and substation buildings, have also been passed through in accordance with the Gazette Notice.

2. Disclosure of Information Required (Clause 7(1)(a)(ii) - The Quality Threshold)

Northpower Limited complies with all requirements of the quality threshold at the 31 March 2006 assessment date, as specified in the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

Assessment Against the Quality Threshold for the Assessment Date 31 March 2006

Clause 6 (1) (a) Interruption Duration (Class B&C)

Test:	$SAIDI_{2006} \leq \left(\frac{SAIDI_{1999} + SAIDI_{2000} + SAIDI_{2001} + SAIDI_{2002} + SAIDI_{2003}}{5} \right)$		
Result:	117.03	<	169.18
Result:	SAIDI does not breach the threshold		

Clause 6 (1) (b) Interruption Frequency (Class B&C)

Test:	$SAIFI_{2006} \leq \left(\frac{SAIFI_{1999} + SAIFI_{2000} + SAIFI_{2001} + SAIFI_{2002} + SAIFI_{2003}}{5} \right)$		
Result:	2.36	<	3.35
Result:	SAIFI does not breach the threshold		

Supporting evidence is presented in Appendix C.

3. Disclosure of Interruption Statistical Information (Clause 7(1)(a) (iii) – SAIDI and SAIFI)

The basis for producing the information relies on ICP quantities and outage durations. Instructions for Control Room Operators to carry out the tasks necessary to ultimately produce the information required, are contained in the Operations Manual.

Databases provide the ICP information for each distribution substation. This enables the number of ICPs in each distribution line segment (and indeed each distribution feeder, zone substation, grid exit point etc) to be determined. Folders containing hard copy schematics of each distribution feeder with this ICP quantity information, are kept in the Control Room.

The Control Room is fully operational 24 hours each day and the Operator, with assistance from the SCADA system, logs the outage duration(s) for each line segment for each interruption

The duration and ICP information for each interruption is manually entered into a “Faults” computer program by the operator, along with other relevant information (e.g. time and cause of interruption). This “Faults” program then provides daily, weekly, monthly and annual reports containing details and summaries of all outages.

In addition to daily checks on interruption data accuracy, before the disclosure information is finalised for each year, a number of checks are carried out on the interruption information in a serious effort to identify any further human error associated with data collection and data entry.

4. Disclosure of Information Required (Clause 7 (1) (a) (ii) – Customer Communication)

Clause 6 (1) (c) Customer Communication

Commerce Act (Electricity Lines Thresholds) Notice 2004 Pursuant to sections 57G and 57T of the Commerce Act 1986

Section 6(1)(c) of Notice 2004 requires a lines business to satisfy a consumer engagement criterion, ensuring that the business has meaningfully engaged with consumers to determine their demand for price and service quality.

Northpower defines quality from an external point of view as a safe, reliable, hassle free service. Through our Asset Management Plan (AMP) and Statement of Corporate Intent (SCI) we also state our quality measures. Our annual targets specify network reliability (SAIDI) at less than 120 minutes, average number of faults per 100km of line at less than 10 and customer satisfaction for residential and commercial customers at greater than 85%.

In 2006 customers were given three choices of the level of service (defined as reliability, supply, guarantee and response to faults).

Clause 6 (1) (c) Customer Communication

Northpower has engaged with customers regarding price and quality trade-offs through the following processes:

- Direct consultation with industrial and commercial customers
- Contractual arrangements with industrial and commercial customers and retailers
- Tariff options
- Engagement with the Northpower Electric Power Trust
- Customer Surveys
- Other Price and Quality Information Disclosure

(i) Advise

Direct Consultation with Large Industrial and Commercial Customers

Northpower employs a Commercial Manager Network and a Planning Manager Network whose roles include advising industrial and commercial customers in regards to price, quality, reliability and security of supply. Specifically price and quality options are provided to customers via written communication (in most cases) following the consultation process. These staff members visit and arrange meetings with customers. Customers are called directly in relation to planned outages and faults that have occurred on the network. Monitoring and analysis is done for customers on request.

Contractual Arrangements with Industrial and Commercial Customers and Retailers

Northpower advises customers (directly or indirectly through retailers) of price and quality trade-offs through contractual arrangements and negotiations. Information is generally provided via Northpower's public SCI, Use of System Agreements with Retailers and direct line function service agreements with our largest customers. Via the negotiation process, these contracts include service standards, quality standards, performance levels,

determination of quality and pricing information to ensure customers have appropriate price and quality information to enter into contractual arrangements.

In addition, transmission pricing is reviewed annually and we have a policy of directly passing through changes in Transpower pricing. Line charges are reviewed as per contract conditions, which are generally annually.

Engagement with the Northpower Electric Power Trust

The Northpower Electric Power Trust is required, under its Trust Deed, to approve the SCI. The Trust, representing customers, is provided with a draft SCI for consideration. This document contains financial, price and quality information enabling the Trust to determine whether appropriate price and quality trade-offs are available.

Tariff Options

Northpower provides direct price quality trade-offs through the use of controlled and uncontrolled tariffs. Northpower produces press releases for all local media and publishes line pricing changes in local newspapers. Northpower published on 25th February 2006 our last line charge change. The adverts include controlled (including specifying hours applicable) and uncontrolled pricing options for customers on the Northpower network. Line charges and pricing methodology are also provided on the Internet.

Customer Surveys

Both residential and commercial customers are surveyed on an annual basis. Through this survey, both customer types are provided with the opportunity to consider, amongst other things, service quality and price and quality trade-offs.

Other Price and Quality Information Disclosure

Northpower's SCI and AMP are publicly disclosed each year. These documents give our overall intentions and objectives for the company. Both documents include price and quality information. They recognise that the needs of our customers are paramount, and demonstrate a commitment to meeting those needs through the provision of a safe, reliable and hassle free service. We endeavour to achieve network reliability levels that are best practice for a comparable network in New Zealand and supply lines services at a price which compares favourably with other line companies in New Zealand. Northpower also works with other industry participants to ensure appropriate security of supply (e.g. Transpower). Our operational performance sets out our targets on network reliability (SAIDI) at <120minutes, average number of faults per 100km of line at <10, faults, service customer satisfaction at >85% and a new KPI of reliability customer satisfaction, which currently rates at 94% with at target for 2004/05 set at >90%

Northpower also distributes customer newsletters and annual reports (also placed on the internet) to all customers on the network. Information on performance, reliability and price is included.

Northpower attends two public trade displays annually and provides a range of information including reliability and line charges.

Northpower employs a Customer Advisor who meets regularly with community groups and schools. Part of such discussions cover faults, reliability, pricing and safety information.

Northpower is a member of the electricity complaints commission has a feedback policy that monitors all complaints, compliments and suggestions. Any price, quality and reliability issues are dealt with as they surface.

Monthly Customer Satisfaction questionnaires are sent out to customers who have had fault or service line work carried out. This monitors Northpower performance and gives customers the opportunity to comment on any part of our service, including price and quality of supply.

(ii) Consult

Direct Consultation with industrial and commercial customers

Northpower has a number of project managers whose roles include visiting and consulting with commercial customers when designing and building new services. Quality, security and pricing issues are all discussed during this time.

Contractual arrangements with large industrial and commercial customers and retailers

Through the negotiation process in entering into contractual arrangements with industrial and commercial customers and retailers Northpower consults closely to ensure customers have the appropriate level of price and quality information, amongst other information, to reach an agreement.

Engagement with the Northpower Electric Power Trust

Northpower consults with its Trust (who holds all shares on behalf of customers) four times a year. There is also one public AGM that is held and advertised.

The Trust signs off on the proposed SCI (including reliability and financial performance standards) for the coming year and also reviews the progress against the current SCI at a six month interval.

Tariff Options

As stated above, Northpower provides direct price quality trade-offs through the use of controlled and uncontrolled tariffs. Northpower produces press releases for all local media and publishes line pricing changes in local newspapers.

Trade Events

Northpower attends two public trade displays annually and provides a range of information including reliability and line charges. During the 2006 Northland field days Northpower conducted a survey to gain price vs service level trade-off. The results were overwhelmingly in favour of maintaining prices and current levels of service.

Customer Surveys

Northpowers main engagement with mass market customers is via an annual independent customer survey (conducted since 1995). A regular monitoring of customer satisfaction is in place to track customer perceptions of Northpower and its services. Key results from this are fed into Northpower KPI's and performance reviews in both the AMP and SCI.

Key areas include service attributes and Northpower performance against them as well as reliability, quality of supply and pricing.

The March 2004, 2005 and 2006 independent customer survey asked customers specifically about price and service level trade-off. In 2004 the majority of customers do not agree with line charge increases aimed at improving reliability of supply. In 2005, 84% of residential customers and 90% of commercial customers said they did not want to pay less for a less reliable power supply. In 2006 customers were given three choices of the level of service (defined as reliability, supply guarantee, and response to faults). The first was increase price and service. The second maintain current levels and the third reduce price and service. 85% of residential and 86% of commercial customers wanted to maintain current levels.

In 2005 and 2006 residential and commercial customers were asked how satisfied they are with various aspects of Northpowers service (defined as safe, reliable, hassle free service)

Clearly Northpower is performing well on these aspects over the last two years and reinforces that customer are happy with the current levels of price and service.

(iii) Consider

Direct Consultation with Large Industrial and Commercial Customers

Northpower works closely with its commercial and industrial customers and this consultation process involves the consideration of their views and Northpower's expertise in determining the best approach with pricing options.

Contractual arrangements with industrial and commercial customers and retailers

Major changes/investments in the network are also made from the consultation with major participants. Direct customer supplies such as Carter Holt Harvey LVL plant are made with direct involvement with the customer and are made to the customer's specifications. Reliability and quality standards are discussed and determined at these times.

Engagement with the Northpower Electric Power Trust

Northpower consults with the Northpower Electric Power Trust and provides a SCI that is approved and adopted by the Trust formally each year. This demonstrates that the trust views are considered and information from the SCI is incorporated into the AMP.

Customer Surveys

Independent customer survey shows customers are satisfied or very satisfied with Northpower's current levels of reliability. In addition the majority of customers do not agree with line charge increases aimed at improving reliability of supply.

Northpower's reliability target levels and line charges are set with consideration gained from consultation with customers. Customers via research prioritise key attributes, and give their perception of Northpower's performance for each. Our service quality targets and performance (KPI's) are reflective of these in both our SCI and AMP.

(iv) Action

Direct Consultation with Large Industrial and Commercial Customers

Following the engagement with industrial and commercial customers on specific price and quality options, action is implicit in signing an agreement for the preferred solution.

Contractual Arrangements with Industrial and Commercial Customers and Retailers

Northpower has implicitly considered the views of customers and retailers through entering into a contractual relationship. Northpower is actively working on the industry model use of system agreement. This agreement is planned to come into effect during 2006. The agreement has a number of service level guarantees which Northpower group into urban, rural and remote rural segments.

Service Level Agreement with Service Provider.

Northpower has produced a contract with its service provider to deliver specific levels of service for the network based on its AMP. The service delivery agreement also has a performance and monitoring section which is based on reliability and customer satisfaction.

Engagement with the Northpower Electric Power Trust

Whilst Northpower incorporates the views of the Trust into wider asset management strategy decision the views of the Trust are incorporated explicitly through the link of quality targets set in the SCI into the AMP. The AMP provides the basis for the implementation of Northpower's asset management strategy.

Customer Surveys

The information gained from the surveys is incorporated into the AMP and SCI. Our AMP has clearly identified the mass market's preference for the status quo combinations of price and reliability. This is represented in the plans as a continuation of current target levels demonstrating our commitment to maintain these levels.

Northpower is continuing to maintain its current budget spending on asset maintenance in order to deliver the current acceptable levels of reliability and quality of supply without increasing line charges. The company has steadily improved reliability over the past 14 years.

Northpower continues to focus on efficiency gains which involve streamlining processes and resources in order to provide best practice asset management. This is especially the case in the area of tree and vegetation maintenance. Northpower has developed tree and vegetation polices to focus on reducing outages on the network by cutting more trees and spreading the costs to those directly related. Northpower is an industry leader in this area and is part of the national working group involved in rolling out the tree regulations to line businesses in NZ.

Northpower continues to develop cost effective ways of reducing outages, outage times and numbers of customers affected by faults through targeted capital expenditure such as reclosers, sectionalisers, and fault passage indicators. These gains enable current line charges to remain unchanged yet continue to meet and exceed reliability targets.

Outages are also reduced by use of live line maintenance techniques. Northpower continues to monitor and review our asset management policies and practices and this results in changes to our AMP. The company is actively involved in investigating new technologies, such as world class Japanese practices. Northpower has developed associations and partnerships with the Japanese and United States.

Northpower continues to seek service delivery standards from Transpower and helps identify and contribute towards transmission improvements. (e.g. Additional transformer at Maungatapere to improve security to Dargaville)

Northpower actively monitors load growth and invests capital in upgrading the network.

The NZ standards and regulations also determine electricity quality levels that Northpower actively monitor and maintain. Every endeavour is made to remedy any exceptions as quickly as possible.

Conclusion

Northpower has demonstrated compliance by undertaking the following process:

- Direct consultation with large industrial and commercial customers.
- Contractual arrangements with industrial and commercial customers and retailers.
- Tariff options.
- Engagement with the Northpower Electric Power Trust.
- Customer Surveys.
- Other Price and Quality Information Disclosure.
- Continual improvement of asset management capability.

Disclaimer

The information presented in this Threshold Compliance Statement has been prepared solely for the purpose of complying with the requirements of the Commerce Act (Electricity Distribution Thresholds) Notice 2004. This statement has not been prepared for any other purpose and Northpower expressly disclaims any liability to any other party who may rely on this statement for any other purpose.

5. Certification of Threshold Compliance Statement

We, Warren William Moyes and John Joseph Ward, being directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached threshold compliance statement of Northpower Limited and related information, prepared for the purposes of the Commerce Act (Electricity Lines Thresholds) Notice 2004 complies with the requirements of that notice, except for Clause 5 (1) (b).



WARREN WILLIAM MOYES



JOHN JOSEPH WARD

18 May 2006

Appendix A

Notional Revenue at Assessment Date 31 March 2006.

Commerce Act (Electricity Distribution Thresholds) Notice 2004 Price Path Inputs and Calculations for the Assessment Date 31 March 2006

Clause 5 (1) (a)

NR_{2006}

Notional Revenue for the year ending 31 March 2006		
Term	Description	(\$)
$\sum P_{i,2006} Q_i$	Prices at 31 March 2006 multiplied by 31 March 2003 Base Quantities	35,144,242
K_{2006}	Transmission Charges for year ending 31 March 2006	10,162,643
	Rates for year ending 31 March 2006	26,900
	Electricity Commission Levies for year ending 31 March 2006	92,520
$NR_{2006} = \sum P_{i,2006} Q_i - K_{2006}$	Notional Revenue for the year ending 31 March 2006	24,862,179

NR_{2005}

Notional Revenue for the year ending 31 March 2005 as disclosed in the 31 March 2005 Threshold Statement		
Term	Description	(\$)
$\sum P_{i,2005} Q_i$	Prices at 31 March 2005 multiplied by 31 March 2003 Base Quantities	34,568,298
K_{2005}	Transmission Charges for year ending 31 March 2005	9,873,274
	Rates for year ending 31 March 2005	25,470
	Electricity Commission Levies for year ending 31 March 2005	94,682
$NR_{2005} = \sum P_{i,2005} Q_i - K_{2005}$	Notional Revenue for the year ending 31 March 2005	24,574,872

R₂₀₀₄

Maximum Notional Revenue at the reference date which would not have caused the distribution business to breach the price path under the Initial Notice		
Term	Description	(\$)
$\sum P_{i,0} \times Q_{i,0}$	Prices at 6 September 2003 multiplied by 31 March 2003 Base Quantities	33,899,627
C_{T2003}	Budget Transmission Charges for year ending 31 March 2004	9,135,429
C_{R2003}	Budget Rates for year ending 31 March 2004	26,000
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	24,738,198

Note: All notation in the table above except R₂₀₀₄ comes from the Initial Notice.

Test for 5 (1) (a) - $(NR_{2006} / R_{2006} \leq 1)$

Allowable Notional Revenue under CPI -X price path		
Term	Description	(\$)
X	X Factor	-1%
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	24,738,198
$(1 + \Delta CPI_{2005})$	Average change in Consumer Price Index over 2004	1.0229
$(1 - X)$	1-X Factor	1.01
R_{2005}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2005	25,557,812
$(1 + \Delta CPI_{2006})$	Average change in Consumer Price Index over 2005	1.0304
$(1 - X)$	1-X Factor	1.01
R_{2006}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2006	26,597,348
NR_{2006} / R_{2006}	Expression must be less than or equal to 1 to avoid breaching 5(1)(a)	0.9348
$R_{2006} - NR_{2006}$	Value of Compliance or (Breach)	1,735,169

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

ΔCPI_{2005}			
Numerator		Denominator	
$CPI_{Q1,2004}$	1115	$CPI_{Q1,2003}$	1098
$CPI_{Q2,2004}$	1124	$CPI_{Q2,2003}$	1098
$CPI_{Q3,2004}$	1131	$CPI_{Q3,2003}$	1103
$CPI_{Q4,2004}$	1141	$CPI_{Q4,2003}$	1111
Total	4511	Total	4410
ΔCPI_{2005}		2.29%	

Source: Statistics New Zealand All Groups SE9A Index

ΔCPI_{2006}			
Numerator		Denominator	
$CPI_{Q1,2005}$	1146	$CPI_{Q1,2004}$	1115
$CPI_{Q2,2005}$	1156	$CPI_{Q2,2004}$	1124
$CPI_{Q3,2005}$	1169	$CPI_{Q3,2004}$	1131
$CPI_{Q4,2005}$	1177	$CPI_{Q4,2004}$	1141
Total	4648	Total	4511
ΔCPI_{2006}		3.04%	

Source: Statistics New Zealand All Groups SE9A Index

Appendix B

Clause 5 (1) (b)

NR_{Max}

Maximum Notional Revenue for the period 1 April 2005 to 31 March 2006. Enter P x Q using 31 March 2006 Prices and 31 March 2003 Base Quantities if there has been no change in prices over this period, otherwise use prices which generate the maximum notional revenue over the period when using 31 March 2003 quantities		
Term	Description	(\$)
$\sum P_{Max} Q_i$	Maximum Price Between 1 April 2005 and 31 March 2006 multiplied by 31 March 2003 Base Quantities	35,176,915
K_{2006}	Transmission Charges for year ending 31 March 2006	10,162,643
	Rates Charges for year ending 31 March 2006	26,900
	Electricity Commission Levies for year ending 31 March 2006	92,520
NR_{Max}	Maximum Notional Revenue for 1 April 2005 to 31 March 2006	24,894,852

Test for 5 (1) (b) - $(NR_{Max} / \text{Max}(NR_{2005}, NR_{2006})) \leq 1$

Notional Revenue during the period is not to exceed the maximum of the Notional Revenue at the end of the assessment period and the Notional Revenue at the end of the previous assessment period		
Term	Description	(\$)
NR_{Max}	Maximum Notional Revenue for 1 April 2005 to 31 March 2006	24,894,852
NR_{2005}	Notional Revenue at 31 March 2005	24,574,872
NR_{2006}	Notional Revenue at 31 March 2006	24,862,179
$\text{Max}(NR_{2005}, NR_{2006})$	Maximum of the Notional Revenue at 31 March 2005 and the Notional Revenue at 31 March 2006	24,862,179
$NR_{Max} / \text{Max}(NR_{2005}, NR_{2006})$	If expression is greater than 1, Clause 5 (1) (b) is breached	1.0013
$\text{Max}(NR_{2005}, NR_{2006}) - NR_{Max}$	Value of Compliance or (Breach)	(32,673)

Details of prices and quantities are provided in Appendix D.

Appendix C

Commerce Act (Electricity Distribution Thresholds) Notice 2004 Quality Inputs and Calculations for the Assessment Date 31 March 2006

Input required

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
1999	58.22	158.48	216.70	0.46	4.28	4.74
2000	31.73	77.24	108.97	0.23	1.85	2.08
2001	29.50	129.63	159.13	0.22	3.05	3.27
2002	53.53	135.09	188.62	0.37	2.49	2.86
2003	31.96	140.53	172.49	0.21	3.57	3.78
	Five Year Average SAIDI		169.18	Five Year Average SAIFI		3.35
2006	27.57	89.46	117.03	0.17	2.19	2.36

SAIDI and SAIFI numbers for years 1999 to 2003 are based on disclosure data.

Appendix D – P x Q Schedules for Maximum Revenue 1 April 2005 to 31 March 2006

Maximum revenue between 1 April 2005 and 31 March 2006 (Fourth Reference Date)	ΣP_{MAX} Q_i
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Prices 1 April 2005 to 31 March 2006

Tariff or Fee	Description	Number of ICPs at 31/03/03	kWh or kw or kvarh for 31/03/03	kVA for 31/03/03	kVAr	Other Qty for 31/03/03	Transmission Tariff						Distribution Charges					Other Fees/Charges Non Conveyance (Multiply by quantities as appropriate)	Notional Transmission Revenue (\$)	Notional Distribution Revenue (\$)		Notional Other Revenue (\$)	Total Revenue (\$) P_{i,2004} Q_{i,0}
							Fixed			Variable			Fixed			Variable				Fixed	Variable		
							\$/day	c/kVA/day	Other	c/kVArh	Other	c/kWh	\$/day	c/kVA/day	Other	c/kVArh	c/kWh						
Non ToU Retail																							
1	Household 24hr Low																						
2	Household 24 Hr	33359	151,160,148								1.96	0.21					4.99		2,962,739	2,556,967	7,542,891	-	13,062,598
5	Priority Control		26,774,038								0.93						3.07		248,999	-	821,963	-	1,070,962
6	Standard Control		73,395,959								0.93						2.42		682,582	-	1,776,182	-	2,458,765
7	Night Rate		3,210,949								0.21						0.64		6,743	-	20,550	-	27,293
11	Controlled * Day	88	892,707								0.93	0.26					3.77		8,302	8,351	33,655	-	50,308
12	Controlled * Night		1,460,685								0.21						2.29		3,067	-	33,450	-	36,517
17	Night Rate Boost		719,679								0.21						2.79		1,511	-	20,079	-	21,590
19	Metered Lighting		41,733								1.96						6.09		818	-	2,542	-	3,360
32	Large Comm. 24 Hr	72	10,407,529					3.00			1.96	2.50					5.09		203,988	65,700	529,743	-	799,431
33	Comm. 24 Hr Use	9779	80,663,155								1.96	0.26					6.09		1,580,998	928,027	4,912,386	-	7,421,411
34	School Day	44	2,260,667								1.96	0.26					6.09		44,309	4,176	137,675	-	186,159
35	School Night		1,162,640								0.21						2.29		2,442	-	26,624	-	29,066
36	Night Shift-Day																		-	-	-	-	-
37	Night Shift-Night																		-	-	-	-	-
38	Night Shift-Day																		-	-	-	-	-
39	Night Shift-Night																		-	-	-	-	-
71	Hsehold Use(City)	4349	26,765,169								1.53	0.21					4.12		409,507	333,351	1,102,725	-	1,845,583
95	Prepay Meter		-																-	-	-	-	-
Unmetered																							
24	Unmetered Dusk to Dawn	5593	2,953,097			1095					1.96	0.04					4.04		57,881	81,658	119,305	-	258,844
25	Unmetered 24 Hr	153	134,362			365					1.96	0.20					6.09		2,633	11,169	8,183	-	21,985
ToU Retail																							
5	Priority Control		114,302								0.93						3.07		1,063	-	3,509	-	4,572
7	Night Rate		25,461								0.21						0.64		53	-	163	-	216
32	Large Comm. 24 Hr	40	10,276,471					3.00			1.96	2.50					5.09		255,826	36,500	523,072	-	815,398
32	Large Comm. 24 Hr	15																				29.00	

	Interconnection				74495					465.083								346,464			346,464
	Reactive Capacity				1			14,772										14,772			14,772
	Reactive Penalty					5827				78.99								4,603			4,603
	EVA Charge				1			-39,497										-39,497			-39,497
	Black Start				1													-			-
	Residual Reactive Electricity Commission Levy				1			12,253					0.00918					4,863			4,863
	Line Charge	1																180,000			180,000
	Transmission Administration				1													7,025			7,025
NS4	Zone 1 Reactive Support																	-			-
	Frequency Support																	-			-
	Connection				1			93,792										93,792			93,792
	Interconnection					48354												224,886			224,886
	Reactive Capacity				1			7,512										7,512			7,512
	Reactive Penalty					1238				78.94								977			977
	EVA Charge				1			-27,418										-27,418			-27,418
	Black Start				1													-			-
	Residual Reactive Electricity Commission Levy				1			6,229										6,229			6,229
	Line Charge	1																172,800			172,800
	Transmission Administration				1													6,293			6,293
	Transformer Recovery				1													4,758			4,758
NS5	Zone 1 Reactive Support																	-			-
	Frequency Support																	-			-
	Connection				1			7,377										7,377			7,377
	Interconnection					3920												18,231			18,231
	Reactive Capacity				1			1,704										1,704			1,704
	Reactive Penalty					11				78.86								9			9
	EVA Charge				1			-2,181										-2,181			-2,181
	Black Start				1													-			-
	Residual Reactive Electricity Commission Levy				1			1,412										1,412			1,412
	Line Charge	1																74,796			74,796
	Transmission Administration				1													-			-
NS6	Zone 1 Reactive Support																	-			-
	Frequency Support																	-			-
	Connection				1			122,388										122,388			122,388

	Major Customers																				
NS1	Zone 1 Reactive Support	235,248,348																		-	-
	Frequency Support	235,248,348																			-
	Connection				1		316,320													316,320	316,320
	Interconnection				334169				465.083											1,554,163	1,554,163
	Reactive Capacity				1		56,760													56,760	56,760
	Reactive Penalty			1250					78.99											987	987
	EVA Charge				1		-174,624													-174,624	-174,624
	Black Start				1		-													-	-
	Residual Reactive Electricity Commission Levy	235,248,348			1		47,095													47,095	47,095
	Line Charge	1											582,679							582,679	582,679
	Transmission Administration				1															-	-
	Incentive Charge				1															-	-
NS2	Zone 1 Reactive Support	16,569,399																			-
	Frequency Support	16,569,399																			-
	Connection				1		35,520													35,520	35,520
	Interconnection				34027				465.083											158,254	158,254
	Reactive Capacity				1		5,772													5,772	5,772
	Reactive Penalty			3488					-											-	-
	EVA Charge				1		-19,074													-19,074	-19,074
	Black Start				1															-	-
	Residual Reactive Electricity Commission Levy	16,569,399			1		4,791													4,791	4,791
	Line Charge	1					-													-	-
	Transmission Administration				1								4,089							4,089	4,089
	Project Cost Recovery 1				1								204,466							204,466	204,466
	Project Cost Recovery 2				1								126,686							126,686	126,686
NS3	Zone 1 Reactive Support	52,970,280																			-
	Frequency Support	52,970,280																			-
	Connection				1		78,000													78,000	78,000
	Interconnection				74495				465.083											346,464	346,464
	Reactive Capacity				1		14,772													14,772	14,772
	Reactive Penalty			5827					78.99											4,603	4,603
	EVA Charge				1		-39,497													-39,497	-39,497
	Black Start				1															-	-
	Residual Reactive Electricity Commission Levy	52,970,280			1		12,253													12,253	12,253
	Line Charge	1											180,000							180,000	180,000
	Transmission Administration				1								7,025							7,025	7,025

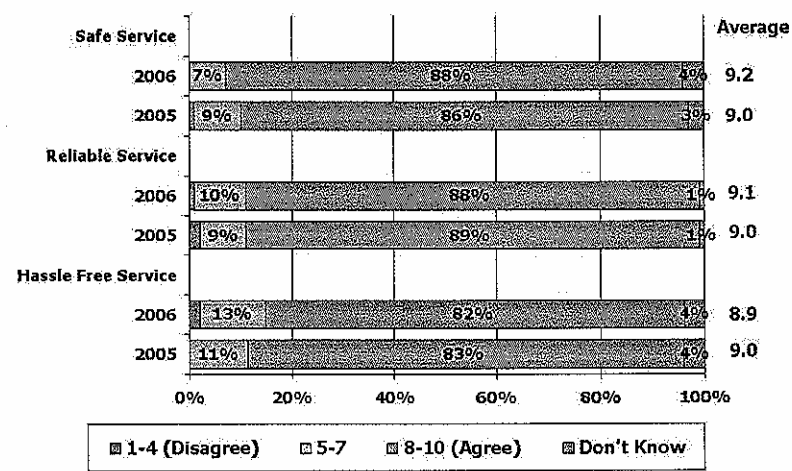
4.9 Service

This question was added in 2005 and asks customers how satisfied they are with various aspects of Northpower’s service.

Respondents were asked:

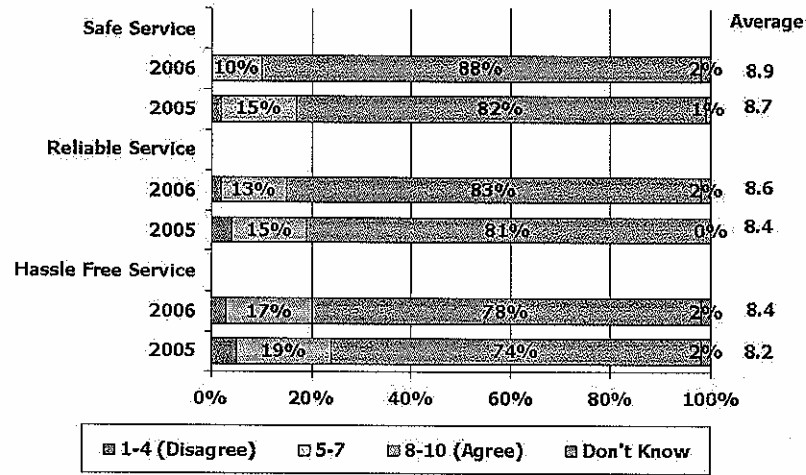
"On a scale where 1 is strongly disagree and 10 is strongly agree, how strongly do you agree or disagree that Northpower offers a ...?"

Service Satisfaction - Residential



Base: Residential customers N=300

Service Satisfaction - Commercial



Base: Commercial customers N=100

Last year, when this question was introduced, results were exceptionally high. In 2006, there has been slight improvement in service satisfaction, and although not significant, the average ratings for these aspects of Northpower's service have increased for all customers.

Those residential customers who live in Dargaville tend to be more positive in all aspects of Northpower's mission of service.

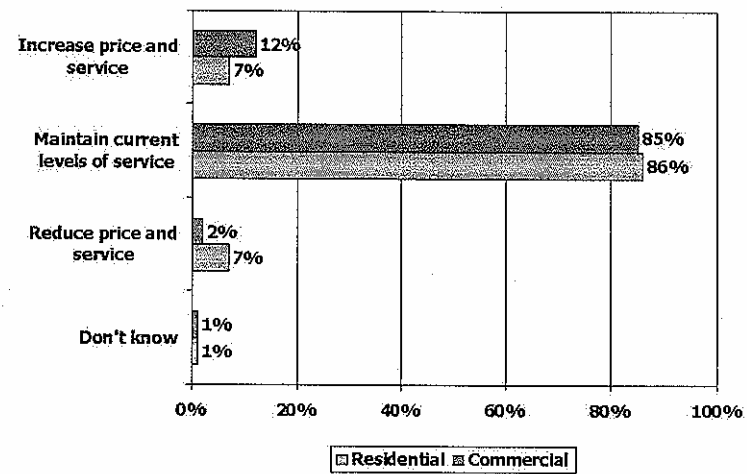
4.10 Attitudes to Price vs. Service levels

This year a question was added to understand customers' attitudes towards the trade-off between current prices and levels of service.

Respondents were asked:

"Thinking about service as meaning reliability, supply guarantee and response times to faults. There is a trade off between price and service. Which of the three levels would you prefer?"

Preferred level of service



Base: Commercial customers N=100, Residential customers N=300

Clearly the vast majority of customers are content with service and price, since almost nine out of ten customers want to maintain current levels.

As Northpower currently performs so well on service aspects such as reliability and response times, it is no wonder customers are happy with the current scenario.