



Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004

Silvia Cartwright, Governor-General

Order in Council

At Wellington this 30th day of August 2004

Present:

Her Excellency the Governor-General in Council

Pursuant to sections 172B, 172J, and 172K of the Electricity Act 1992, Her Excellency the Governor-General, acting on the advice and with the consent of the Executive Council, makes the following regulations.

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Option for Domestic Consumers)
Regulations 2004**

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Regulations

1 Title

These regulations are the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004.

2 Commencement

These regulations come into force on 1 October 2004.

3 Objective

The objective of these regulations is to—

- (a) ensure that electricity retailers offer a low fixed charge tariff option or options for delivered electricity to domestic consumers at their principal place of residence that will assist low-use consumers and encourage energy conservation; and
- (b) regulate electricity distributors so as to assist electricity retailers to deliver low fixed charge tariff options.

4 Interpretation

(1) In these regulations, unless the context otherwise requires,—

Act means the Electricity Act 1992

alternative distributor tariff option means a tariff option that is made available by the same electricity distributor to homes in the same supply area for the same delivered electricity package (*see* subclause (2)) as the regulated distributor tariff option

alternative tariff option means a tariff option that is made available by the same electricity retailer to homes in the same supply area for the same delivered electricity package (*see* subclause (2)) as the low fixed charge tariff option

any charges associated with the delivered electricity includes all charges of the electricity retailer, the electricity distributor, any other electricity provider, and any other third party, that the electricity retailer or the electricity distributor seeks to recover (for example, meter owner charges, electricity levies, any Transpower charges, and local authority rates) in respect of delivered electricity

average consumer means a consumer who purchases or uses 8 000 kWh of electricity per year in respect of his or her home

Board means the Electricity Governance Board established under subpart 1 of Part 15 of the Act

bundled low fixed charge tariff option means a low fixed charge tariff option referred to in regulation 7(a)

delivered electricity—

(a) includes components like electricity supply, line function services, customer service, meter provision, and meter reading services; but

(b) excludes special services

delivered electricity package means the bundle of components under the definition of **delivered electricity** that are supplied to a particular home

domestic consumer means any person who purchases or uses electricity in respect of his or her home

electricity distributor means a person who supplies line function services to any other person or persons

electricity provider means an electricity retailer or other business that contracts with consumers to sell delivered electricity or a component of delivered electricity

electricity retailer means a person who supplies electricity to another person or other persons for any purpose other than for resupply by the other person or persons

fixed charge means a charge levied for each customer connection in currency per time period (for example, cents per day)

home, in relation to a domestic consumer, means the 1 premises in respect of which the consumer is entitled to a low fixed charge tariff option under regulation 6

line function services means—

- (a) the provision and maintenance of works for the conveyance of electricity;
- (b) the operation of those works, including the control of voltage and assumption of responsibility for losses of electricity

low fixed charge tariff option means a low fixed charge tariff option that meets the requirements of regulations 7 to 10

regulated distributor tariff option means a tariff option that meets the requirements of regulations 14 to 17

special services means any services that are provided by an electricity retailer or an electricity distributor to a domestic consumer—

- (a) in addition to those in the standard delivered electricity package; and
- (b) either at the request of the consumer or as a result of the consumer's default under their agreement with the electricity retailer or electricity distributor (for example, connection or disconnection fees)

split-charging low fixed charge tariff option means a low fixed charge tariff option referred to in regulation 7(b)

supply area, in relation to an electricity retailer or electricity distributor, means a geographical area separately identified by that electricity retailer or distributor

variable charge means a charge that varies according to the amount of electricity consumed (for example, cents per kilowatt hour).

- (2) A delivered electricity package is the same as another delivered electricity package if the nature of the goods and services to be supplied are the same or substantially the same in terms of features like meter and relay configuration allowing for

load control, prepayment meters, time of day or winter–summer electricity consumption, and kilovolt-ampere (kVA) rating.

- (3) In these regulations, references to an electricity distributor doing anything to or for domestic consumers includes doing so directly or indirectly via the electricity retailer.
- (4) Examples used in these regulations have the following status:
 - (a) an example is only illustrative of the provision to which it relates and does not limit the provision; and
 - (b) if an example and the provision to which it relates are inconsistent, the provision prevails.

Retailers must make low fixed charge tariff option available

5 Obligation for electricity retailers to make low fixed charge tariff option available

Each electricity retailer must have 1 or more low fixed charge tariff options for each delivered electricity package that it makes available in respect of homes in each of its supply areas.

Example

Before regulation 5 comes into force, Retailer X has 3 delivered electricity package options that domestic consumers can choose between.

Package 1—Uncontrolled Supply

Package 2—Controlled Hot Water, Uncontrolled other Supply

Package 3—Uncontrolled Anytime, Controlled Hot Water, Controlled Night

After regulation 5 comes into force, each package must have a standard and low fixed charge tariff option as follows:

Package 1

Uncontrolled Supply

Low User—Uncontrolled Supply

Package 2

Controlled Hot Water, Uncontrolled other Supply

Low User—Controlled Hot Water, Uncontrolled other Supply

Package 3

Uncontrolled Anytime, Controlled Hot Water, Controlled Night

Low User—Uncontrolled Anytime, Controlled Hot Water, Controlled Night

6 Homes to which low fixed charge tariff option must be made available

- (1) The electricity retailer must make at least 1 of those low fixed charge tariff options available, for each delivered electricity package, in respect of each home in each of its supply areas if the home—
- (a) is used or intended for occupation mainly as a place of residence (for example, it is not mainly a business premises); and
 - (b) is the principal place of residence of the consumer who contracts with the electricity retailer to purchase electricity for the home (for example, it is not just a holiday home); and
 - (c) is not a premises that is referred to in paragraphs (a) to (i) of section 90 of the Electricity Industry Reform Act 1998 (for example, it is not part of a boardinghouse, hostel, or camping ground); and
 - (d) is not a building that is ancillary to a person's principal place of residence (for example, a shed or garage) that is separately metered; and
 - (e) is not exempt from the low fixed charge option coverage under an exemption granted under these regulations.

Example

Mr A has a house in town, in which he lives most of the time.

Mr A also has a bach, which he occupies only intermittently.

The garage to Mr A's house is separately metered.

A low fixed charge tariff option must be available for Mr A's house, but not for his bach or his garage.

- (2) Subclause (1) applies whether or not the premises has a pre-payment meter, and irrespective of the degree of load control that the consumer has.

Requirements for low fixed charge tariff options

7 Types of fixed charge tariff options

Each low fixed charge tariff option that an electricity retailer makes available in respect of a home must be of 1 of the following types:

- (a) a bundled low fixed charge tariff option, under which the electricity retailer is the only person that charges the consumer directly in respect of the delivered electricity supplied to the home; or
- (b) a split-charging low fixed charge tariff option, under which—
 - (i) the electricity distributor charges the consumer directly in respect of line function services supplied to the home under a regulated distributor tariff option; and
 - (ii) the electricity retailer charges the consumer directly in respect of the rest of the delivered electricity supplied to the home.

8 Minimum requirements for low fixed charge tariff options

The electricity retailer must ensure that any low fixed charge tariff option that it makes available in respect of a home complies with the following minimum requirements:

- (a) the electricity retailer must not charge the consumer more than 1 fixed charge for the delivered electricity supplied to the home; and
- (b) in the case of a bundled low fixed charge tariff option, that 1 fixed charge must be not more than 30 cents per day, excluding goods and services tax; and
- (c) in the case of a split-charging low fixed charge tariff option, that 1 fixed charge must be not more than 30 cents per day, excluding goods and services tax, less the amount of any fixed charge that is charged directly by the electricity distributor to the consumer in respect of line function services supplied to the home under regulation 14(b); and
- (d) the electricity retailer may not recover any charges associated with the delivered electricity other than by all or any of the following:
 - (i) that fixed charge; and
 - (ii) a variable charge or charges; and
 - (iii) any fees for special services.

9 Regulation of variable charges in low fixed charge tariff options

- (1) The purpose of this regulation is to ensure that average consumers pay no more per year on a low fixed charge tariff option than on any alternative tariff option.
- (2) The variable charge or charges in a low fixed charge tariff option must be such that the average consumer would pay no more in total per year for the fixed charge and the variable charges charged in accordance with regulation 8(d)(i) and (ii) than the average consumer would pay in total per year for those same matters on any alternative tariff option.
- (3) In determining whether a tariff option complies with subclause (2), the rule in subclause (4) must be applied.
- (4) If there is more than 1 variable charge on a tariff option, the average consumer is assumed to consume electricity on the following ratios (unless the average consumer in that supply area in fact consumes on a different ratio or is on a different delivered electricity package):
 - (a) for separately charged controlled and uncontrolled any-time electricity consumption, 40% of total consumption is controlled and 60% is uncontrolled;
 - (b) for separately charged controlled night and uncontrolled anytime electricity consumption, 25% of total consumption is controlled and 75% is uncontrolled.

Example

Mrs A has an uncontrolled supply of electricity.

Mr B has an electricity supply comprising both controlled hot water and uncontrolled other supply.

Mrs A and Mr B are both average consumers.

The alternative tariff option for Mrs A is 65 cents per day plus a variable charge of 16.75 cents per kWh of electricity used. So a compliant low fixed charge tariff option for Mrs A would be 30 cents per day plus a variable charge of 18.34 cents per kWh of electricity used. For both tariff options, the cost per year for Mrs A would be \$1,577.

The alternative tariff option for Mr B is 65 cents per day plus variable charges of 16.75 cents per kWh of electricity used for the uncontrolled supply and 14.87 cents per kWh of electricity used for the controlled hot water. So a compliant low fixed charge tariff option for Mr B would be 30c per day plus variable charges of 18.34 cents per kWh of electricity used for the uncontrolled supply and 16.46 per kWh of electricity used for the controlled hot water (*see* assumptions in regulation 9(4)). For both tariff options, the cost per year for Mr B would be \$1,517.

All figures in this example are exclusive of goods and services tax.

10 Regulation of other charges and other terms and conditions of low fixed charge tariff options

- (1) The purpose of this regulation is to ensure that other charges under, and other terms and conditions of, the contracts to which low fixed charge tariff options relate are not unreasonably detrimental to the interests of low-use consumers.
- (2) A low fixed charge tariff option must not contain—
 - (a) variable charges for domestic consumers that are tiered or stepped according to the amount of electricity consumed; or
 - (b) fees for special services or discounts that are inconsistent with the fees for special services or discounts charged to domestic consumers who are on alternative tariff options; or
 - (c) other terms and conditions that are inconsistent with the terms and conditions of alternative tariff options.
- (3) Subclause (2)(a) does not prevent an electricity retailer from setting different variable charges for controlled or uncontrolled load, or for electricity consumption at different times of the day or year, or for prepayment meters, provided that the different variable charges are not tiered or stepped according to the amount of electricity consumed.

11 Rules as to advertisement of low fixed charge tariff options

The electricity retailer must advertise a low fixed charge tariff option at the same time, and in the same manner, as it advertises an alternative tariff option.

12 Promotion of low fixed charge tariff options

The electricity retailer must promote low fixed charge tariff options by notifying, at least once every 12 months, each domestic consumer to whom it sold delivered electricity or a component of delivered electricity in respect of a home during the previous 12 months,—

- (a) of the amount of electricity it sold to the consumer's home in that previous 12 months; and
- (b) that there may be benefits for the consumer in being on a low fixed charge tariff option if the amount of electricity used per year is below 8 000 kWh; and

- (c) of the main features of each of the current low fixed charge tariff options that the electricity retailer makes available to homes in the supply area in which the home is located.

Regulated distributor tariff option

13 Purpose

The purpose of regulations 14 to 17 is to regulate the way in which electricity distributors charge in respect of homes on low fixed charge tariff options, so as to assist those electricity retailers to deliver low fixed charge tariff options.

14 Regulated distributor tariff option

An electricity distributor must ensure that any arrangement it has with an electricity retailer in respect of a home that is on a bundled low fixed charge tariff option, and that any arrangement it has with a domestic consumer in respect of a home that is on a split-charging low fixed charge tariff option, complies with the following minimum requirements:

- (a) the electricity distributor must not charge more than 1 fixed charge for the line function services supplied to the home; and
- (b) that fixed charge must be not more than 15 cents per day, excluding goods and services tax; and
- (c) the electricity distributor may not recover any charges associated with the delivered electricity supplied to the home other than by all or any of the following:
 - (i) the fixed charge referred to in paragraph (b); and
 - (ii) a variable charge or charges; and
 - (iii) any fees for special services; and
 - (iv) any fee payable for providing or reading any meter that is owned by the electricity distributor; and
 - (v) any fee payable for providing any relay that is owned by the electricity distributor.

15 Regulation of variable charges in regulated distributor tariff option

- (1) The variable charge or charges in a regulated distributor tariff option must be such that the average consumer would pay no

more in total per year for the fixed charge and variable charges charged in accordance with regulation 14(c)(i) and (ii) than the average consumer would pay in total per year for those same matters on any alternative distributor tariff option.

- (2) In determining whether the tariff options comply with sub-clause (1), the following rules must be applied:
 - (a) subclause (1) must be complied with both before and after any discounts or rebates or other distributions are applied or made:
 - (b) if there is more than 1 variable charge on a tariff option, the average consumer is assumed to consume electricity on the following ratios (unless the average consumer in that supply area in fact consumes on a different ratio or is on a different delivered electricity package):
 - (i) for separately charged controlled and uncontrolled anytime electricity consumption, 40% of total consumption is controlled and 60% is uncontrolled:
 - (ii) for separately charged controlled night and uncontrolled anytime electricity consumption, 25% of total consumption is controlled and 75% is uncontrolled.

16 Regulation of other charges and other terms and conditions of regulated distributor tariff option

- (1) A regulated distributor tariff option must not contain—
 - (a) variable charges for domestic consumers that are tiered or stepped according to the amount of electricity consumed; or
 - (b) fees for special services, rebates, or discounts that are inconsistent with the fees for special services, rebates, or discounts that apply to domestic consumers who are on alternative distributor tariff options; or
 - (c) other terms and conditions that are inconsistent with the terms and conditions of alternative distributor tariff options.
- (2) Subclause (1)(a) does not prevent an electricity distributor from doing any of the following things:

- (a) setting different variable charges for controlled and uncontrolled load, or for electricity consumption at different times of the day or year, provided that the different variable charges are not tiered or stepped according to the amount of electricity consumed:
- (b) setting rebates or discounts that vary according to the amount of electricity consumed, provided that the rebates or discounts applying to domestic consumers on low fixed charge tariff options are consistent with those that apply to domestic consumers who are on alternative distributor tariff options.

17 Distributors providing wholesale pricing

If an electricity distributor charges an electricity retailer on the basis of the quantity of electricity metered in bulk at a grid exit point (**wholesale pricing**), the distributor is treated as complying with regulations 14 to 16 if there is a wholesale tariff option available to the electricity retailer, referable to homes, that includes a fixed charge at not more than 15 cents per day per home (exclusive of goods and service tax) and the distributor's wholesale tariff option is in all other respects consistent with the purpose referred to in regulation 13.

Provisions that apply to both low fixed charge tariff options and regulated distributor tariff options

18 Prompt payment discounts

The 30 cents per day amounts in regulation 8(b) and (c) and the 15 cents per day amounts in regulation 14(b) and regulation 17 are the charges after the deduction of any prompt payment discounts.

19 Itemising on bills

Regulations 8 and 14 do not prevent the electricity retailer or the electricity distributor from itemising the components of the fixed and variable charges on a bill so that it is clear what they cover and who the charges are (directly or indirectly) from.

20 Low fixed charge tariff options unaffected by number of meters

Regulations 8 and 14 apply regardless of the number of electricity meters at the home.

No other parties may charge consumers on low fixed charge tariff options

21 Restriction on charging by other parties

- (1) If a domestic consumer is on a bundled low fixed charge tariff option in respect of a home, only the electricity retailer that makes that tariff option available may charge the consumer directly in respect of delivered electricity, or any component of delivered electricity, supplied to the home.
- (2) If a domestic consumer is on a split-charging low fixed charge tariff option in respect of a home, only the electricity retailer that makes that tariff option available and the electricity distributor that directly contracts with the consumer under that option may charge the consumer directly in respect of delivered electricity, or any component of delivered electricity, supplied to the home.

Supply of information

22 When information must be supplied

- (1) Each electricity retailer must supply to the Board the information required by regulation 23 in respect of each low fixed charge tariff option it makes available, and each electricity distributor must supply to the Board the information required by regulation 23 in respect of the regulated distributor tariff option that it makes available,—
 - (a) before 15 October 2004; and
 - (b) 15 working days before the effective date of any new tariff option, and of any change to an existing tariff option, that applies to domestic consumers; and
 - (c) before the expiry of 10 working days (or any longer period permitted by the Board) after receiving a written request for the information from the Board.
- (2) The information must be supplied in writing and, if appropriate, in graph form.

23 What information must be supplied

The information required under regulation 22 is all of the following information, or any class, or more specific description, of this information requested in writing by the Board:

- (a) a schedule of the tariff options that the electricity retailer makes available in respect of homes in a supply area for the supply of delivered electricity or components of delivered electricity;
- (b) a schedule of the tariff options that the electricity distributor makes available to electricity retailers or domestic consumers in respect of homes in its supply area for the supply of delivered electricity or components of delivered electricity;
- (c) calculations showing how the tariff options comply with regulation 9(2) or regulation 15(1) as the case may be (each of which requires the average consumer to pay no more on a low fixed charge tariff option or on a regulated distributor tariff option than on any alternative option);
- (d) if the electricity retailer or electricity distributor has used a different assumption as to the consumption of the average consumer from that contained in regulation 9(4) or regulation 15(2)(b), as the case may be, a detailed explanation and data to support the use of the different assumption;
- (e) if the electricity retailer or electricity distributor has a delivered electricity package not covered by regulations 9(4) or 15(2)(b), as the case may be, and this package has more than 1 variable charge, a detailed explanation and data to support the ratios used for assigning total electricity consumption to the different variable charges;
- (f) if requested by the Board, to assist it in determining whether the tariff options are compliant with regulation 9 or regulation 10 or regulation 15 or regulation 16, information about—
 - (i) a particular tariff option made available by the electricity retailer or the electricity distributor, as the case may be; or
 - (ii) the availability of a particular tariff option; or

- (iii) how a particular tariff option compares with an alternative tariff option:
- (g) in the case of electricity retailers, information about offers to, and advertising and promotion of, the low fixed charge tariff options and other tariff options that are made available to domestic consumers for the supply of delivered electricity or components of delivered electricity:
- (h) in the case of an electricity distributor that charges an electricity retailer on the basis of wholesale pricing, a schedule of the tariff or tariffs that the distributor makes available to the retailer for the supply of line function services to homes in the supply area:
- (i) the number of homes that are on a low fixed charge tariff option in each of the electricity retailer's or electricity distributor's supply areas.

Offences and penalties

24 Offences against low fixed charge tariff option and regulated distributor tariff option requirements

- (1) An electricity retailer that knowingly contravenes any of regulations 5 to 7 or 9 to 11 commits an offence and is liable on summary conviction to a fine not exceeding \$20,000.
- (2) An electricity distributor that knowingly contravenes any of regulations 14 to 16 commits an offence and is liable on summary conviction to a fine not exceeding \$20,000.
- (3) An electricity distributor, electricity retailer, or other electricity provider that knowingly contravenes regulation 21 commits an offence and is liable on summary conviction to a fine not exceeding \$10,000.

25 Offences against supply of information requirements

An electricity retailer or electricity distributor that without reasonable excuse contravenes regulation 22 commits an offence and is liable on summary conviction to a fine not exceeding \$5,000.

Exemptions

26 Minister may grant exemptions

The Minister may exempt an electricity retailer or electricity distributor, or an electricity retailer or electricity distributor in relation to a particular area or areas, from the application of any provision or provisions of these regulations if, in the opinion of the Minister,—

- (a) any of the criteria in regulations 27 to 30 are satisfied; and
- (b) the electricity retailer or electricity distributor materially complies with the objective of section 172B of the Act.

27 Exemption for retailers and distributors for closed or obsolete tariffs

One of the criteria according to which the Minister may exempt an electricity retailer from its obligations under these regulations in respect of low fixed charge tariff options, or an electricity distributor from its obligations under these regulations in respect of the regulated distributor tariff option, is that—

- (a) the delivered electricity is supplied to the home under a closed or obsolete tariff offered by an electricity retailer or electricity distributor that is no longer open to new customers; and
- (b) either—
 - (i) a date has been set for the expiry of the closed or obsolete tariff; or
 - (ii) the electricity retailer or electricity distributor has an active programme to facilitate the transition of existing customers off the closed or obsolete tariff and on to new tariffs; or
 - (iii) there are very few customers on the closed or obsolete tariff (for example, less than 50); and
- (c) the electricity retailer or electricity distributor has 1 or more low fixed charge tariff options in respect of other delivered electricity packages that are available to the customers on the closed or obsolete tariff.

28 Exemption for distributors for remote areas with single lines serving few homes

One of the criteria according to which the Minister may exempt an electricity distributor from its obligations under these regulations in respect of the regulated distributor tariff option is that—

- (a) the delivered electricity is supplied to a home that is in a very remote area; and
- (b) the home is served by a single line that serves few homes (for example, less than 10) and no other significant electricity consumers; and
- (c) in the opinion of the Minister, it would be a significant or unreasonable cost for the electricity distributor to make a regulated distributor tariff option available in respect of that home.

29 Exemption for distributors for homes served by dedicated transformer

One of the criteria according to which the Minister may exempt an electricity distributor from its obligations under these regulations in respect of the regulated distributor tariff option is that—

- (a) the home is served by its own dedicated transformer that has not been paid for by the consumer through a special connection fee or other charge; and
- (b) homes with their own dedicated transformers comprise more than 25% of the homes supplied by the electricity distributor in the supply area in which the home is located; and
- (c) in the opinion of the Minister, it would be a significant or unreasonable cost for the electricity distributor to make a low fixed charge tariff option available in respect of the home.

30 Exemption for retailers and distributors for transition from material compliance before 1 October 2004

- (1) One of the criteria according to which the Minister may exempt an electricity retailer from its obligations under these regulations in respect of low fixed charge tariff options, or an electricity distributor from its obligations under these regulations in respect of the regulated distributor tariff option, is that the Minister is satisfied that—

- (a) the electricity retailer or electricity distributor has been materially compliant with the objective of section 172B of the Act on a voluntary basis before 1 October 2004; and
 - (b) it is desirable to allow a longer time period for full compliance.
- (2) For example, this criterion may be satisfied if an electricity distributor is allowed to change tariffs only once a year, and the distributor has not had time to completely review and revise all of their less common tariffs.

31 Minister may grant exemptions to electricity retailers

The Minister may exempt an electricity retailer in relation to a particular area from the application of any provision or provisions of these regulations if—

- (a) the electricity distributor has obtained an exemption under any of regulations 27 to 30; and
- (b) in the opinion of the Minister, a corresponding exemption in respect of the same matter is appropriate for the electricity retailer.

32 Applications for exemptions

An application for an exemption must be made in writing to the Minister.

33 Granting, variation, and revocation of exemptions

- (1) The Minister may grant an exemption by notice in writing to the applicant.
- (2) The exemption may be granted on any terms and conditions that the Minister thinks fit.
- (3) The Minister may vary or revoke an exemption in the same way as the exemption may be granted.

34 Publication of exemptions

A person to whom an exemption has been granted must publish the exemption on the person's Internet website at all reasonable times.

Miscellaneous

35 Transpower

These regulations do not apply to Transpower.

- 36 Nothing in regulations requires alternative tariff option**
Nothing in these regulations requires there to be an alternative tariff option or an alternative distributor tariff option.

Diane Morcom,
Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on 1 October 2004, require electricity retailers to offer a low fixed charge tariff option to domestic consumers of no more than 30 cents per day. The 30 cents per day charge is after the deduction of goods and services tax (when this is included, it works out at \$0.3375 per day) and any prompt payment discounts. The 30 cents per day charge has been calculated by reference to the total charge of the average domestic consumer.

A low fixed charge tariff option must be available in every case where an electricity retailer supplies electricity to a consumer in respect of the consumer's home, that is, the consumer's principal place of residence. **Home** does not include holiday homes occupied only intermittently or sheds, garages, or other ancillary buildings that are separately metered.

The 30 cents per day charge must be the only fixed charge in a low fixed charge tariff option. This means that the electricity retailer must recover all other amounts through a variable charge or charges (for example, a cents per kilowatt hour charge). Accordingly, the electricity retailer must not charge separately for the electricity distributor's charges, electricity levies, or any other amounts, other than any fees for special services (for example, connection or disconnection fees) and goods and services tax.

There are other requirements for a low fixed charge tariff option to be consistent with alternative tariff options, so that it will assist low-use consumers and encourage energy conservation.

The variable charge or charges in a low fixed charge tariff option must be set so that the average consumer (a consumer of 8 000 kWh per year) pays no more in total per year than the average consumer would pay on any alternative tariff option available to domestic

consumers in the same supply area from the same electricity retailer for the same electricity requirements.

Under *regulation 10*, the variable charge or charges in a low fixed charge tariff option must not be tiered or stepped according to the amount of electricity consumed (as tiering or stepping may result in consumers of smaller quantities of electricity on a low fixed charge tariff option paying more per kilowatt hour than consumers of higher quantities on that option).

The fees for special services (which may be separately charged), any discounts, and other terms and conditions must not be inconsistent with those that apply to alternative tariff options (*regulation 10*). For example, there cannot be special service fees that apply only to consumers on a low fixed charge tariff option. Similarly, it could not be a term of a low fixed charge tariff option that consumers on that tariff option will be the first to have their electricity cut if there are shortages.

The electricity retailer must advertise the low fixed charge tariff option at the same time, and in the same manner, as it advertises alternative tariff options (*regulation 11*).

If an electricity retailer knowingly contravenes any of the low fixed charge tariff option requirements, the retailer commits an offence for which there is a maximum fine of \$20,000 (*regulation 24*). It is also an offence, for which there is a maximum fine of \$10,000 (*regulation 24*) for electricity retailers, distributors, and other providers to contravene the requirement in *regulation 21* for there to be only 1 retailer charging a domestic consumer on a low fixed charge tariff option or, if the distributor also contracts directly with the consumer, only 1 retailer and 1 distributor.

The way in which electricity distributors charge electricity retailers in respect of domestic consumers on low fixed charge tariff options is also regulated, so as to assist electricity retailers to deliver low fixed charge tariff options.

Whenever a domestic consumer is on a low fixed charge tariff option, the electricity distributor may charge only 1 fixed charge of no more than 15 cents per day. The 15 cents per day is after the deduction of goods and services tax (when this is included, it works out at \$0.16875 per day) and any prompt payment discounts. This tariff option is called the regulated distributor tariff option.

As for the electricity retailers, the 15 cents per day is the only fixed charge in a regulated distributor tariff option, so that all other amounts must be recovered by the electricity distributor through a

variable charge or charges. However, electricity distributors may charge separately for providing or reading a meter or relay owned by the distributor, for special service fees, and for goods and services tax.

This regulated distributor tariff option has essentially the same rules as the low fixed charge tariff option. Variable charges must be set so that the average consumer pays no more in total per year than on alternative distributor tariff options. A regulated distributor tariff option must not contain variable charges that are tiered or stepped according to the amount of electricity consumed. The special service fees, rebates, discounts, and other terms and conditions of the tariff option must not be inconsistent with those applying to alternative distributor tariff options.

If an electricity distributor knowingly contravenes any of these regulated distributor tariff option requirements, the distributor commits an offence, for which there is a maximum fine of \$20,000 (*regulation 24*).

There are information supply requirements for electricity retailers and electricity distributors to enable the administration and enforcement of the regulations (*regulations 22 and 23*). It is an offence to knowingly contravene these requirements, for which there is a maximum fine of \$5,000 (*regulation 25*).

Criteria are specified according to which the Minister may grant exemptions from these regulations (*regulations 26 to 34*).

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These regulations are administered in the Ministry of Economic Development.
