



Notification of changes to your Network Charges

Each year Transpower revises its electricity network transmission charges and reallocates charges between regions based on the relative energy demand. This year there is an additional \$10.2 million of charges allocated to Mid Canterbury (affecting EA Networks customers).

The table below outlines the change in the network charges that will impact you. These changes come into effect on 1 April 2019.

Price Changes from 1 April 2019					
Category	Description	Current Price excl. GST	Change excl. GST	New Price excl. GST	Unit
Network Charges	Uncontrolled	0.0912	0.0104	0.1016	c/kWh
Network Charges	Controlled 16	0.0174	0.0004	0.0178	c/kWh
Network Charges	Night Boost 10	0.0174	0.0004	0.0178	c/kWh

You'll see these charges currently broken down on your power bill under the 'Network' section. We pass these charges through at cost, with no margin added, so whilst it's going to seem like your power bill has gone up this is due to the network charges, not a price increase in power prices.

Are you a Low User?

If you use less electricity than the average Standard User or less than 9,000kWh per annum then it may be beneficial for you to be on our low user rates.

If you think this may be applicable to you but are unsure of your annual usage please don't hesitate to get in touch with us on 0800 75 25 75 and

we'll be happy to help you understand this further.



Market Update

Given the volatility in the electricity market we thought it would also be timely to provide you with a market update and overview of the current industry.

Electricity Market Overview February 2019

The previous 6 months have been somewhat uncharted territory in the electricity market. Whilst prices can be high from time to time and volatility isn't abnormal, sustained prices of this nature are out of the ordinary. Currently we are absorbing these price fluctuations but the mid to long term isn't looking great either, and some industry specialists are predicting a new market norm with a price shift upwards for generation. The larger corporate retailers have already shifted their retail prices upward, but given we are a new entrant in the market we are resisting the urge to move ours just yet. There are several contributing factors to these sustained levels of prices.

Pohokura Gas Outage – The Pohokura gas field went on unscheduled maintenance early October and did not return until late November. This coincided with lower than average hydro levels and resulted in record prices for October (roughly 3 times the previous high). Subsequently Pohokura will be out for further maintenance in Feb/Mar and is already having an impact on prices.

Generators taking full advantage – The large generators have taken full advantage of the short supply of Gas and other thermal plant being closed. It is simple supply and demand, and this has been highlighted in some of the half year financial results from the big players. The hydro situation has been below average for the last 6 months and with uncertainty around other generation assets, the hydro players have been reluctant to let their water go at 'normal' prices.

Coal Price – Huntly's Rankine units can run on coal and gas. When running on coal, Genesis generally purchase from Indonesia. The Indonesian coal price has nearly doubled since 2016, hence the price of generation at Huntly has increased exponentially. This coupled with lower hydro levels and higher gas prices means these will run more frequently and at a higher cost, resulting in a higher average price.

What this means for you? – Right now, not a lot, but if all these forces continue to collide, electricity prices will increase. As mentioned above, the large players have already started to increase their prices. As a company we have levels of hedge in place that protect us to a certain degree, but they don't last forever and if we are seeing a new market norm, this will ultimately be passed onto the consumer. There is a certain level of disruption entering the market through companies like ourselves, which ultimately should drive prices down. But for now, the generators still hold the cards, that being said, they need to be careful not to attract too much government attention.

Happy to help.

We know the electricity industry can be difficult to understand and we're here to help.

If you have any questions in relation to the change in network charges, want to further understand your charges or have any questions in general please don't hesitate to get in touch with us on 0800 75 25 75 or email us at service@plainspower.co.nz.

Copyright © 2018 PLAINS POWER, All rights reserved.

Our mailing address is:
service@plainspower.co.nz

Want to change how you receive these emails?
You can update your preferences or unsubscribe from this list.

This email was sent to <<Email Address>>
[why did I get this?](#) [unsubscribe from this list](#) [update subscription preferences](#)
Plains Power · PO Box 293 · Ashburton, Can 7740 · New Zealand

