4 May 2012

The Manager
Regulation Branch
Commerce Commission
P O Box 2351
WELLINGTON 6140

By email: regulation.branch@comcom.govt.nz

Dear Sir

REQUIREMENT GIVEN UNDER SECTION 53ZD OF THE COMMERCE ACT 1986
SUPPLY REVENUE INFORMATION TO THE COMMERCE COMMISSION

In response to your notice of requirement, given under section 53ZD of the Commerce Act 1986, to supply revenue information, this letter and attachments set out the details as understood and available to Aurora.

The requirement, as we understand it, is to provide line charge revenue, ICP numbers, energy volumes and other applicable quantities, all broken down by category of end-user. The Commission has provided loosely defined groups against which reporting should be made: ‘household’, ‘commercial’, and ‘industrial’.

"Households are on tariffs with a relatively low capacity and energy consumption.

"The commercial users group comprises a relatively large range of user energy and capacity profiles and, to include businesses from small shops to large businesses in the services sector.

"The industrial users group often comprises users on high energy / high capacity tariffs, including businesses in the primary sector of the economy, such as manufacturing and mining."

The requirement notes that Aurora may tailor the information to suit its circumstances.

Definition

Aurora’s ICP management and billing information system does not allow easy and accurate disaggregation into the groups nominated by the Commission; however, we have been able to assign consumers to the groups according to the following criteria:

• Households - includes all consumers on Aurora’s standard domestic pricing plans. This will not include non-primary residences and residential connections in excess of 15kVA capacity, as those consumers are allocated to non-residential pricing plans.
• Commercial - includes all consumers supplied by connections with capacities of up to 499kVA, and includes all consumers allocated to Aurora’s 0, 0A, 1A, 1, 2, 3, and 3A load group pricing plans. This group will include non-primary residences and domestic connections in excess of 15kVA of capacity.

• Industrial - includes all consumers supplied by connections with capacities equal to, and above, 500kVA. This includes all consumers allocated to Aurora’s load group 4 and 5 pricing plans.

The information has been segmented in this manner, as Aurora’s revenue and volume reporting information is segmented by individual tariffs and individual pricing plans only. It is not segmented by ANZSIC code or other industry based categorisation.

It should be noted that this segmentation approach will result in some consumers that would otherwise be classified as industrial being allocated to the commercial segment, and vice versa. If this is of concern to the Commission, it would be a relatively straight-forward exercise to aggregate the commercial and industrial data, as suggested in the request.

Method

Revenue values have been calculated by multiplying the published prices\(^1\) for each required disclosure year by the average quantities in the same period. It should be noted that total revenues do not exactly match the revenues previously reported in information disclosure, due to the use of averaged quantities, and other influences such as retailer wash-ups. The variance from information disclosure is shown below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (s53ZD)</th>
<th>Revenue (ID)</th>
<th>Variance ($)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$71,499,000</td>
<td>$72,117,000</td>
<td>-$618,000</td>
<td>-0.86%</td>
</tr>
<tr>
<td>2010</td>
<td>$72,804,000</td>
<td>$72,951,000</td>
<td>-$147,000</td>
<td>-0.20%</td>
</tr>
<tr>
<td>2009</td>
<td>$71,189,000</td>
<td>$71,859,000</td>
<td>-$670,000</td>
<td>-0.93%</td>
</tr>
<tr>
<td>2008</td>
<td>$64,094,000</td>
<td>$64,695,000</td>
<td>-$601,000</td>
<td>-0.93%</td>
</tr>
</tbody>
</table>

Disaggregation

We have provided the required information for the Aurora business as a whole, as well as disaggregated by non-contiguous network.

We trust that the information we have provided meets your requirements. If you have any questions, please contact me.

Yours faithfully

Gary Dixon
COMPANY SECRETARY

<table>
<thead>
<tr>
<th>DDI Phone</th>
<th>(03) 479 6708</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>(027) 277 9079</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:gary.dixon@thinkdelta.co.nz">gary.dixon@thinkdelta.co.nz</a></td>
</tr>
</tbody>
</table>

\(^1\) Available from [http://www.auroraenergy.co.nz/content/pricing.php](http://www.auroraenergy.co.nz/content/pricing.php)