Annual Price-Setting Compliance Statement

Default Price-Quality Path

1 April 2025 – 31 March 2026

First Assessment Period

Contents

1. Purpose

This annual price-setting compliance statement (Statement) states Alpine Energy Limited's (Alpine Energy) compliance with price-quality regulation as per clauses 11.2 and 11.3 of the Electricity Distribution Services Default Price-Quality Path Determination 2025 (the Determination).

1.1 Disclaimer

Information disclosed in this Statement has been prepared solely for the purposes of the Determination. The information in this Statement should not be used for any other purpose than that intended under the Determination.

For presentation purposes, some figures in this Statement have been rounded. This may cause minor discrepancies when aggregating some of the figures provided; however, these discrepancies do not affect the overall compliance calculations, which are based on more detailed figures.

2. Date Prepared

This statement was prepared on 7 November 2025

3. Statement of Compliance

3.1 Compliance with the Price Path

Alpine Energy has complied with the price path in clause 8.3 of the Determination for the assessment period ending 31 March 2026.

Clause 8.3 of the Determination requires that, for each assessment period, to comply with the price path for an assessment period, a non-exempt Electricity Distribution Business's (EDB's) forecast revenue from prices for that assessment period must not exceed the forecast allowable revenue for that assessment period.

Compliance is established in Table 1 below, which demonstrates that forecast revenue from prices for the assessment period does not exceed the forecast allowable revenue for that assessment period.

Calculation components	Value ($'000)
Forecast revenue from prices$_{2026}$ [Section 4]	81,638
Forecast allowable revenue$_{2026}$ [Section 5]	92,510
Result	Compliant with the price path

Table 1 - Statement of price path compliance for the assessment period ending 31 March 2026

This Statement provides the detail about the prices and assumptions that underpin Alpine Energy's forecasts.

3.2 Compliance with Alpine's Enforceable Undertakings

In line with clause 5.16(b) of Alpine Energy's Enforceable Undertakings with the Commerce Commission dated 28 March 2025 ('the undertakings'), the forecast revenue from prices (shown in Table 1) is set $10.848M lower than forecast allowable revenue. Forecast allowable revenue has been updated to reflect the full amount of wash-up account balance to be drawn down in 2026 as per clause 5.16(a) of the undertakings. This reduction in forecast revenue from prices will be treated as compulsory revenue forgone when completing the FY26 Annual Compliance Statement as per clause 5.16(c) of the undertakings.

The undertakings also required a number of payments to address the historic overcharge of consumers from 2015 to 2024. The intent of the undertakings was to return the overcharge to consumers without the need to reopen the existing price-quality paths. Alpine has agreed to these payments outside of the revenue cap and information disclosure mechanisms. There has been no impact of these payments on 2026 Price-setting Compliance. Credits to current consumers are excluded from both the Default Price-Quality Path (DPP) and Information Disclosures (ID) except if less than $16.9m is credited. Any such difference along with credits to former customers and any unspent amounts of the community fund will only impact the price path (DPP) and lines charge revenue (IDs) in future regulatory periods in line with the enforceable undertakings.

3.3 Certification

The initial Annual Price Setting Compliance Statement was certified in accordance with clause 11.2(c) of the Determination on 27 March 2025. It was recertified on 7 November 2025 to reflect the reduction in revenue from prices for the 2026 assessment period in line with the mechanism as required under clause 5.16 of Alpine Energy's enforceable undertakings with the Commerce Commission dated 28 March 2025. A copy of the Directors' Certificate is included in Appendix A.

4. Calculation of Forecast Revenue from prices

Forecast revenue from prices is calculated by multiplying prices as at 1 April 2025 by the forecast quantities as at 31 March 2026 for each of the consumer groups. The Determination requires that the forecasts are demonstrably reasonable.

The forecast quantities are derived by escalating the prior years' actual quantities by the growth assumption for each consumer group. The growth assumptions are based on the long-term historic growth trends of consumption, demand, and number of ICPs for each pricing category and consumer group.

A summary of Alpine Energy's forecast revenue from prices includes in Table 2 below:

Term	Description	Value ($'000)
$\Sigma P_{2025/26} * Q_{2025/26}$	Forecast prices between 1 April 2025 and 31 March 2026 multiplied by forecast quantities for the period ending 31 March 2026	81,625
Forecast revenue from large connection contracts	Large connection contract asset costs exceed either 1% of Alpine Energy's forecast net allowable revenue for the regulatory period, or, $2.5m for Alpine Energy. Zero for 2026.	0
Forecast of other regulated income	Income associated with the supply of electricity distribution services, including gains and losses on disposed assets	13
Forecast revenue from prices		**81,638**

Table 2 – Summary of Alpine Energy's forecast revenue form prices

Other regulated income is not expected to substantially change for the regulatory year 2026. Therefore, it is forecasted by escalating the disclosure year 2024's actual other regulated income by forecast CPI of 2025 and 2026.

Supporting calculations of the forecast revenue from prices are included in Appendix B. Appendix C provides full tables of forecast revenue from prices for each consumer group.

5. Calculation of Forecast Allowable Revenue

The 2026 assessment period is the first assessment period of the regulatory period (2026-2030). In accordance with the Determination, the forecast allowable revenue (FAR) for this assessment period has been determined using the following formula:

FAR = Forecast net allowable revenue (FNAR) + revenue forecast to be received under all large connection contracts (FLCCR) + forecast pass-through costs (FPTC) + forecast recoverable costs (FRC)

Alpine Energy's FAR for the 2026 assessment period is $92.510 million. The calculation of FAR is provided in Table 3 below.

Term	Description	Value ($'000)
Forecast net allowable revenue	Forecast net allowable revenue as set out in Table 1.1.1 in Schedule 1.1 of the Determination for the period ending 31 March 2026	73,360
Revenue forecast to be received under all large connection contracts	Large connection contract asset costs exceed either 1% of Alpine Energy's forecast net allowable revenue for the regulatory period, or, $2.5m for Alpine Energy. Zero for 2026.	0
Forecast pass-through costs	Sum of all forecast pass-through costs	17,541
Forecast recoverable costs	Sum of all forecast recoverable costs including wash-up drawdown amount	1,609
Total FAR		**92,510**

Table 3 – Calculation of the forecast allowable revenue

The four components of the FAR for the assessment period ending 31 March 2026 are described in more detail below.

5.1 Forecast Net Allowable Revenue

The forecast net allowable revenue (FNAR) for the first assessment period is $73.360 million. The FNAR is specified in Table 1.1.1 in Schedule 1.1 of the Determination.

5.2 Revenue forecast to be received under all large connection contracts

For the assessment period ending 31 March 2026, Alpine Energy's forecast revenue from all large connection contracts is $0. Large connection contract has the meaning given in the IM determination.

5.3 Forecast Pass-Through and Recoverable Costs

Alpine Energy's forecast pass-through and recoverable costs (FPRC) for the assessment period ending 31 March 2026 are $19.150 million. The Determination requires a demonstrably reasonable forecast of pass-through and recoverable costs. The forecast values and the methodologies that Alpine Energy has applied to forecast pass-through and recoverable costs are outlined in Table 4 below. In Alpine Energy's opinion, all the methods deliver demonstrably reasonable forecasts of pass-through and recoverable costs.

Cost component	Value ($'000)	Forecasting Methodology
Forecast pass-through costs		
Rates on system fixed assets	181	Based on the local authority Long Term forecast rates increases.
Commerce Act levies	132	Applying forecast CPI from RBNZ's Monetary Policy Statement in November 2024.
Electricity Authority levies	185	
Utilities Disputes levies	24	
Transpower transmission charges	15,541	As notified by Transpower in December 2024.
Investment contract charges	1,479	
System operator services charges	-	Alpine Energy does not forecast any system operator service charges beyond those incurred through Electricity Authority levies.
Forecast recoverable costs		
IRIS incentive adjustment	(9,158)	Calculated in accordance with 3.1.3 (1)(a) of the Electricity Distribution Services Input Methodologies Amendment Determination 2023.
Avoided transmission charges - purchased assets	-	Forecast as zero as Alpine Energy does not currently have any avoided transmission cost.
Claw-back	-	Forecast as zero as Alpine Energy does not expect to have claw-back applied by the Commerce Commission under sections 54K(3) or 53ZB(3) of the Commerce Act 1986.
Reopener event allowance	-	Forecast as zero as Alpine Energy does not expect to have a reopener event.
Extended reserves allowance	-	Forecast as zero as Alpine Energy has not applied to the Commerce Commission for an allowance, per Schedule 5.2 of the Determination, in the disclosure year.

Quality incentive adjustment	(170)	Forecast in accordance with the quality incentive adjustment set out in Schedule 4 of the 2025 DPP Determination.
Quality standard variation engineers' fee	-	Alpine Energy has not applied to the Commerce Commission for a quality standard variation in the assessment period.
Urgent project allowance	-	Alpine Energy has not had an urgent project.
Wash-up drawdown amount	10,848	From Table 5
Fire and emergency NZ levies	88	Forecast based on published Fire and Emergency NZ levy rates on or at 1 July 2024 and Alpine Energy's forecast sum insured.
Innovation project allowance	-	Alpine Energy has not applied to the Commerce Commission for an innovation project allowance, per Schedule 5.3 of the Determination.
Total forecast pass-through and recoverable costs	19,150	

Table 4 – Forecast pass-through and recoverable costs and forecast methodologies applied

The maximum wash-up drawdown amount is calculated as set out in Table 5 below.

Term	Description	Value ($'000)
Wash-up account balance **DY_{n-2}** [Table 6]	Wash-up account balance for the assessment period ending 31 March 2024	14,764
Cost of capital **estimate** for DY_{n-1}	Cost of capital estimate 2025	4.23%
Cost of capital estimate for DY_n	Cost of capital estimate 2026	5.286%
Wash-up drawdown amount **DY_{n-1}**	Wash-up drawdown amount for the assessment period ending 31 March 2025 equals to 'opening wash-up account balance' of 2025 which is also the 'closing wash-up account balance' of 2024.	5,085
Wash-up drawdown amount 2026	Wash-up account balance DY_{n-2} x (1 + the cost of capital estimate for DY_{n-1}) x (1 + the cost of capital estimate for DY_n) minus wash-up drawdown amount for DY_{n-1} x (1 + the cost of capital estimate for DY_n)	**10,848**

Table 5 – Calculation of Wash-up drawdown amount for period ending 31 March 2026, as per Input Methodologies Amendment Determination 3.1.4 (5)(ii)

The wash-up account balance included in Table 5 is calculated as set out in Table 6 below.

Term	Description	Value ($'000)
Closing wash-up account balance for the 4th assessment period [Table 7]	Closing wash-up account for the assessment period ending 31 March 2024	4,879
Wash-up amount for the 4th assessment period [Table 8]	Wash-up amount for the assessment period ending 31 March 2024	9,885
Wash-up account balance DY_{n-2}	Closing wash-up account balance for the 4th assessment period + wash-up amount for the 4th assessment period	**14,764**

Table 6: Calculation of Wash-up account balance for disclosure year two years prior, as per Input Methodologies Amendment Determination 3.1.4 (2A)(a)

The closing wash-up account balance included in Table 6 is calculated as set out in Table 7 below.

Term	Description	Value ($'000)
Wash-up amount for the previous assessment period	Wash-up amount for the assessment period ending 31 March 2023	4,681
Voluntary undercharging amount foregone **DY_{n-1}**	Voluntary undercharging amount foregone for the assessment period ending 31 March 2023	0
Cost of capital estimate for 2024		4.23%
Closing wash-up account balance for the 4th assessment period	(wash-up amount for the previous assessment period – voluntary undercharging amount foregone for the previous assessment period) × (1 + cost of capital estimate for DY_n)^2	**5,085**

Table 7: Calculation of Closing wash-up account balance for the 4th assessment period, as per DPP3 Schedule 1.7 (2) and Input Methodologies Amendment Determination 3.1.4 (2A)

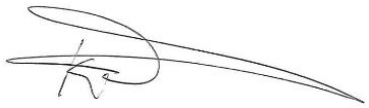
The wash-up amount for the 4th assessment period included in Table 6 is calculated as set out in Table 8 below.

Term	Description	Value ($'000)
Actual Allowable Revenue	for the assessment period ending 31 March 2024	75,650
Actual Revenue		65,765
Revenue Foregone		0
Wash-up amount for the 4th assessment period	Actual Allowable Revenue - Actual Revenue - Revenue Foregone	**9,885**

Table 8: Calculation of Wash-up amount for the 4th assessment period, as per DPP3 Schedule 1.6 (1)

Appendix A Directors' Certificate for the Annual Price-Setting Compliance Statement

We, Kevin Winders and Aaron Bethune, being Directors of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Annual Price-setting Compliance Statement of Alpine Energy Limited, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2025,* has been prepared in accordance with all relevant requirements, and all forecasts used in the calculations for forecast revenue from prices and forecast allowable revenue are reasonable.



Kevin Winders
7 November 2025

Aaron Bethune
7 November 2025

Appendix B Quantity Forecasting

B1 Forecast Quantities as at 31 March 2026

Calculating forecast revenue as at 31 March 2026 from prices effective 1 April 2025 requires Alpine Energy to prepare a forecast of quantities for the full assessment period. Alpine Energy prices have both fixed and variable components; accordingly, prices are set on numbers of installation connection points (ICPs), consumption (kWh), and demand (kW).

Forecasts of ICPs and consumption use a top-down approach for each consumer group. The forecasts for ICPs, consumption, and demand are determined using the prior year connections and then applying an escalation factor for each variable. Alpine Energy has applied historical trends to arrive at growth rates aligned with the observed long-term growth.

B2 Installation Connection Points Growth Factor

Forecasts of connections are based on existing connections with a 1% growth on average. This is based on historical increases in network connections, analysing the trends for each pricing category, to arrive at the estimate for growth in the number of total ICPs. We estimated the average number of active ICP's on the network to be 34,051 when setting the fixed charges.

B3 Volume forecasting

Average kWh growth is volatile on our network, with changes to agricultural irrigation volumes dominating the outcome. Our forecast is based on an analysis of volumes for each pricing category, and an expectation of average irrigation volumes. We apply historical trends to arrive at growth rates aligned with the observed long-term growth. Where irregularities are present in the historic data (e.g. a new large connection, or retailers moving customers to different load groups), adjustments are made to retain the reasonableness of the kWh forecasts in line with our growth assumptions.

Annual variation of irrigation volume can affect revenue, which flows through to revenue washup calculations. Volumes for 2025/26 are forecast to be 4.3% higher than the five-year average volume delivered to consumers, driven higher by moderate growth expectations as a result of forecast new industrial and decarbonisation loads. This forecast is still 5.6% lower than the 2023/24 load, which was a year with a dry summer. The monthly profile of the forecast load is aligned with historical trends and an average irrigation scenario. A warmer winter and a wetter summer than expected could result in lower volumes than forecast, and vice versa.

In addition to forecasting the total kWhs, we have also made assumptions on day versus night consumption. We used the actual day/night volumes from the prior year (which we get each month from the retailers as part of our billing process) to determine and estimate day/night consumption. In line with the prior year, the split is on average 70:30 day/night.

B4 Fixed and Variable Charges

Aligning with the regulatory expectation of a move towards more cost reflective prices for EDBs in general, and the introduction of the new Transmission Pricing Methodology that has no variable component present, Alpine Energy has continued to pursue an objective to produce 80% of revenue from fixed and demand prices. As a predominantly fixed cost business, this pricing methodology is significantly better aligned with the cost structure of a distribution business, and it reduces the revenue risk related to volume variances while cost is not affected.

B5 Demand Charges

Demand forecasts are calculated by determining the average volume (demand) for time-of-use customers over the previous calendar year.

B6 New Pricing Category

In FY26 we are introducing a new pricing 030 (30kW) pricing category which is designed to better accommodate consumers whose requirements exceed the 015 category but do not justify the 045 category. This category bridges the cost gap between the 015 and 045 categories, offering a more suitable option for consumers whose requirements exceed the 015 category but fall well below the 045 category.

The new category is designed to meet the needs of approximately 200 large residential and small commercial consumers who may not be best served with existing pricing options. It is also aimed at consumers with single-phase 80A connections, two-phase 60A connections, and three-phase 32A connections. By providing an intermediary option between the 015 and 045 categories, the 030 category is expected to reduce the financial impact of capacity increases for these consumers. This approach supports scalability for small commercial businesses and accommodates the growing energy needs of large residential consumers without imposing significant cost barriers.

Scenario analysis indicates that the introduction of the 30kW pricing category will maintain overall revenue neutrality, with network costs recovered proportionally across pricing categories. This ensures that the new category does not create significant financial imbalances or unreasonable cost shifts among consumers. Consumers in the 015 category could experience slight cost increases if adjustments are needed to recover network costs proportionally. Conversely, consumers in the 045 category may see reduced cross-subsidisation, as those with lower demand levels are now allocated to the new 030 category.

Due to uncertainty relating to consumer uptake of this new category, we have forecast no volumes of revenue. We will review these forecast as we receive actuals across the year and update our quantity and price forecasts for 2026/27.

B7 Directly Billed Customers

Directly Billed Customer charges are based on the terms and conditions of their conveyance agreements.

Appendix C Prices and Forecast Quantities for Prices Effective 1 April 2025

The table below provides for each consumer group:

- forecast quantities for the assessment period ending 31 March 2026,
- unit prices (i.e., distribution plus pass-through and recoverable costs) for the assessment period, becoming effective 1 April 2025; and
- forecast revenue from prices for the assessment period ending 31 March 2026.

Price Category	Unit	Unit price ($)	Forecast quantity	Forecast revenue ($'000)
Fixed charges				
LOWHCA Fixed	$/day	0.7500	2,301	630
LOWLCA Fixed	$/day	0.7500	10,830	2,965
LOWUHCA Fixed	$/day	0.7500	30	8
LOWULCA Fixed	$/day	0.7500	68	19
015HCA Fixed	$/day	3.5132	5,959	7,642
015LCA Fixed	$/day	3.2319	11,562	13,640
015UHCA Fixed	$/day	3.5870	43	56
015ULCA Fixed	$/day	3.3107	57	69
030HCA Fixed	$/day	7.8200	10	29
030LCA Fixed	$/day	7.0787	15	39
030UHCA Fixed	$/day	7.9706	-	-
030ULCA Fixed	$/day	7.2418	-	-
045HCA Fixed	$/day	12.1266	520	2,301
045LCA Fixed	$/day	10.9254	725	2,890
045UHCA Fixed	$/day	12.3540	13	59
045ULCA Fixed	$/day	11.1728	18	73
ASSHCA Fixed	$/day	6.1764	1,327	2,991
ASSLCA Fixed	$/day	5.6805	416	862
TOU400HCA Fixed	$/day	5.7612	38	80

TOU400LCA Fixed	$/day	5.3274	98	191
TOU11HCA Fixed	$/day	4.6823	5	9
TOU11LCA Fixed	$/day	4.2701	5	8

Price Category	Unit	Unit price ($)	Forecast quantity	Forecast revenue ($'000)
Variable day charges				
LOWHCA Variable Day	$/kWh	0.1265	9,943,457	1,258
LOWLCA Variable Day	$/kWh	0.1153	42,666,797	4,919
LOWUHCA Variable Day	$/kWh	0.1296	102,105	13
LOWULCA Variable Day	$/kWh	0.1184	232,201	27
015HCA Variable Day	$/kWh	0.0150	42,345,430	635
015LCA Variable Day	$/kWh	0.0150	72,105,482	1,082
015UHCA Variable Day	$/kWh	0.0150	420,892	6
015ULCA Variable Day	$/kWh	0.0150	332,333	5
030HCA Variable Day	$/kWh	0.0150	153,517	2
030LCA Variable Day	$/kWh	0.0150	244,396	4
030UHCA Variable Day	$/kWh	0.0150	-	-
030ULCA Variable Day	$/kWh	0.0150	-	-
045HCA Variable Day	$/kWh	0.0150	7,879,633	118
045LCA Variable Day	$/kWh	0.0150	14,281,247	214
045UHCA Variable Day	$/kWh	0.0150	303,872	5
045ULCA Variable Day	$/kWh	0.0150	370,643	6
ASSHCA Variable Day	$/kWh	0.0150	93,755,134	1,406
ASSLCA Variable Day	$/kWh	0.0150	29,831,873	447
TOU400HCA Variable Day	$/kWh	0.0130	17,232,490	224
TOU400LCA Variable Day	$/kWh	0.0130	69,047,640	898
TOU11HCA Variable Day	$/kWh	0.0130	38,280,056	498
TOU11LCA Variable Day	$/kWh	0.0130	9,216,048	120

Price Category	Unit	Unit price ($)	Forecast quantity	Forecast revenue ($'000)
Variable night charges				
LOWHCA Variable Night	$/kWh	0.1243	4,261,482	530
LOWLCA Variable Night	$/kWh	0.1131	18,285,770	2,068
LOWUHCA Variable Night	$/kWh	0.1274	43,759	6
LOWULCA Variable Night	$/kWh	0.1162	99,515	12
015HCA Variable Night	$/kWh	0.0128	18,148,041	232
015LCA Variable Night	$/kWh	0.0128	30,902,349	396
015UHCA Variable Night	$/kWh	0.0128	180,382	2
015ULCA Variable Night	$/kWh	0.0128	142,428	2
030HCA Variable Night	$/kWh	0.0128	65,793	1
030LCA Variable Night	$/kWh	0.0128	104,741	1
030UHCA Variable Night	$/kWh	0.0128	-	-
030ULCA Variable Night	$/kWh	0.0128	-	-
045HCA Variable Night	$/kWh	0.0128	3,376,986	43
045LCA Variable Night	$/kWh	0.0128	6,120,534	78
045UHCA Variable Night	$/kWh	0.0128	130,231	2
045ULCA Variable Night	$/kWh	0.0128	158,847	2
ASSHCA Variable Night	$/kWh	0.0128	40,180,772	514
ASSLCA Variable Night	$/kWh	0.0128	12,785,088	164
TOU400HCA Variable Night	$/kWh	0.0108	7,376,066	80
TOU400LCA Variable Night	$/kWh	0.0108	31,272,817	338
TOU11HCA Variable Night	$/kWh	0.0108	14,704,988	159
TOU11LCA Variable Night	$/kWh	0.0108	3,994,382	43

Price Category	Unit	Unit price ($)	Forecast quantity	Forecast revenue ($'000)
Demand charges				
ASSHCA Demand	$/kW/day	0.2824	115,456	11,901
ASSLCA Demand	$/kW/day	0.2513	39,160	3,592
TOU400HCA Demand	$/kW/day	0.6191	8,170	1,846
TOU400LCA Demand	$/kW/day	0.5535	22,055	4,456
TOU11HCA Demand	$/kW/day	0.5685	11,087	2,301
TOU11LCA Demand	$/kW/day	0.5026	4,162	764
Direct billed customers				
Direct Billed Customer 1	$/year	-	-	62
Direct Billed Customer 2	$/year	-	-	4,340
Direct Billed Customer 3	$/year	-	-	170
Direct Billed Customer 4	$/year	-	-	874
Direct Billed Customer 5	$/year	-	-	137
Direct Billed Customer 6	$/year	-	-	66
Total forecast revenue from prices (**Σ** P2025/26*Q2025/26)				**81,625**

Appendix D Compliance with the Determination

This schedule demonstrates how this Statement complies with the Determination.

Determination requirement	Determination Reference	Statement Reference
Clause 11.2 The 'annual price-setting compliance statement' must-		
State whether or not the non-exempt EDB has:		
○ In respect of the first assessment period of the DPP regulatory period, complied with the price path in clause 8.3 for the assessment period;	Clause 11.2(a)(i)	Table 1
○ State the date on which the statement was prepared; and	Clause 11.2(b)	Section 2
○ Include a certificate in the form set out in Schedule 6, signed by at least one Director of the non-exempt EDB.	Clause 11.2(c)	Appendix A
Clause 11.3 The 'annual price-setting compliance statement' must include the following information-		
○ The non-exempt EDB's calculation of its forecast revenue from prices together with supporting information for all components of the calculation;	Clause 11.3(a)	Section 4, Appendix B and Appendix C
○ The non-exempt EDB's calculation of its forecast allowable revenue together with supporting information for all components of the calculation;	Clause 11.3(b)	Section 5
○ If the non-exempt EDB has not complied with the price path, the reasons for the non-compliance; and	Clause 11.3(c)	Not applicable
○ If the non-exempt EDB has not complied with the price path, any actions taken to mitigate any non-compliance and to prevent similar non-compliance in future assessment periods.	Clause 11.3(d)	Not applicable