

TRANSMISSION SETTLEMENT RESIDUAL PASS-THROUGH METHODOLOGY

ALPINE ENERGY LIMITED'S (AEL) METHODOLOGY TO CALCULATE PASS-THROUGH
AMOUNT FOR RETAILERS AND DIRECTLY BILLED CUSTOMERS



Methodology

Transpower pays back the Settlement Residual to Electricity Distribution Businesses (EDBs) monthly. EDBs distribute this payment to their paying customers - either retailers or directly billed customers.

The AEL methodology to determine the payment to each paying customer is set out below:

1. AEL has defined a Transmission Fixed Invoiced Amount to calculate a Transmission SRAM Allocated Amount for each retailer and directly billed customer as follows:
 - a. Based on the Settlement Residual paid by Transpower for the prior month, AEL calculates the Transmission Fixed Invoiced Amount from the monthly invoices issued to each retailer and directly billed customer for the applicable month. Our billing system distinguishes between payments for transmission and for distribution services. The fixed transmission daily payments and the fixed transmission daily demand payments enable this calculation.
 - b. Since low fixed cost domestic customers do not pay any fixed daily charges for transmission services, and because of the high number of such customers, they are treated as an exception and the additional variable charges for low fixed cost customers are included in Transmission Fixed Invoiced Amount until the phasing out of this pricing category is complete.
 - c. The Transmission SRAM Allocated Amount for each retailer and directly billed customer is calculated based on the individual percentage of the total calculated Transmission Fixed Invoiced Amount for each customer.
2. AEL billing software has a custom designed Transmission SRAM Allocated Amount calculator to do the above allocations as part of the billing process.
3. The Transmission SRAM Allocated Amount for each retailer and directly billed customer are included in the monthly invoices to customers as an item under the wash-ups for the previous month, labelled as the SRAM item and is shown as a negative amount. For customers who normally have a negative fixed transmission charge (i.e., generators) the SRAM item will be positive. The invoiced amount would net off the SRAM invoice item and no further adjustments would be necessary.