

Settlement Residual Allocation Methodology



May 2023

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Introduction

The new Settlement Residual Allocation Methodology (SRAM) took effect from 1 April 2023. Transpower pays settlement residual rebates to transmission customers (including Firstlight Network). Firstlight Network is required under Clause 12A.3 of the Electricity Industry Participation Code (The Code) to pass through the rebates to direct customers.

Network Overview

Firstlight Network operates the electricity distribution network for Gisborne and Wairoa regions, delivering electricity to approximately 26,000 homes and businesses.

In addition to maintaining the distribution network (the poles, wires and underground cabling), since 2015, we also own and operate the region's high voltage electricity transmission network previously owned by Transpower. These assets now form part of our subtransmission system and connect our region to the national grid operated by Transpower.

Firstlight Network has one connection location or Grid Exit Point (GXP) located in Tuai.

If you have concerns, please contact Firstlight Network Ltd as soon as possible and we will endeavour to resolve your concerns in an effective and timely manner. You can view or download our resolution process at firstlightnetwork.co.nz/disputes. If we are unable to resolve any concern through our internal process, then you have the option of contacting Utilities Disputes which is a free service for resolving complaints. They can be contacted at 0800 22 33 40 or utilitiesdisputes.co.nz.

Methodology to Allocate Settlement Residue

Firstlight Network invoices retailers monthly for network services on the 10th working day of the month for the previous months' charges. These invoices include a transmission charge component. Transmission charges are itemised on the invoice. For example, network charges are billed to retailers on the 10th working day of May for April's network charges.

Transpower provides a monthly refund statement to Firstlight Network on the 20th of the month, stating the settlement residue for the Tuai GXP relating to the prior consumption month. For example, the refund statement is available to Firstlight Network on the 20th of May for the month of April.

The settlement residue is apportioned across retailers in the ratio of transmission charges invoiced to them for the relevant consumption month.

The settlement residue rebates will be included in the regular monthly network invoices to retailers. Due to timings stated above, the settlement residue will be included in the invoice for transmission charges from two months prior. For example, the Firstlight Network invoices issued on the 10th working day of June will include settlement residue rebates for the month of April. The settlement residue is itemised on the network invoice.

The settlement residue is applied to the initial month only and is not subject to washup months.

On an annual basis, Firstlight Network will publish a breakdown by retailer, showing the settlement residue credits paid for the preceding April to March year.