

Annual Price-Setting Compliance Statement

Default Price-Quality Path

1 April 2025 – 31 March 2026

First Assessment Period



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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 using information and data available as at 31 January 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 prices₂₀₂₆ [Section 4]	81,638
Forecast allowable revenue₂₀₂₆ [Section 5]	81,662
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 Certification

This Statement was certified in accordance with clause 11.2(c) of the Determination on 20 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 is included 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 forecast 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 \$81.662 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	(9,239)
Total FAR		81,662

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 and costs (FPRC) for the assessment period ending 31 March 2026 are \$8.302 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	
Electricity Authority levies	185	Applying forecast CPI from RBNZ's Monetary Policy Statement in November 2024.
Utilities Disputes levies	24	
Transpower transmission charges	15,541	Based on Transpower's pricing notification, 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	-	In accordance with Alpine Energy's action to remediate historic overcharge.
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	8,302
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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. Despite the amount of \$10.8M, the term is zeroed based on Alpine Energy's action to remediate historic overcharge in regulatory year 2026 and 2027.

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 4 th assessment period + wash-up amount for the 4 th 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		75,650
Actual Revenue	for the assessment period ending 31 March 2024	65,765
Revenue Foregone		0
Wash-up amount for the 4th assessment period	Actual Allowable Revenue - Actual Revenue - Revenue Foregone	9,885

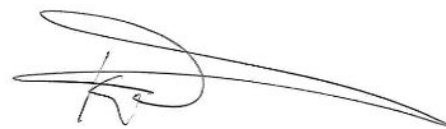
Table 8: Calculation of Wash-up amount for the 4th assessment period, as per DPP3 Schedule 1.6 (1)

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

We, Melissa Clark-Reynolds and Kevin Winders, 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.



Melissa Clark Reynolds
27 March 2025



Kevin Winders
27 March 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 historical network trends for each pricing category and qualitative assessment of external drivers that could influence the year ahead. The outcome is a forecast of the number of total ICPs for each price category. We estimated the average number of active ICP's on the network to be 34,051 when setting the fixed charges. The forecast connection growth is 116, which represents around a 0.3% growth in connections.

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.

The new category is anticipated to meet the needs of up to 200 large residential and small commercial consumers. It is also aimed at consumers with single-phase 80A connections, two-phase 60A connections, and three-phase 32A connections. 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 this 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. Our forecasts assume that 25 customers move to this price category to reflect some take-up of the new price category over FY26. 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:		
o 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
o State the date on which the statement was prepared; and	Clause 11.2(b)	Section 2
o 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-		
o 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
o 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
o 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
o 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