



PO Box 5875, Lambton Quay, Wellington 6145  
Telephone 0800 22 33 40 Facsimile 0800 22 33 47  
[info@egcomplaints.co.nz](mailto:info@egcomplaints.co.nz) [www.egcomplaints.co.nz](http://www.egcomplaints.co.nz)

3 October 2013

Ref: 39982

Clive Gifford  
CMB51 RD2  
Owhango 3990

Elizabeth Anglesey  
The Lines Company  
PO Box 281  
Te Kuiti 3941

By e-mail

### **Proposed recommendation for settling the complaint**

I enclose my proposed recommendation for settling the complaint of Clive Gifford and The Lines Company.

Mr Gifford has asked me to recommend a settlement of the complaint.

I recommend the parties settle the complaint on the terms set out in the attached document "Notice of proposed recommendation".

#### **Do you accept my proposed recommendation?**

If you accept my proposed recommendation, then you have until **4pm on 24 October 2013** to:

- Tick "Accept" on the enclosed form
- Sign and return the form in the freepost envelope enclosed

If both Mr Gifford and The Lines Company accept, then the parties will be bound by my proposed recommendation.

#### **Do you reject my proposed recommendation?**

If you reject my proposed recommendation, then you have until **4pm on 24 October 2013** to:

- Tick "Reject" on the enclosed form

- Sign and return the form to me in the freepost envelope enclosed
- Make a submission with any comments, corrections, or further information for me to take into account when making my final recommendation

I will send both parties a copy of any submissions I receive.

If the parties have not settled the complaint before **24 October 2013**, I will review all information on the file, including any submissions, and make my final recommendation.

If I do not receive a response from Mr Gifford, I may close the complaint file without any further action.

#### **What happens if I make a final recommendation?**

If I am required to make a final recommendation, the parties can either accept or reject it.

If both parties accept my final recommendation, both parties will be bound by the recommendation.

If Mr Gifford rejects it, I will close the complaint file. Mr Gifford will be able to use any other means normally available to him to resolve the complaint, such as the Disputes Tribunal or District Court.

If Clive Gifford accepts my final recommendation but The Lines Company does not, I can make a binding decision against The Lines Company (making The Lines Company bound by my recommendation).

#### **Send your response**

Please read the enclosed documents and send your response form to me by **4 pm on 24 October 2013**.

If you have any questions, please call Markus Frey on 0800 22 33 40 or 04 901 0062.

Yours sincerely



Judi Jones  
Commissioner

Encl: Proposed recommendation  
Response form  
Freepost envelope



Complainant	Clive Gifford
Lines company	The Lines Company
Our reference	39982
Address	15, Ohorere Street, Owhango,

### Response to proposed recommendation

I **accept** the proposed recommendation by the Electricity and Gas Complaints Commissioner in her report dated 3 October 2013 in full and final settlement of the complaint

Or

I **reject** the proposed recommendation by the Electricity and Gas Complaints Commissioner in her report dated 3 October 2013.

If the proposed recommendation is **rejected**, you are entitled to make a **submission** to the Commissioner. A submission would include any comments, corrections or further information for the Commissioner to take into account when making her final recommendation.

#### Submission

I would like to make a submission to the Commissioner. The submission is attached to this form.

Signed:

---

*Printed name of person signing*

---

Signed on behalf of:

---

Date:

---





**Date of proposed recommendation** 3 October 2013  
**Complainant** Clive Gifford  
**Electricity network company** The Lines Company  
**References** Our reference 39982  
**Property address** 15 Ohorere Street, Owhango,  
**Postal address** CMB51, RD2, Owhango, 3990

---

**Notice of proposed recommendation - The Lines Company apologises, and pays  
Mr Gifford \$500**

**Responses due by 4pm on 24 October 2013**

---

Mr Gifford and The Lines Company have until **4pm 24 October 2013** to accept or reject my proposed recommendation (and submit further information for me to consider) or settle the complaint between themselves.

If both parties accept my proposed recommendation, they will have agreed to be bound by my recommendation.

If one party rejects my proposed recommendation, I will consider any further submissions made by the parties and recommend a final settlement.



Accepted recommendation

I have reviewed all the information provided to my office. If Mr Gifford or The Lines Company would like to see any of the documents referred to in this report, please contact Markus Frey on 0800 22 33 40 or e-mail: [m.frey@egcomplaints.co.nz](mailto:m.frey@egcomplaints.co.nz).

My terms of reference (B.3) require me to decide what I consider fair and reasonable having regard to all relevant information including good industry practice, relevant codes of practice, model contracts, and the law. The following discussion forms the basis of my proposed recommendation.

# Contents

	Page
1 The complaint.....	4
2 Reapplication of the low user tariff.....	8
3 Notice of proposed recommendation.....	8
4 Mr Gifford is entitled to The Lines Company's low fixed charge tariff for his Owango property ...	8
a) Mr Gifford meets the definition of a low-use electricity consumer.....	9
b) The Lines Company's exemption from the low user regulations does not apply to Mr Gifford's Owango property.....	10
5 Information on The Lines Company's website shows in 2012, The Lines Company attempted to widen the scope of the exemption.....	11
a) From 2004 to 2007 – The Lines Company correctly applied the exemption.....	12
b) From 2008 to 2011 – The Lines Company removed the requirement for the line to serve fewer than 10 customers, and introduced a demand load criterion.....	13
c) From 2012 – The Lines Company attempted to widen the scope of the exemption.....	14
6 Fair and reasonable.....	16
Appendix – Background information on the exemption.....	18

## 1 The complaint

Mr Gifford believes he is, and has continued to be, eligible for The Lines Company's low user tariff for his property at 15 Ohorere Street, Owango. In a letter to The Lines Company dated 17 July 2012, Mr Gifford said:

*This is to notify The Lines Company (TLC) that I am disputing the increase in my monthly charges to \$56.55 as notified in a letter from TLC, dated April, concerning "Low User Exempt Feeders".*

*The letter claims that TLC "have discovered during our routine pricing checks that your installation is on an Exempt Low User feeder and therefore you are not eligible for a low user tariff".*

*That claim is incorrect. The exemption granted in September 2005 to TLC was not a blanket exemption covering all consumers in this area. TLC's John Anderson signature is on the letter of application but it seems both he and TLC have "forgotten" what it covered and what it did not.*



*Is my home on a single line supplying less than 10 installations and in a very remote area with no other significant electricity consumers? No.*

*Is my home supplied by a dedicated transformer? No.*

*Therefore the exemption does not apply to my installation. I refer you to regulations 28 and 29 of the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004.*

*I note that TLC has also similarly increased charges for other customers in Owhango and elsewhere in circumstances where the exemption clearly does not apply. I consider this to be yet another illegitimate, deliberate and greedy attempt by TLC to mislead and deceive for monetary gain. This needs to be corrected immediately and TLC should publicly apologise for its behaviour.*

*I will continue to pay \$28.96 per month, the charge based on my installation's actual 0.46 kW load and the 2012 Low User charges, including also the 10% prompt payment discount.*

*Note also that this amount does not include the 10% "adjustment" to my measured actual kW that TLC smuggled into their "methodology" earlier this year, which I continue to dispute."*

On 17 July 2012, The Lines Company responded to Mr Gifford saying:

*The exemption granted in 2005 was not a blanket exemption. It applies to the named feeders in our area including the Southern feeder which is the one that supplies your property.*

*For some time you have been receiving the benefit of a Low User charge. In fact you have never been entitled to it because your property is serviced by the Southern feeder which is exempt from low user charges. (I enclose a copy of the exemption notice and a map of the relevant areas). The Lines Company is making no attempt to gain reparation for this oversight.*

*All<sup>1</sup> of the Southern feeder is exempt not part of it and whether you have a dedicated transformer or not has no relevance.*

---

<sup>1</sup> Emphasis in original letter

*What follows is some of the legal interpretation of the exemption sections of the Electricity Industry Act 2010.*

*In 2005 the Minister granted an exemption pursuant to Regulation 26 of the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004. That exemption has not been revoked by the Minister, and thus remains in force and applies to your property, being a home served by the SOUTHERN feeder, which is subject to the exemption.*

*The relevant provisions of the Electricity Act 1992 (repealed as of 1 November 2010) have been replaced by section 113 of the Electricity Industry Act 2010, which relevantly provides:*

*“Regulations made under subsection (1) may, without limitation, do any of the following:*

- (a) Require low fixed charge tariff options to be made available to consumers who use less than a prescribed amount of electricity, and impose requirements (including amounts, or ways of calculating amounts) on industry participants in order to ensure that those tariffs result in a benefit to domestic consumers who opt for them:*
- (b) Provide for regional variations in the application of the regulations relating to low fixed charge tariff options. [Our emphasis]<sup>2</sup>*

*Importantly, section 113(7) of the 2010 Act goes on to provide that:*

*“The Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 are deemed to have been made under this section.”*

*I hope this assists in clarifying why the exemption remains fully valid and in force.*

*The corollary to all this is that the Low User network charge you are currently paying has been removed and replaced by the full network charge for your area as from 1 July 2012.”*

The Lines Company clarified its response in a further letter on 19 July 2012 saying:

---

<sup>2</sup> Emphasis as in original letter

*Having re read my letter I see I have not defined the Southern Feeder blanket cover very well. Only that part of the feeder within the mapped exemption area qualifies.*

*We disagree with your interpretation of Section 28. There are two qualifying tests in the Minister of Energy's Exemption Notice that an installation has to meet to be exempt from Low User charges. 1) It is on a named feeder (in your case Southern) and 2) it is within the mapped exemption area. There is no third qualifier or definition of few houses.*

*For your information when the original application for exemption was made density was calculated by summing the kVa from the start of the feeder to the installation in question and dividing by the distance from the start of the feeder. The map was drawn at the behest of the Ministry for Economic Development to identify the feeders and part feeders where exemption would apply; specifically officials asked us to map the areas on the basis of any house within the area is exempt. For all the houses in Owhango the same rules apply. They are on the feeder and within the mapped area so no low user charge can be applied. There is no mention in the exemption notice of spur lines.*

*The Southern feeder starts in Taumarunui and radiates out to Owhango and beyond. The fact that there are several installations within a relatively short distance in Owhango does not make it a high density area. Owhango is sometimes supplied using the National Park feeder. The same rules apply and Owhango is still excluded. The second qualifier is that the installation should be within the mapped area for low user exemption, which Owhango is. As far as any one living in Wellington, is concerned Owhango, placed as it is approximately half way between National Park and Taumarunui, is very remote and qualifies for exemption under Section 28*

*The effect of a special case for Owhango would be to increase the charges in Taumarunui and the rest of the area, effectively increasing the urban rural subsidy. The Southern feeder, as shown in the application for exemption, runs at a loss to The Lines Company. It would be unreasonable to make Owhango an exception and continue to exclude other houses not in a cluster but considerably closer to Taumarunui and much cheaper for The Lines Company to service. Taumarunui is a low socio-economic area and added pressure on low income households through increased lines charges to cover parts or all of the Low User charge exemption area might not be regarded favourably by locals or politicians.*

## **2 Reapplication of the low user tariff**

Following an investigation by the Electricity Authority, The Lines Company reinstated Mr Gifford on its low fixed charge tariff, and applied the reinstatement from July 2012.

## **3 Notice of proposed recommendation**

I give the parties notice I propose recommending The Lines Company:

- Apologise to Mr Gifford for incorrectly removing him from the low user tariff, and continuing to justify this action
- Make a customer service payment to Mr Gifford of \$500

I have based this proposed recommendation on the following preliminary conclusions:

- a) Mr Gifford is entitled to The Lines Company's low fixed charge tariff for his Owango property
- b) Information on The Lines Company's website shows The Lines Company attempted to widen the scope of the exemption
- c) It is fair and reasonable for The Lines Company to apologise and pay Mr Gifford \$500

## **4 Mr Gifford is entitled to The Lines Company's low fixed charge tariff for his Owango property**

I am satisfied Mr Gifford is entitled to The Lines Company's low fixed charge tariff for his Owango property. The Lines Company has not disputed Mr Gifford's electricity use would ordinarily entitle him to the low fixed charge tariff – the only reason The Lines Company took Mr Gifford off this tariff was because it claimed the exemption applied.

The Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 (low user regulations) require The Lines Company to offer a low fixed charge tariff to low-use customers, unless the Minister exempts The Lines Company from complying with the regulations.

I am satisfied Mr Gifford is entitled to be charged on The Lines Company's low fixed charge tariff for two reasons:

- Mr Gifford meets the definition of a low-use electricity consumer
- While the Minister has granted The Lines Company a partial exemption from the low user regulations, the exemption does not apply to Mr Gifford's Owhango property

**a) Mr Gifford meets the definition of a low-use electricity consumer**

I am satisfied Mr Gifford meets the definition of a low-use electricity consumer and so is eligible for The Lines Company's low fixed charge tariff. This is because Mr Gifford's property at Owhango is his home, and he uses less than 8,000 kWh of electricity a year.

Based on the definitions in the low user regulations, I believe the relevant criteria for Mr Gifford to be a 'low-use consumer' are:

- Mr Gifford must use or purchase electricity for his home
- Mr Gifford's home must be used or intended for occupation by a person, principally as a place of residence
- Mr Gifford must use or purchase (for his home) less than 8,000 kWh of electricity a year

The low user regulations define a low-use consumer as:

*a domestic consumer who, in respect of his or her home, purchases or uses less electricity per year than an average consumer purchases or uses per year in respect of a home in the same region*

The low-use consumer definition includes some terms defined in the low user regulations including, "domestic consumer", "home", and "average consumer". The regulations define these terms as:

*domestic consumer means any person who purchases or uses electricity in respect of his or her home*

*home means the domestic premises (as defined in the Act) that are the principal place of residence of a domestic consumer*

*average consumer means,-*

- a) *in relation to a consumer whose home is in the Lower South region, a person who purchases or uses 9,000 kWh of electricity per year in respect of that home; or*
- b) *in relation to a consumer whose home is elsewhere in New Zealand, a person who purchases or uses 8,000 kWh of electricity per year in respect of that home”*

The Electricity Industry Act 2010 defines domestic premises as:

*premises that are used or intended for occupation by a person principally as a place of residence*

Combining the relevant definitions means a low-use consumer is:

*any person who purchases or uses electricity in respect of his premises that are used or intended for occupation by a person principally as a place of residence and who uses or purchases less than 8,000 kWh per year for that place of residence*

**b) The Lines Company's exemption from the low user regulations does not apply to Mr Gifford's Owhango property**

I believe The Lines Company's exemption from the low user regulations does not apply to Mr Gifford's Owhango property. This is because Mr Gifford's property is not supplied from a line supplying few homes – which is one of the criteria for the exemption to apply.

The Minister of Energy can exempt a lines company from complying (in full or in part) with the low user regulations. The Minister granted The Lines Company an exemption<sup>3</sup> under regulations 28 and 29 from full compliance. The exemption says:

*An exemption from full compliance with the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 is granted to The Lines Company Limited until 1 April 2015 in respect of the following:*

---

<sup>3</sup> Effective 16 September 2005

- *Homes located in The Lines Company Low Density Zone with dedicated transformers that have no transformer charge option available; and/or*
- *Homes located in The Lines Company network area supplied from lines serving few homes (with no other significant electricity consumers) from the feeders listed below (and represented by the areas highlighted in Map 1 provided to the Ministry of Economic Development).*

The exemption set out in the second bullet point above is the one relevant to Mr Gifford's complaint. I believe the criteria for this exemption to apply are:<sup>4</sup>

- The home must be supplied from one of the feeders listed in the exemption; and
- The home must be within the shaded area on the map attached to the exemption; and
- The home must be supplied from a line serving few homes with no other significant electricity consumers.

Mr Gifford receives his electricity supply from the Southern feeder which is listed in the exemption. Mr Gifford's property is also in the area highlighted by the map appended to the exemption. However Mr Gifford's property is not supplied from a line serving few homes. The Lines Company provided information showing there were 30 homes connected to the line labelled "10K03" which supplies Mr Gifford. Therefore, I am satisfied the exemption does not apply to Mr Gifford's property.

The appendix to this report contains background information on the exemption including information on The Lines Company's application, the regulations allowing an exemption, and the recommendation to the Minister.

## **5 Information on The Lines Company's website shows in 2012, The Lines Company attempted to widen the scope of the exemption**

I am satisfied information on The Lines Company's website shows in 2012, The Lines Company attempted to widen the scope of the exemption beyond the basis on which The Lines Company had originally applied, and on which the exemption had been granted.

---

<sup>4</sup> This test is the same as that identified by the Electricity Authority in its investigation into whether The Lines Company was acting in breach of its exemption under the low user regulations.

Information on the website shows The Lines Company was initially applying the exemption correctly. However, changes in 2008 to the information moved away from the clear words of the exemption. By 2012, The Lines Company had attempted to widen the scope of the exemption.

**a) From 2004 to 2007 – The Lines Company correctly applied the exemption**

I believe information on The Lines Company's website shows The Lines Company initially correctly applied the exemption the Minister had granted. Table 1 summarises the information on The Lines Company's website about the exemption.

**Table 1: Summary of information on The Lines Company's website about the exemption between 2004 and 2007**

Effective date	Information on the pricing page of The Lines Company's website
1 November 2004	<p>The Lines Company's pricing page anticipated any exemption would only cover homes supplied by dedicated transformers or supplied by a line with fewer than ten customers. The pricing page said:</p> <p><i>The following option is only available for permanently occupied homes not being supplied by dedicated transformers nor on a line supplying less than 10 customers.</i></p> <p><i>The Lines Company is seeking a permanent exemption from the Ministry of Energy for the above. This may affect customers with dedicated equipment wanting to go onto this choice.</i></p>
16 September 2005	<p>The Minister granted The Lines Company an exemption from full compliance with the low user regulations (see section 4(b) above).</p>
1 October 2005	<p>The Lines Company's pricing page was updated to read:</p> <p><i>The following option is only available for permanently occupied homes not being supplied by dedicated transformers nor on a line supplying less than 10 customers.</i></p> <p><i>The Lines Company has an exemption from the Ministry of Energy for the above.</i></p>
1 April 2006	<p>The message on the pricing page about the exemption was unchanged from that effective 1 October 2005.</p>
1 March 2007	<p>The Lines Company updated the message on its pricing page effective by adding the statement:</p>



	<i>Customers once on this option can not change back to the standard option for 18 months.</i>
1 April 2007	The Lines Company's pricing page effective 1 April 2007 contained an identical message to the 1 March 2007 update.

The Lines Company's original application for exemption<sup>5</sup> shows it was applying for an exemption that would affect a small number of customers (around 380) who met the following clearly defined criteria:

- The consumer was supplied from a feeder which had been listed in the exemption, and
- The consumer was within in the highlighted area in the map appended to the exemption, and
- The consumer was supplied from a line serving fewer than 10 customers.

The Lines Company's notices on its website pricing pages between 2004 and 2007 shows The Lines Company recognised the third limb of the eligibility test (line serving few customers) for a consumer to be exempt from the regulations.

**b) From 2008 to 2011 – The Lines Company removed the requirement for the line to serve fewer than 10 customers, and introduced a demand load criterion**

During the period 2008 to 2011, The Lines Company removed the requirement for the line to serve fewer than 10 customers from its pricing pages, and introduced a demand load criterion.

On the pricing page effective from 2 April 2008, The Lines Company removed altogether the reference to The Lines Company having an exemption from the low user regulations for permanently occupied homes on a line supplying fewer than 10 customers. The notice said:

*The following option is only available to permanently occupied homes with a demand factor below 1.85kW*

---

<sup>5</sup> See appendix

The Lines Company reintroduced the reference to the exemption from 1 October 2011. The revised notice said:

*The following option is only available for primary places of residence with a load factor below 2.2kW.*

....

*The Lines Company has an exemption from the Ministry of Energy for the above. To view the notice of exemption ... and map outlining the exemption area, click here.*

I believe the above statement is misleading. Although The Lines Company provided a link to the exemption notice itself, The Lines Company's information:

- Suggests the exemption includes a requirement to have a minimum load factor
- Does not specify the third criterion for the exemption to apply of the home being supplied by lines serving few homes

**c) From 2012 – The Lines Company attempted to widen the scope of the exemption**

I believe from 2012 The Lines Company attempted to widen the scope of the exemption beyond the basis on which The Lines Company had originally applied, and on which the exemption had been granted.

The Lines Company's pricing page effective 1 April 2012 varied its message slightly saying:

*Applicable only to primary places of residence outside of exempt areas with a kw load of less than 2.2kW.*

*The Lines Company has an exemption from the Ministry of Energy for the above.*

Again I believe the statement is misleading as the exemption does not include a requirement to have a minimum load factor.

The Lines Company notified customers in April 2012 it had previously offered its low user tariff more widely than contemplated by the exemption. I did not receive a copy of the letter but Mr Gifford quoted the letter in his complaint. He said:

*The letter claims that TLC "have discovered during our routine pricing checks that your installation is on an Exempt Low User feeder and therefore you are not eligible for a low user tariff".*

Mr Gifford continued saying:

*That claim is incorrect. The exemption granted in September 2005 to TLC was not a blanket exemption covering all consumers in this area. TLC's John Anderson signature is on the letter of application but it seems both he and TLC have "forgotten" what it covered and what it did not.*

In response to Mr Gifford's complaint, The Lines Company's initial response of 17 July 2012 said:

*The exemption granted in 2005 was not a blanket exemption. It applies to the named feeders in our area including the Southern feeder which is the one that supplies your property.*

*For some time you have been receiving the benefit of a Low User charge. In fact you have never been entitled to it because your property is serviced by the Southern feeder which is exempt from low user charges. (I enclose a copy of the exemption notice and a map of the relevant areas). The Lines Company is making no attempt to gain reparation for this oversight.*

*All of the Southern feeder is exempt not part of it and whether you have a dedicated transformer or not has no relevance.*

The Lines Company clarified its initial response on 19 July 2012 and said:

*Having re read my letter I see I have not defined the Southern Feeder blanket cover very well. Only that part of the feeder within the mapped exemption area qualifies.*

*We disagree with your interpretation of Section 28. There are two qualifying tests in the Minister of Energy's Exemption Notice that an installation has to meet to be exempt from Low User charges. 1) It is on a named feeder (in your case Southern) and 2) it is within the mapped exemption area. There is no third qualifier or definition of few houses.*

The Lines Company's new interpretation and application is contrary to how it had interpreted and applied the exemption between 2005 and 2011. It is also contrary to its application for the exemption, and with the exemption itself.<sup>6</sup>

I do not believe The Lines Company's new interpretation of the exemption is possible from the plain words of the exemption. The exemption notice would need to exclude the words "from lines serving few homes (with no other significant electricity consumers)" to be interpreted in the manner which The Lines Company has done.

## **6 Fair and reasonable**

I believe it is fair and reasonable for The Lines Company to:

- Apologise to Mr Gifford for incorrectly removing him from the low user tariff, and continuing to justify this action
- Make a customer service payment to Mr Gifford of \$500

In reaching this conclusion, I have balanced the following factors:

- The Lines Company had no right to remove Mr Gifford from the low user tariff
- The Lines Company posted information on its website that misrepresented the criteria for the exemption to apply, and was inconsistent with The Lines Company's application for the exemption
- When Mr Gifford complained about being removed from the low user tariff, The Lines Company refused to reconsider, and continued to misrepresent the criteria for the exemption to apply
- Mr Gifford had to expend considerable time and effort in pursuing his complaint

---

<sup>6</sup> See background information in the appendix.

- The Lines Company has reinstated Mr Gifford on the low user tariff from the date it removed him from it



Judi Jones, Electricity & Gas Complaints Commissioner

3 October 2013

Proposed recommendation

## Appendix – Background information on the exemption

On 31 March 2005, The Lines Company applied for an exemption from the low user regulations. The Lines Company's application said:

*We therefore seek an exemption pursuant to regulation 32 for:*

...

- 2) *All domestic installations being supplied from lines supplying less than 10 installations. Our records show that there are 504 such customers. 121 of these customers have dedicated transformers. The application of this exemption would therefore extend to 382 additional customers.*

Regulation 26 grants the Minister of Energy the discretion to grant exemptions from compliance with the regulations. Regulations 27 to 30 set out the grounds for an exemption. Regulation 28 says:

*“One of the criteria according to which the Minister may exempt an electricity distributor from its obligations under these regulations in respect of the regulated tariff option is that–*

- a) *The delivered electricity is supplied to a home that is in a very remote area; and*
- b) *The home is served by a single line that serves few homes (for example, less than 10) and no other significant electricity consumers; and*
- c) *In the opinion of the Minister, it would be a significant or unreasonable cost for the electricity distributor to make a regulated distributor tariff option available in respect of that home.*

The recommendation<sup>7</sup> to the Minister dated 14 September 2005 said:

*The Lines Company supplies homes in very remote places of the Waitomo/King Country area....These areas have an average of 1.2 domestic customers per kilometre of line and 1.6 domestic customers per transformer.*

....

---

<sup>7</sup> The recommendation was from officials from the Ministry of Economic Development.

*The exemption would cover the 504 homes supplied by these lines, or 3% of the approximate 17,000 domestic customers in The Lines Company network area. Of the 504 homes, 121 have dedicated transformers, so will already be covered by the above application. This application therefore extends to 383 homes (or 2% of customers).*

The relevant part of the exemption Minister of Energy granted The Lines Company said:

*An exemption from full compliance with the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 is granted to The Lines Company Limited until 1 April 2015 in respect of the following:*

*...*

*Homes located in The Lines Company network area supplied from lines serving few homes (with no other significant electricity consumers) from the feeders listed below (and represented by the areas highlighted in Map 1 provided to the Ministry of Economic Development)*

<i>Distribution Feeders with lines serving few homes (and no other significant electricity consumers</i>
<i>.....</i> <i>Southern</i> <i>.....</i>

