



# Sales-based Electricity Costs

Introduction - Report for June 2019

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## What is sales-based electricity cost data?

The Ministry monitors national residential electricity costs using information about national electricity sales (essentially total electricity sales divided by the quantity of electricity supplied in kWh).

## Method for sales-based electricity costs

- Residential cost data is derived from information obtained primarily from electricity retailers. The Ministry collects the total value of sales, the total volume of electricity sold, and the number of connections.
- The residential electricity cost per unit is derived by dividing the dollar value of residential electricity sales by the number of kilowatt-hours (kWh) sold to residential customers.
- Cost data reflects any prompt payment discounts actually claimed by customers, as well as multi-fuel and online discounts, incentive and retention payments received, and rates paid by customers on fixed-term plans.
- The cost data is based on sales of delivered energy.
- The survey also reports the "lines" component of the residential costs. This covers both the distribution and transmission components of the residential costs.
- Electricity sales information is collected from electricity retailers on the MBIE Quarterly Retail Sales Survey (Electricity and Gas) return, available on the website: [www.mbie.govt.nz/info-services/sectors-industries/energy/data-modelling/statistics/prices/electricity-prices](http://www.mbie.govt.nz/info-services/sectors-industries/energy/data-modelling/statistics/prices/electricity-prices)
- Costs do not include any ownership-based discounts or distributions from consumer trusts. If these discounts and distributions were included, the costs would be lower.

## Improvements made to sales-based electricity cost monitoring in July 2014

The Ministry has made the following improvements to the sales-based electricity price cost data:

- greater consistency of information between retailers. The Ministry now provides more detailed guidance for retailers on what the sales data should and should not include. In particular, the treatment of discounts is expected to be clearer and more consistent between retailers.
- residential costs back to the year ended March 2009 have been revised based on consistent information provided by all electricity retailers. Some retailers have also provided revised data back to the year ended March 2002. This has been incorporated into the residential electricity cost data.
- collecting data more frequently (quarterly, rather than annually) to improve the quality and consistency of information.
- average household electricity expenditure and average electricity demand per household have been added to the tables for sales-based electricity cost data. These figures provide additional context to assist stakeholders in interpreting the data.



## Residential sales-based electricity cost data March year 2006 to March year 2019

Sales-based costs are after discount costs which reflect actual uptake of prompt payment discounts, dual fuel discounts, and incentive discounts for attracting or retaining a customer

### Nominal residential cost per unit (including GST)

March year	Cost per unit		Lines component		Energy and other component	
	c/kWh	Annual change <sup>2</sup>	c/kWh	Annual change <sup>2</sup>	c/kWh	Annual change <sup>2</sup>
2006	18.87		7.35		11.52	
2007	20.27	7.4%	7.78	5.9%	12.49	8.4%
2008	21.21	4.6%	8.25	6.1%	12.95	3.7%
2009	22.30	5.2%	8.64	4.7%	13.66	5.4%
2010	23.17	3.9%	9.17	6.0%	14.01	2.6%
2011	24.71	6.6%	9.55	4.2%	15.16	8.2%
2012	26.06	5.4%	10.08	5.6%	15.97	5.3%
2013	26.89	3.2%	10.79	7.0%	16.11	0.9%
2014	27.83	3.5%	11.25	4.3%	16.58	2.9%
2015	28.61	2.8%	12.00	6.6%	16.61	0.2%
2016	28.11	-1.7%	11.94	-0.5%	16.17	-2.6%
2017	28.71	2.1%	12.36	3.5%	16.35	1.1%
2018	28.96	0.9%	12.70	2.8%	16.26	-0.6%
2019	29.08	0.4%	12.54	-1.3%	16.54	1.7%

### Real<sup>1</sup> residential cost per unit (including GST)

March year	Cost per unit		Lines component		Energy and other component	
	c/kWh	Annual change <sup>2</sup>	c/kWh	Annual change <sup>2</sup>	c/kWh	Annual change <sup>2</sup>
2006	24.27		9.45		14.82	
2007	25.27	4.1%	9.70	2.6%	15.57	5.1%
2008	25.77	2.0%	10.03	3.4%	15.74	1.1%
2009	26.10	1.3%	10.12	0.8%	15.98	1.5%
2010	26.62	2.0%	10.53	4.1%	16.09	0.7%
2011	27.58	3.6%	10.66	1.3%	16.92	5.2%
2012	28.15	2.1%	10.90	2.2%	17.26	2.0%
2013	28.80	2.3%	11.55	6.0%	17.25	0.0%
2014	29.42	2.1%	11.90	3.0%	17.52	1.6%
2015	29.98	1.9%	12.57	5.7%	17.40	-0.7%
2016	29.36	-2.1%	12.47	-0.8%	16.89	-3.0%
2017	29.66	1.0%	12.77	2.4%	16.89	0.0%
2018	29.45	-0.7%	12.92	1.2%	16.53	-2.1%
2019	29.08	-1.3%	12.54	-2.9%	16.54	0.0%

### Annual average expenditure and consumption of electricity per household

March year	Average residential expenditure (including GST)		Consumption per household
	\$ per household per annum		
	Nominal	Real	kWh per household per annum
2014	\$2,054	\$2,171	7380
2015	\$2,083	\$2,182	7279
2016	\$2,041	\$2,132	7261
2017	\$2,024	\$2,090	7048
2018	\$2,033	\$2,067	7019
2019	\$2,077	\$2,077	7141

#### Notes

1. Costs adjusted to March year 2019 New Zealand c/kWh based on the Statistics New Zealand, Consumer Price Index

2. Percentage increases are based on the raw unrounded costs per unit, so they may differ slightly from calculations to two decimal places



## Quarterly residential sales-based electricity cost <sup>1</sup>

Sales-based costs are after discount costs and reflect actual uptake of prompt payment discounts, dual fuel discounts, and incentive discounts for attracting or retaining a customer

Quarter ended	Average residential expenditure	Consumption per household	Nominal residential cost of electricity (including GST)		
	Nominal	kWh per household per quarter	Cost	Lines component	Energy and other component
	\$ per household per quarter		c/kWh	c/kWh	c/kWh
Jun-18	\$533	1,830	29.14	12.54	16.60
Sep-18	\$639	2,278	28.07	12.08	15.99
Dec-18	\$488	1,670	29.21	12.61	16.60
Mar-19	\$417	1,364	30.54	13.22	17.32
Jun-19	\$512	1,743	29.39	12.56	16.84
<b>Annual Change</b>	<b>-3.9%</b>	<b>-4.8%</b>	<b>0.9%</b>	<b>0.1%</b>	<b>1.4%</b>

### Notes

- The quarterly average cost paid varies throughout the year with household electricity consumption. This is largely because of fixed daily charges. When households use more units of electricity (e.g. in winter), the fixed cost is spread across a larger number of units. Because of this, the average cost paid is highest in summer and lowest in winter. Due to these fluctuations, comparisons for the sales-based cost indicators are made for the same quarter of the previous year.