



# **Regulatory Annual Report 2016/17**

**In Compliance with the Reporting Requirements  
of Schedule 13 of the Electricity Concession Contract (I)**

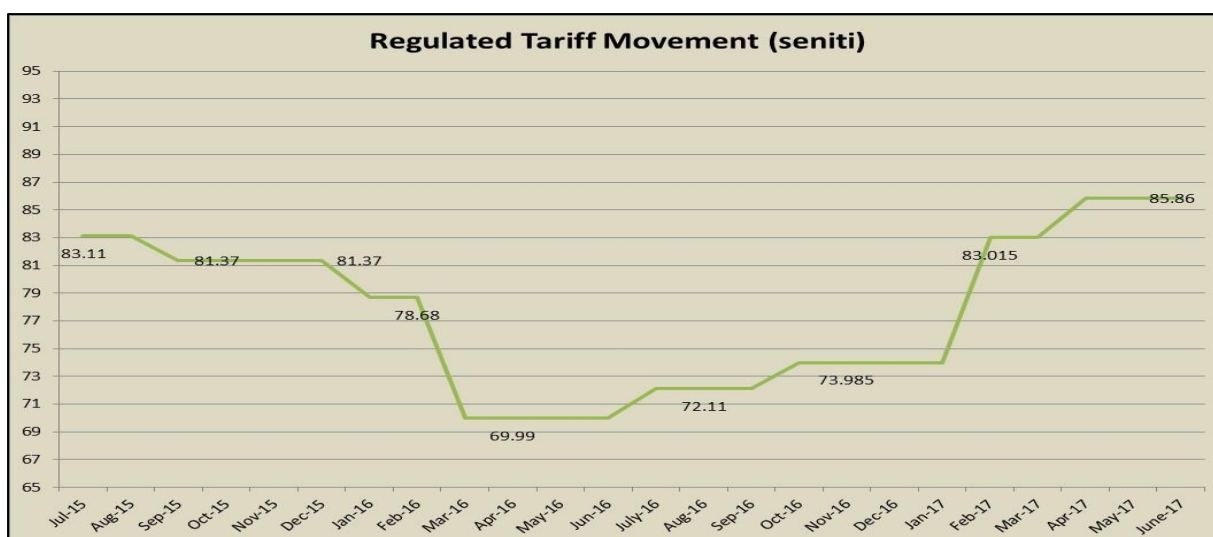
**- February 2018 -**

a. Regulated Tariff and Adjustments

Month	Fuel Component	Non Fuel Component	Total Tariff
Jul-15	38.86	44.25	83.11
Aug-15	38.86	44.25	83.11
Sep-15	37.12	44.25	81.37
Oct-15	37.12	44.25	81.37
Nov-15	37.12	44.25	81.37
Dec-15	37.12	44.25	81.37
Jan-16	34.33	44.35	78.68
Feb-16	34.33	44.35	78.68
Mar-16	25.64	44.35	69.99
Apr-16	25.64	44.35	69.99
May-16	25.64	44.35	69.99
Jun-16	25.64	44.35	69.99
July-16	27.76	44.35	72.11
Aug-16	27.76	44.35	72.11
Sep-16	27.76	44.35	72.11
Oct-16	29.635	44.35	73.985
Nov-16	29.635	44.35	73.985
Dec-16	29.635	44.35	73.985
Jan-17	29.635	44.35	73.985
Feb-17	38.665	44.35	83.015
Mar-17	38.665	44.35	83.015
Apr-17	41.51	44.35	85.86
May-17	41.51	44.35	85.86
June-17	41.51	44.35	85.86

TPL tariff (fuel & non-fuel) components are shown above for last two years. The non-fuel tariff was reset to 44.35 seniti per kWh for the period 2015-2020, however the concession contract allows for a tariff adjustment annually to account for inflation which did not occur in 2016/17 year. The tariff was at its lowest from March to June 2016 however the growth in global diesel prices has resulted in an overall tariff increase since July 2016 therefore resulting in higher power bills for our customers. The Government in response to the increasing diesel price has offered to subsidise all residential customers consuming less than 100kWh per month by way of a lifeline tariff of 70 seniti per kilowatt hour which became effective in April 2017. It can be seen from the graph below that the power tariff has increased in the year 2016/17 compared to the year 2015/16.

**Regulated Tariff Movement (seniti)**



### b. RAV Update as of June 2017

Description	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Opening RAV Book Value	\$55,079,256	\$57,757,433				112,836,689
Generation Capital Expenditure	1,244,756	\$260,545				1,505,301
Distribution Capital Expenditure	3,091,881	\$2,567,979				5,659,860
Smart Grid	-	\$0				-
Office Computers & Equipment	31,925	\$75,241				107,166
Furniture & Fixtures	67,859	\$54,006				121,865
Tools & Equipment	134,725	\$195,278				330,003
Vehicles	597,224	\$392,464				989,688
Other Auxiliary Equipment	-	\$0				-
Land & Building	58,536	\$608,687				667,223
Renewables	431,187	\$0				431,187
Disposals and Retirements	(134,328)	-\$207,771				(342,099)
Depreciation on Prior 2008 Period	-	\$0				-
Depreciation on Net Capex end of Period I	(2,503,603)	-\$2,503,603				(5,007,205)
Depreciation Period Two Assets	(341,985)	-\$584,523				(926,508)
<b>Closing Estimated RAV</b>	<b>\$57,757,433</b>	<b>\$58,615,736</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$116,373,170</b>

The above table shows a \$4.154 million new capital expenditure (Generation \$0.3 million, Distribution \$2.5 million, Office Computers & Equipment \$75K, Furniture & Fixtures \$54K, Tools & Equipment \$195K, Vehicles \$392K, Land & Building \$608K) for the year 2016/17 year, mainly Distributed Network assets. The electrical regulator has allowed TPL an amount of \$42.06 million in capital expenditure for the Period-II Regulatory period (2015-2020) however TPL have only expensed about \$9.4 million/22% (Pure CAPEX excluding depreciation and disposals) as at end of the Year 2 of the regulatory period. Refer Appendix 1 for the RAV confirmation letter from KPMG auditor. The balance of \$33 million will be utilised in the next three years period since most capital expenditure budgeted for the first and second year were rolled over to the next three years.

### c. Capex Expenditure Undertaken

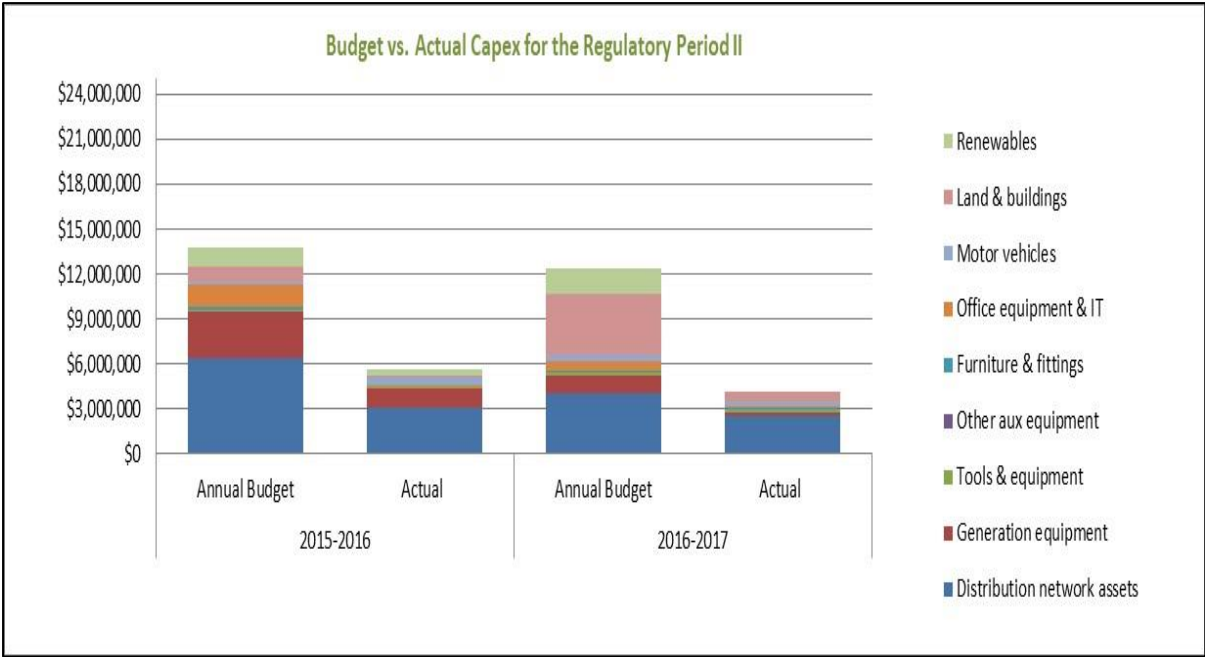
The table below shows the capex expenditure for the Regulatory Period II.

Description	2015-2016		2016-2017		2016-2020 Regulatory Period II
	Annual Budget	Actual	Annual Budget	Actual	Grand Total
Distribution network assets	\$6,426,417	\$3,091,881	\$4,045,654	\$2,567,979	\$5,659,860
Generation equipment	\$3,049,000	\$1,244,756	\$1,235,000	\$260,545	\$1,505,301
Tools & equipment	\$186,300	\$134,725	\$179,471	\$195,278	\$330,003
Other aux equipment	\$0	\$0	\$0	\$0	\$0
Furniture & fittings	\$127,270	\$67,859	\$116,652	\$54,006	\$121,865
Office equipment & IT	\$1,490,790	\$31,925	\$636,406	\$75,241	\$107,166
Motor vehicles	\$296,000	\$597,224	\$372,905	\$392,463	\$989,687
Land & buildings	\$935,000	\$58,536	\$4,080,000	\$608,687	\$667,223
Smart Grid					\$0
Renewables	\$1,300,000	\$431,187	\$1,769,228	\$0	\$431,187
Other major projects (TVNUP, Smart meter, etc)			\$1,316,810	\$0	\$0
<b>Total CAPEX</b>	<b>\$13,810,777</b>	<b>\$5,658,093</b>	<b>\$13,752,126</b>	<b>\$4,154,199</b>	<b>\$9,812,292</b>

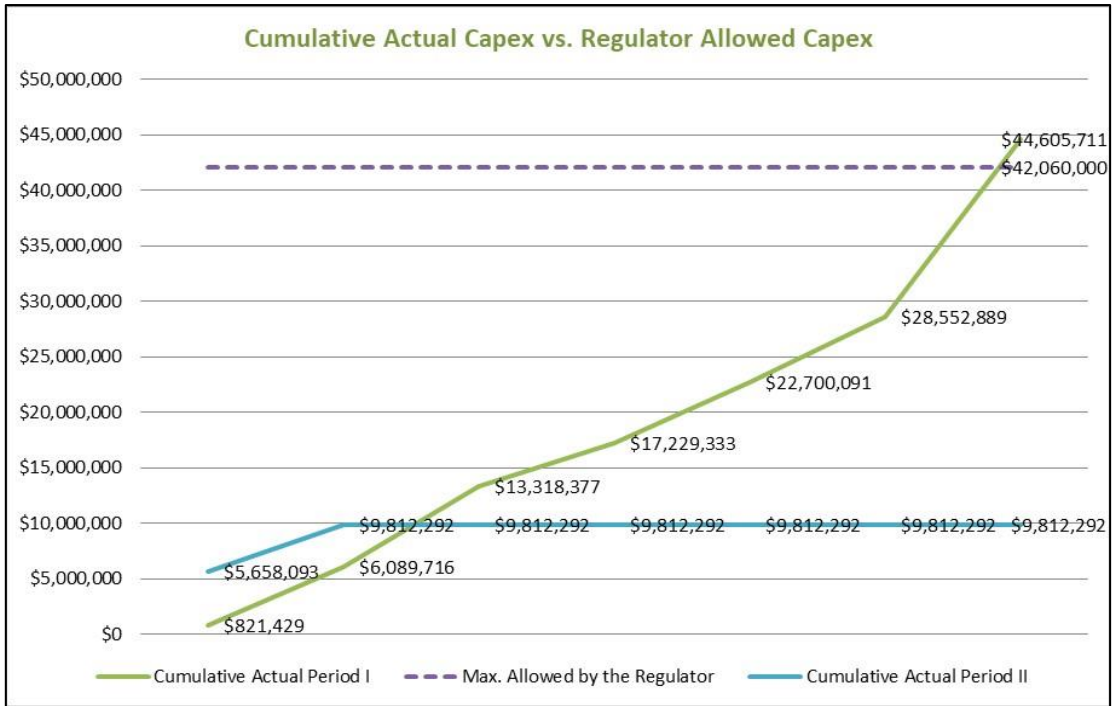
The total capex expenditure for 2016/17 was at \$4.1 million which is \$9.6 million below budget. The variances were mainly in the Distribution & Generation Division as most of the budgeted for CAPEX were either not fully utilised during the year or defer to the next financial year 2017/18. These were mainly Distributed Network assets as well as other major CAPEX items for Power Generation generators. Note that Capital Work In Progress (WIP) is not part of the Actual CAPEX Spent and will be part Total Capex once they are complete.

Total CAPEX as at end of the Regulatory Period I at \$44.6 million while total CAPEX as at end of June 2017 for Regulatory Period II (2015-2020) is at \$9.8 million, still within the \$42 million regulatory target.

The graph below shows the Budgeted vs Actual CAPEX for the regulatory Period-II (Annual Budget & Actual 2016-2017) graphically.



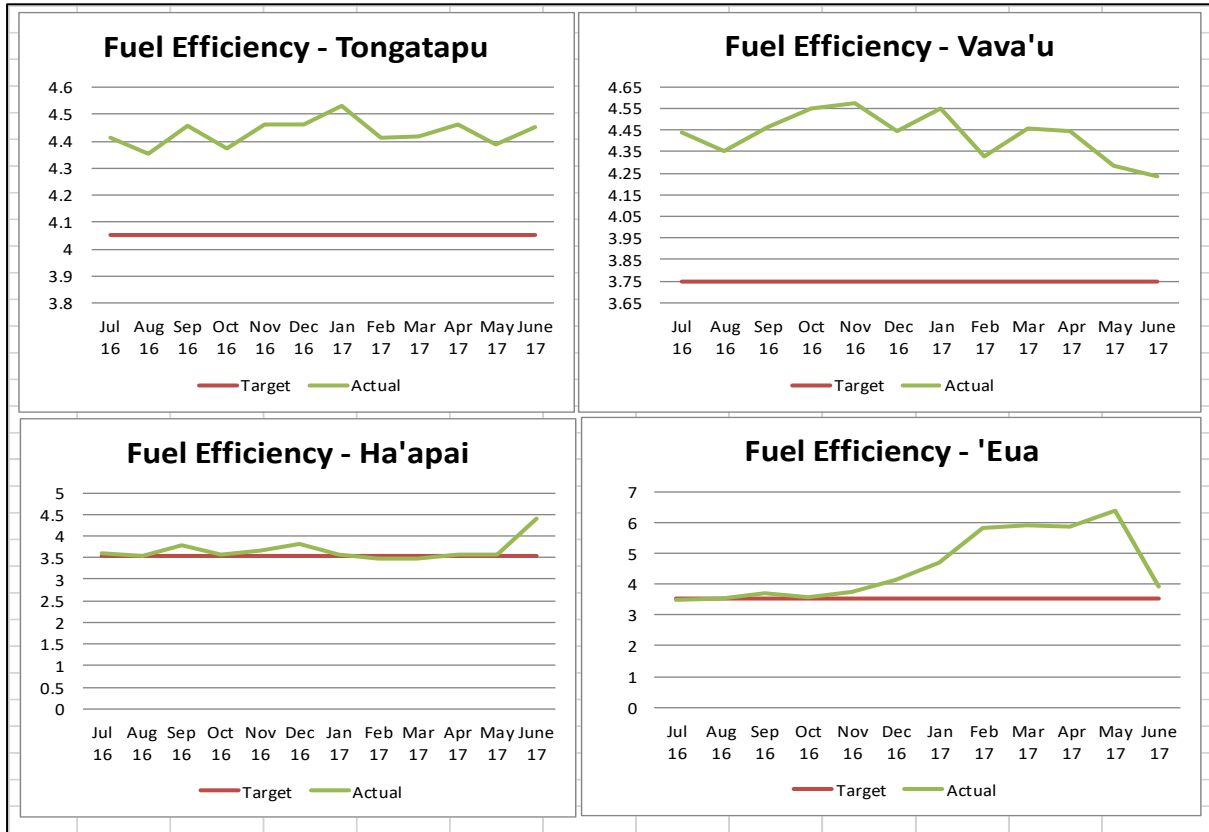
The graph below shows the maximum capex allowed by the regulator for Period II Regulatory period and how TPL have invested in capex thus far as at June 2017. The maximum capex allowed by the regulator is \$42 million for the end of Period II Period (\$55 million for end of Period I). However, TPL have only spent about \$44 million as at June 2015 which is the end of Regulatory Period I and about \$9.8 million for the first two years of Period II.



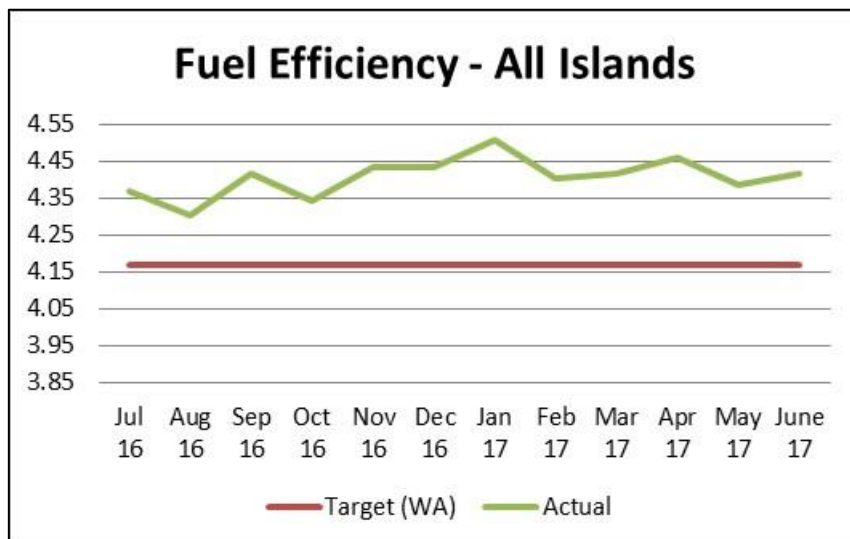
**d. Performance Report (Efficiency, Service, Metering or other Standards)**

**a. Fuel Efficiency & System Loss Targets**

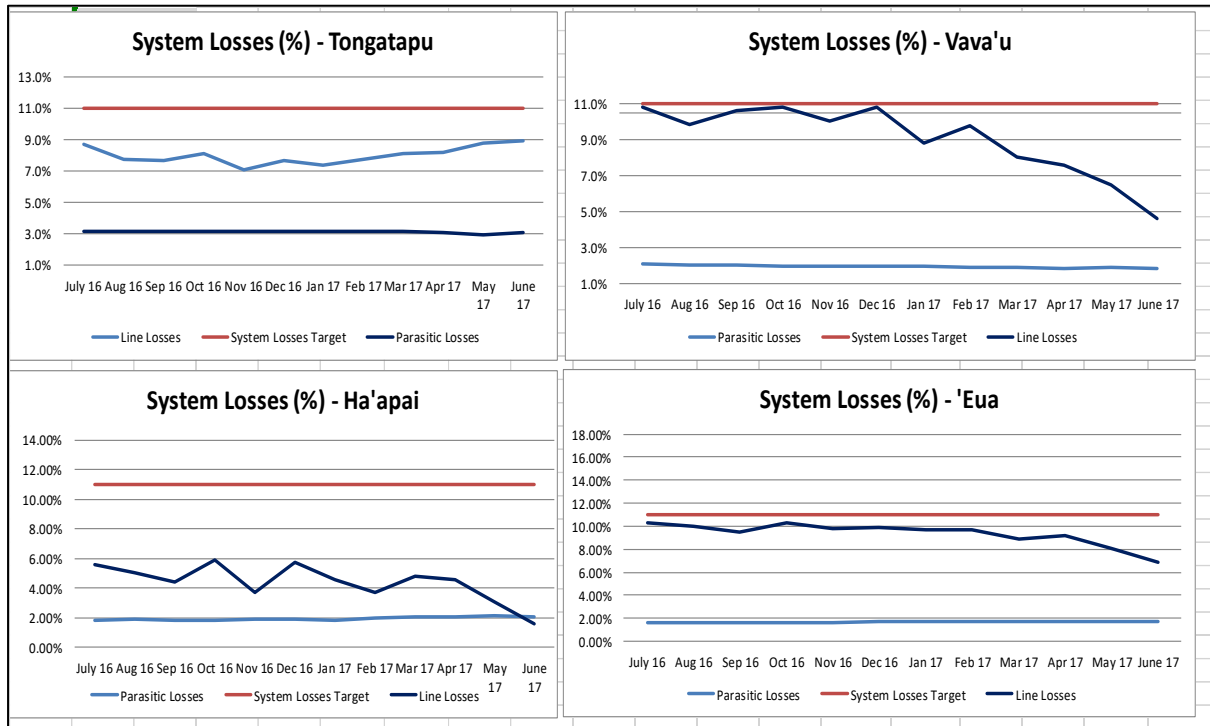
Fuel efficiency measures for Ha’apai and ‘Eua have been erratic around the target values. This is mainly due to low load factors applied in the morning and required the generators to run at low load or switched off. Tongatapu and Vava’u have higher efficiencies due to their larger generators (running at higher efficiencies) which operate more efficiently compared to Ha’apai and ‘Eua.



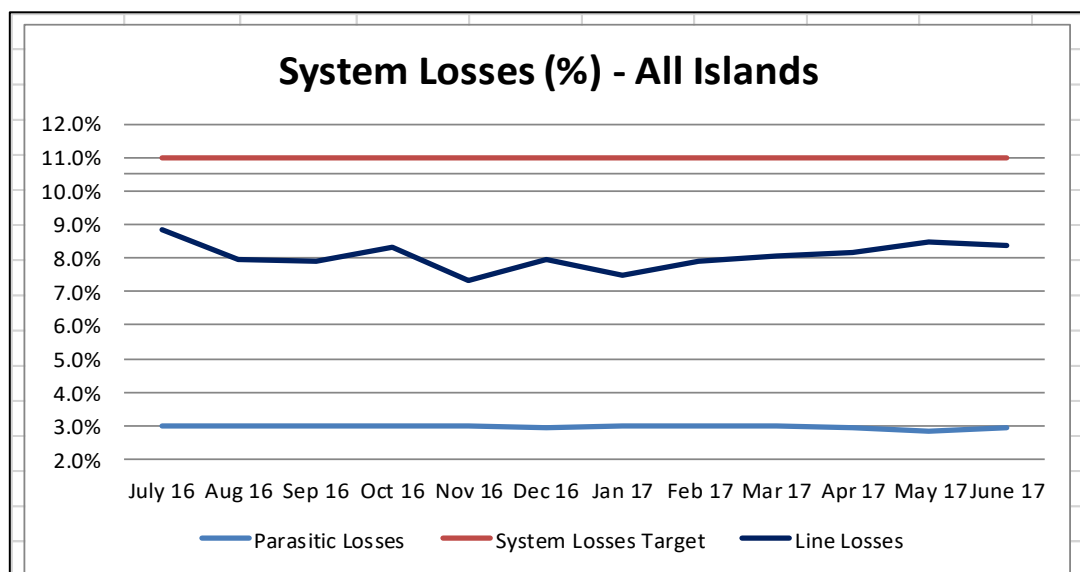
All island fuel efficiency ratios are operating well above the weighted average target of 4.17 KWh/L throughout the period July 2016 – June 2017.



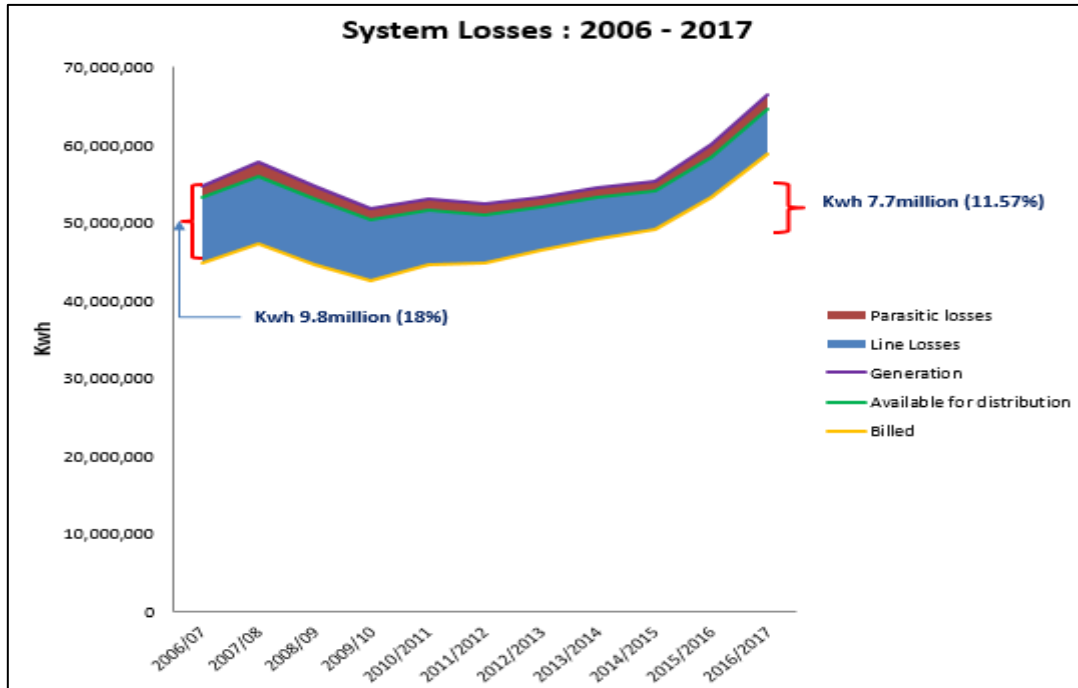
Tongatapu and Ha'apai system losses operates well above the regulatory level of 11.0% largely reflecting the benefits of the Tonga Village network upgrade project that is currently underway. Vava'u and 'Eua losses also have decreased due to continuous improvements to the network that includes the work after Cyclone Winston in 2016 and the work after the Cyclone Ian Recovery project in Ha'apai.



All island system losses operates well above the regulatory limit of 11.0% as per the graphs shown below. These figures are largely driven by system loss reductions in Tongatapu and Ha'apai due to the Tonga Village Network Upgrade Project and improvements to networks in outer islands.



Since 2007, the overall system losses for all four grid island system have decreased by about 22% which is a decline from about 18% in 2006 to around 11% in 2017. In dollar terms, this is about \$2.0 million saving achieved throughout the ten year period.



b. Service Standards Performanc

**A – Customer Specific Standards**

TPL comply with all the fourteen (14) service standards except one (1) of the performance targets specified in the Schedule 2 of the Electricity Concession Contract which is the A4 (Testing of Voltage Stability) Standard. Voltage Stability requirement is partially complied which is mainly due to the reason outline below:

A4. Service standards - Testing of voltage stability	Pesalili Tohi	Customer-specific Voltage stability (tested in response to request by a Customer under clause 5.10) Voltage to be measured at the demarcation point: expected to be 240v. (Single phase +/- 10%), 415v. (Three phase +/- 5%) (See also Clause 5.10(c))	Partially Complies	There were a few low voltage complaints but there were no burnt/broken appliances involved. Most power off are mainly due to broken conductors, broken fuses, deteriorated networks, etc and happens in areas where the upgrade project has not reached mainly the CBD area and domestic wharfs.
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**SERVICE & METERING STANDARDS (01 JULY, 2016 TO 30 JUN, 2017)**

Obligation	Verifier	Obligation description	Level of compliance	Comments
A1 Service standards - Connections	Seti Chen	Connection to supply for connection points within 30 meters of the road frontage (when no network extension or the installation/upgrade of a transformer is required). If the Commission must approve a connection under any applicable regulation, the Performance Measure applies after it is approved. i) Maximum time to connect a customer after the customer's payment has been received - when electricity supply and meter are already installed. 4 working days	Complies	Complies - long disconnection customers (within 3 months of disconnection), this performance measure is always met within 1 day from date of payment of arrears
A1 Service standards - Connections	Seti Chen	Connection to supply for connection points within 30 meters of the road frontage (when no network extension or the installation/upgrade of a transformer is required). If the Commission must approve a connection under any applicable regulation, the Performance Measure applies after it is approved. ii) Maximum time to connect a customer after the customer's payment has been received - when service drop and meter need to be installed. 10 working days	Complies	Complies - once payment and COC are both received.
A1 Service standards - Connections	Seti Chen	Connection to supply for connection points between 30 and 250 meters (when no network extension or the installation/upgrade of a transformer is required). If the Commission must approve a connection, the Performance Measure applies after it is approved. i) Maximum time to provide works estimate 10 working days	Complies	Complies - 10 days threshold is always met.
A1 Service standards - Connections	Seti Chen	Connection to supply for connection points between 30 and 250 meters (when no network extension or the installation/upgrade of a transformer is required). If the Commission must approve a connection, the Performance Measure applies after it is approved. ii) Maximum time to complete construction - after customer acceptance of estimate and payment 20 working days	Complies	Complies - once payment and COC are both received.
A1 Service standards - Connections	Steven 'Esau	Disconnection of supply due to overdue payments Minimum notification given prior to disconnection. Notification includes a widespread reminder in the media, so long as notice of the disconnection period is given on the previous bill. 5 working days	Complies	Complies - always met, included in previous month phone bills and customers are also informed 1 day prior to disconnection.
A1 Service standards - Connections	Steven 'Esau	Reconnection after payment of overdue amounts and reconnection fee (note that reconnection fee must be received before 2pm or time begins from 2pm the following working day). If a connection permit is required from the Commission under any applicable regulation then time begins once the permit is approved. Maximum time to restore supply after payment is made: i) Urban areas 1 working day	Complies	Fine
A1 Service standards - Connections	Steven 'Esau	Reconnection after payment of overdue amounts and reconnection fee (note that reconnection fee must be received before 2pm or time begins from 2pm the following working day). If a connection permit is required from the Commission under any applicable regulation then time begins once the permit is approved. Maximum time to restore supply after payment is made: ii) Rural areas 2 working days	Complies	Fine
A2 Service standards - Customer Service and Billings	Steven 'Esau	Billing punctuality Maximum time for first bill to be delivered after service connection 50 calendar days	Complies	Complies - usually read at reading date for that particular route otherwise it will have to wait for the next month reading which usually fall within the 50 days threshold.
A2 Service standards - Customer Service and Billings	Steven 'Esau	Billing period Maximum time between bills 45 Calendar days	Complies	Complies - usually read within 30 days except if there is a need to reread then this may defer by 5 days which is still within the 45 days threshold.
A2 Service standards - Customer Service and Billings	Steven 'Esau	Response to customers' queries Maximum time to respond to a customer's query 5 working days	Complies	Complies - as per fault report sent from Fault team and Customer Complaints register maintained with Risk and Compliance Unit. For special cases which requires shut down of electricity, customers are always informed.
A3 Service standards - Continuity of Supply	Seti Chen	Temporary disconnection of supply for maintenance or other works Minimum notification prior to disconnection. Notification must include a minimum of four advertisements in widespread media, including one advert in the day prior to the shutdown. 4 notices Number of Notices = 4, First Notice at least 5 working days prior, at least 1 notice the day before	Complies	Complies except for emergency shutdown (accident, trees falling on power lines, etc).
A3 Service standards - Continuity of Supply	Seti Chen	Response to emergency and service calls (single events affecting the distribution system), other than where more than 5 Customers are affected Maximum time to restore supply to all affected customers 2 working days	Complies	Complies - all power off causes by transformer problems (few customers affected) and broken conductor/lines (safety reason) are treated as top priority and power are usually restored same day.
A4 Service standards - Testing of voltage stability	Seti Chen	Responding to a request by Customer under clause 5.10 relating to voltage fluctuations Maximum period to complete a spot check of the Customer's voltage after a Customer request 5 working days	Complies	Complies - fault team are on standby 24/7 to attend.
A4 Service standards - Testing of voltage stability	Seti Chen	Responding to a request by Customer under clause 5.10 relating to voltage fluctuations. Following a Customer request, maximum time to complete voltage sampling for at least 24 hours 10 Working days	Complies	Fine
A4. Service standards - Testing of voltage stability	Pesalili Tohi	Customer-specific Voltage stability (tested in response to request by a Customer under clause 5.10) Voltage to be measured at the demarcation point: expected to be 240v. (Single phase +/- 10%), 415v. (Three phase +/- 5%) [See also Clause 5.10(c)]	Partially Complies	There were a few low voltage complaints but there were no burnt/broken appliances involved. Most power off are mainly due to broken conductors, broken fuses, deteriorated networks, etc and happens in areas where the upgrade project has not reached mainly the CBD area and domestic wharfs.
C. Reliability Standards	Seti Chen	Responding to a request by Customer for a meter reading under Clause 5.9 (a) Maximum period to complete meter reading and report result to Customer 10 working days	Complies	Ongoing - at customers request.
C. Metering reporting standards	Seti Chen	Frequency of meter testing Report on the percentage of Customers' meters that are tested for accuracy or replaced annually. Report required	Complies	Ongoing - at customers request.

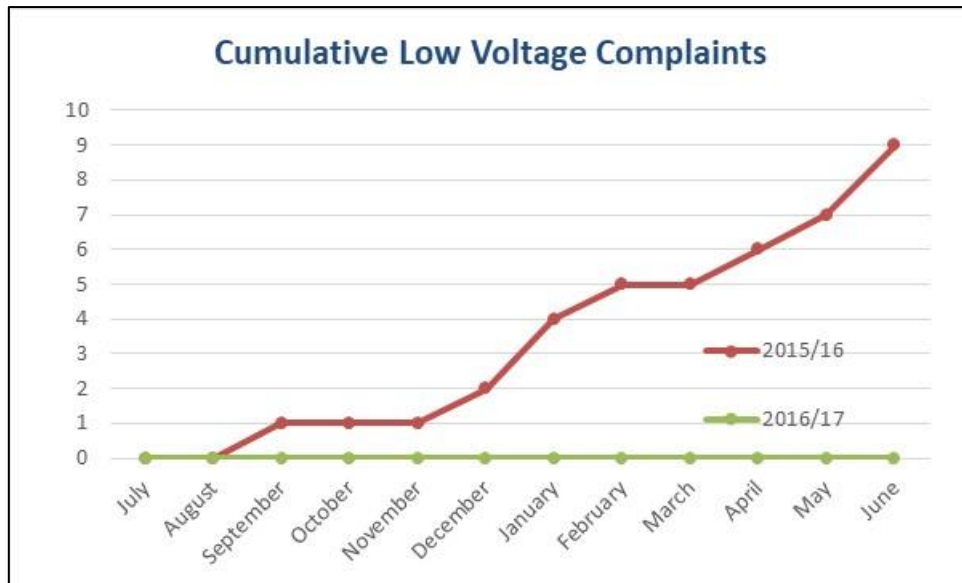
## B - Metering Reporting Standards

TPL has complied with these standards fully throughout 2016/17. A summary report of the number of meters tested and faulty meters replaced is shown in the following table.

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
New Connections Installed	54	63	79	53	81	96	43	51	58	55	77	64
Meters removed	9	61	8	4	3	1	13	25	23	5	2	10
Long disconnections reconnected	18	24	16	17	11	11	11	14	11	6	8	5
Meters transferred to other premises	4	3	5	10	4	1	4	6	10	1	4	5
Meter Assessment completed	0	2	0	0	0	0	1	2	0	1	4	0
Meter Bypass (tampering) found	0	0	0	0	1	0	2	2	0	0	1	0
Change Old Meter to New - Single Phase	0	0	0	0	810	669	0	56	0	0	0	552
Change Old Meter to New - Three Phase	0	0	0	0	0	0	0	0	35	45	291	4
Change Three Phase Meter to a CT Type	0	1	0	0	0	0	0	0	0	0	0	0
Change Old Meter to New - CT Type	0	0	0	0	0	0	0	0	0	0	0	0
Replace Faulty Meter Single Phase	5	118	372	582	22	4	40	8	36	14	47	15
Replace Faulty Meter Three Phase	0	1	0	0	0	0	0	0	2	0	0	3
Replace Faulty Meter CT Type	0	0	0	0	0	0	0	0	1	0	0	0
Test Meter for Customer on Site	0	2	0	0	1	0	0	2	0	0	2	0
change meter 3phase to single phase for transfer	0	0	0	0	0	0	0	0	0	0	0	0
upgrade single phase to three phase	0	0	2	1	0	0	0	0	0	0	0	0
Customer Complaint	0	2	2	0	0	1	0	0		0	0	2
meter reconnection	0	0	0	0	0	0	0	0	1	2	1	0
separate meter	0	0	0	0	0	0	0	0	0	0	0	0
meter hire	0	0	0	0	0	1	0	1	2	0	0	0
upgrade three phase to CT meter	1	0	0	0	0	0	0	0	0	0	0	0
meter relocate					1	5	0	0	0	1	0	0

## C - Details of Breaches in Service Standards

Refer section (A) above, TPL were partially compliant with the A4 (voltage stability) standards throughout the 2016/17 period because there were few instances of power off caused by voltage fluctuations however does not involve damaged/burnt appliances and occurred mostly in non-upgraded villages ( mainly CBD), compared to eight in the previous year (refer the graph below).



There were 122 other low voltage complaints during the 2016/17 FY in which TPL has addressed the fault but does not involve payment of any compensation to customers because there were no damages/losses involved. It is noted that the network upgrade project are yet to reach villages of most of these low voltage complaint customers. The deteriorated network in these areas has caused fewer power off and voltage fluctuations due to broken lines, aging transformers and broken fuses .

#### D – Penalties/Compensations Paid to Customer/EC

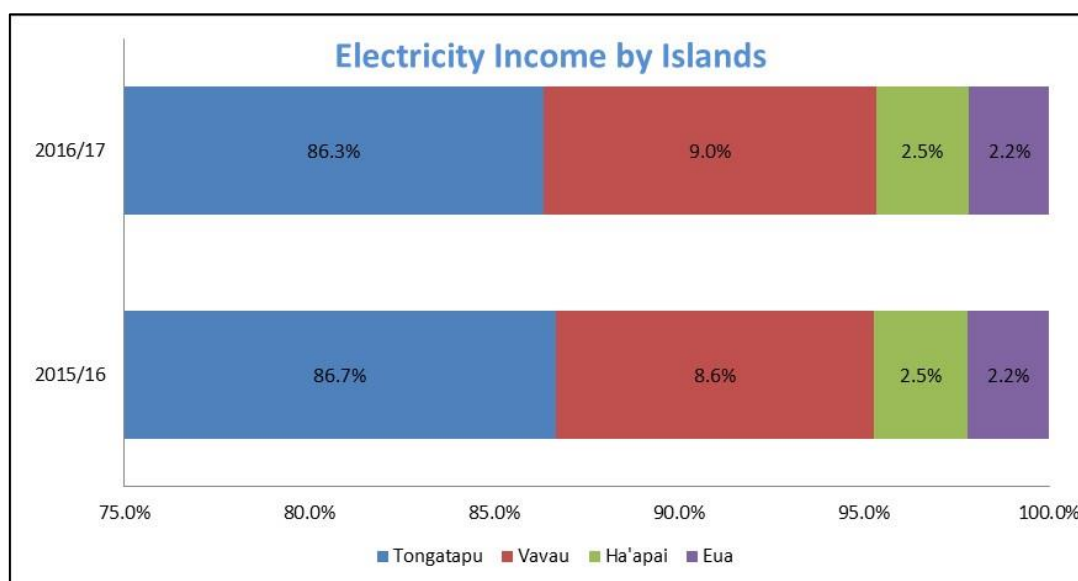
There were no penalties/compensation paid to customers and the Electricity Commission during the 2016/17 period.

#### e. KWh Invoiced and Regulated Revenue

The breakdown of electricity revenue by island shows a continuing trend, with pretty much a flat economy in the whole of Tonga. The graph below shows that an increase of generation kWh in the last two years and as a result the revenue also increased.



The graph below shows the breakdown of revenue compared to last year. About 87% of the revenue was earned in Tongatapu and 9% earned in Vava'u, with 3% and 2% earned in Ha'apai and 'Eua respectively which is generally in line with the income level in the last financial year.



The following table's show kWh invoiced and regulated revenue earned for each island on a monthly basis from July 2016 to June 2017.

Month	Tongatapu		Vava'u		Ha'apai		Eua		Total (All Four Islands)	
	kWh Invoiced	Revenue	kWh Invoiced	Revenue	kWh Invoiced	Revenue	kWh Invoiced	Revenue	kWh Invoiced	Revenue
Jul-16	3,748,597	2,703,113.30	359,802	259,453.22	108,034	77,903.32	102,729	74,077.88	4,319,162	3,114,547.72
Aug-16	3,858,791	2,782,574.19	421,900	304,232.09	117,604	84,804.24	99,715	71,904.49	4,498,010	3,243,515.01
Sep-16	3,996,916	2,882,176.13	358,005	258,157.41	122,223	88,135.01	104,296	75,207.85	4,581,440	3,303,676.38
Oct-16	4,026,840	2,979,257.57	443,343	328,007.32	108,419	80,213.80	95,360	70,552.10	4,673,962	3,458,030.79
Nov-16	4,343,687	3,213,676.83	431,491	319,238.62	137,045	101,392.74	102,471	75,813.17	5,014,694	3,710,121.36
Dec-16	4,525,174	3,347,949.98	485,055	358,867.94	112,701	83,381.83	113,973	84,322.92	5,236,903	3,874,522.68
Jan-17	4,523,384	3,346,625.65	454,709	336,416.45	124,922	92,423.54	103,185	76,341.42	5,206,200	3,851,807.07
Feb-17	4,302,619	3,571,819.16	364,395	302,502.51	137,568	114,202.08	103,607	86,009.35	4,908,189	4,074,533.10
Mar-17	4,665,956	3,873,443.37	496,151	411,879.75	115,544	95,918.85	113,541	94,256.06	5,391,192	4,475,498.04
Apr-17	4,264,143	3,661,193.18	447,869	384,540.32	115,316	99,010.32	103,207	88,613.53	4,930,535	4,233,357.35
May-17	4,480,301	3,846,786.44	450,406	386,718.59	127,826	109,751.40	114,298	98,136.26	5,172,831	4,441,392.70
Jun-17	4,050,358	3,477,637.38	570,707	490,009.03	143,978	123,619.51	123,164	105,748.61	4,888,207	4,197,014.53
<b>Total</b>	<b>50,786,766</b>	<b>39,686,253.19</b>	<b>5,283,833</b>	<b>4,140,023.26</b>	<b>1,471,180</b>	<b>1,150,756.64</b>	<b>1,279,546</b>	<b>1,000,983.64</b>	<b>58,821,325</b>	<b>45,978,016.72</b>

## f. Insurance Update

A high level summary of the TPL's insurance policy information is shown below, which shows TPL compliance with Clause 9.1 of the Regulatory Addendum. Reference can also be made to TPL Insurance Policy Update 2015/16 already submitted to EC office for further breakdowns and details.

### **INSURANCE REQUIREMENTS (ECC)**

**Insurance Cover** - The Concessionaire at all times shall maintain with a reputable Underwriter Insurance that is sufficient to cover, at a minimum:

- (a) Loss or damage to such Generation and Distribution assets of the Electricity Business, as from time to time may be agreed in writing between the Concessionaire and the Commission;

Category	Inclusions	Insurance Basis	Sum Insured TOP\$	Exclusions	Excess TOP\$
Distribution	Transformers, fuses & switches	Indemnity Value	3,091,485 (max liability any one item \$1M)	Transmission and distribution lines beyond 1,000 meters from main generation plant	50,000 for general perils. Some sub limits have lower excesses. Natural disaster perils excesses are a % of the sum insured per situation subject to a min TOP 200K.
Generation	Plant & machinery	Indemnity Value	37,450,000	Detailed in the Policy	50,000 for general perils. Some sub-limits have lower excesses. Natural disaster excesses are a % of the sum insured per situation subject to a min TOP 200K.
RE (Popua, Vava'u, Vaini, School solar systems)	Material damage	Indemnity Value	33,775,275	Detailed in the policy	200,000 for general perils. Some sub-limits have lower excesses. Natural disaster excesses are a % of the sum insured per situation subject to a min TOP 200K.

Note: Indemnity values may be less than replacement costs.

(b) Loss or damage to all other assets of the Electricity Business (except motor vehicles) of an amount equal to or greater than the replacement cost of all said assets;

<b>Category</b>	<b>Inclusions</b>	<b>Insurance Basis</b>	<b>Sum Insured TOP\$</b>	<b>Exclusions</b>	<b>Excess TOP\$</b>
Buildings (All islands)	Unforeseen accidental physical damage	Indemnity Value	2,742,000	Detailed in the policy	50,000 for general peril. Some sub-limits have lower excesses. Natural disaster excesses are a % of the sum insured per situation subject to a min TOP 200K.
Domestic Dwelling (Ha'apai & 'Eua)	Unforeseen accidental physical damage	Indemnity Value	400,000	Detailed in the policy	1,000 for general perils. Natural disaster perils excesses are 2% of the sum insured per situation subject to a min of TOP 1,000.

Note: Indemnity values may be less than replacement costs.

(c) Comprehensive motor vehicle cover for all motor vehicles owned or used by the Concessionaire of an amount equal to or greater than the replacement cost of all said vehicles;

<b>Category</b>	<b>Inclusions</b>	<b>Insurance Basis</b>	<b>Sum Insured TOP\$</b>	<b>Exclusions</b>	<b>Excess TOP\$</b>
Physical loss or damage, fire, theft, third party property damages and bodily injury	Unforeseen accidental physical damage (Third Party Property Damage & Third Party Bodily Harm)	Indemnity Value	500,000 for Property Damage and 500,000 for Bodily Damage	Driving under alcohol & drugs and as detailed in the policy	1,000 each and every claim. Natural disaster excesses are 5% of the vehicle sum injured subject to a min TOP 1,000.

Note: Indemnity values may be less than replacement costs.

(d) Business Interruption Costs for an amount reasonable for a comparable business;

<b>Category</b>	<b>Inclusions</b>	<b>Insurance Basis</b>	<b>Sum Insured TOP\$</b>	<b>Exclusions</b>	<b>Excess Days</b>
Diesel generation & retail	Gross profit, Increased cost of working and	Indemnity Value	13,270,000	Detailed in the policy	30

	claims preparation costs				
RE generation & retails	Same as above	Indemnity Value	Same as above	Detailed in the policy	Same as above

(e) Third Party claims for loss or damage to property, or for death or personal injury, for an amount reasonable for a comparable business;

Category	Inclusions	Insurance Basis	Sum Insured NZ\$	Exclusions	Excess NZ\$
General Liability	General Indemnity	Indemnity Value	5,000,000	Liability resulting from any TPL's errors and omissions	50,000 each and every occurrence inclusive of costs and expenses
General Liability	Products	Indemnity Value	5,000,000		50,000 each and every occurrence inclusive of costs and expenses

(f) Loss of Money, for an amount reasonable for a comparable businesses;

Category	Inclusions	Insurance Basis	Sum Insured TOP\$	Exclusions	Excess TOP\$
In transit, on premises during business hours in safe	NA	Indemnity Value	150,000	NA	2,500 unless stated
In personal custody	NA	Indemnity Value	25,000	NA	2,500 unless stated
Outside business hours not in safe	NA	Indemnity Value	5,000	NA	2,500 unless stated

(g) Fidelity guarantee insurance for all staff handling money;

Category	Inclusions	Insurance Basis	Sum Insured TOP\$	Exclusions	Excess TOP\$
Fidelity Guarantee	NA	Indemnity Value	Replacement value which can be reinstated	Detailed in the policy	2,500

			following a loss. Limit of 100,000 per employee p/annum.		
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(h) Death or personal injury to employees in the course of their employment;

Category	Inclusions	Insurance Basis	Sum Insured TOP\$	Exclusions	Excess TOP\$
Life Insurance	5 x Annual Salary + TOP 20,000 to cover last expenses	Indemnity Value	Up to 1,360,000 (for employees) Up to 500,000 (for directors)	HIV, Suicide, Civil unrest, war, alcohol & drugs	NIL
Personal Accidents	A- 1 x Annual Salary (disablement) B- 80% weekly earning (Injury) C- 80% weekly (sickness)	Indemnity Value	A. 1,000,000 B. 3,000 C. 3,000		Not specified

(i) In place of the foregoing, or any part thereof, such cover as is agreed in writing from time to time between the Concessionaire and the Commission.

Note that the above reflects that the Insurance Policies cannot assume all probable risks inherent in all TPL assets in addition to the assessment of risks of possible or historical damage/loss in all TPL assets arising out of any one event as per Willis Insurance Policy requirement. High premium may also be required as a result. For further details, refer attached Insurance Policy Manual.

**g. Auditor's Confirmation on RAV Calculation**

KPMG auditor's letter confirming Regulated Asset Value (RAV) is attached. **Refer Appendix 1.**



#### h. Details of Regulatory Fees

The details of the regulatory fees paid (inclusive of CT) by TPL for the financial year 2016/17 are shown in the following table.

<b>Date Paid</b>	<b>Month</b>	<b>Amount Paid (CT Inclusive)</b>
01.07.2016	Jul-16	\$ 50,641.40
01.08.2016	Aug-16	\$ 50,641.40
01.09.2016	Sep-16	\$ 50,641.40
01.10.2016	Oct-16	\$ 50,641.40
02.11.2016	Nov-16	\$ 50,641.40
01.12.2016	Dec-16	\$ 50,641.40
01.01.2017	Jan-17	\$ 50,641.40
01.02.2017	Feb-17	\$ 50,641.40
01.03.2017	Mar-17	\$ 50,641.40
01.04.2017	Apr-17	\$ 50,641.40
02.05.2017	May-17	\$ 50,641.40
01.06.2017	Jun-17	\$ 50,641.40
<b>TOTAL Amount</b>		<b>\$ 607,696.80</b>

--END --

By,

Sosefina S Maileseni

Risk and Compliance Manager, TPL.