

## **VECTOR ACKNOWLEDGES UNINTENDED BREACH**

Vector has reached a settlement with the Commerce Commission for an unintended breach of its regulated price path.

The breach arose in April 2013 when Vector restructured its prices to enable residential consumers to benefit from either a low user fixed charge or standard user tariffs. While Vector was legally prevented from unilaterally switching consumers onto the optimal tariff for their usage pattern, it relied on electricity retailers to identify and proactively request Vector to switch those consumers who would benefit from a low use fixed charge tariff.

Vector assumed that competition in the electricity retail market would ensure retailers selected the most beneficial tariffs for their customers. This did not occur. The Commerce Commission noted that this has highlighted the need for consumers to check that if eligible, the low use tariff is being used as it could save households up to \$200 a year.

Vector will return \$13.9 million to Auckland electricity consumers by reducing the amount of revenue it recovers over two regulatory years starting in April 2018. In the FY2018 financial year, Vector's electricity revenues (and EBITDA) will be \$0.9m lower than they would otherwise have been, with the remainder spread across FY2019 and FY2020. The \$13.9m to be returned to consumers also includes accumulated interest of \$3.8m.

**ENDS**

### **About Vector**

Vector is New Zealand's leading multi-network infrastructure company which delivers energy and communication services to more than one million homes and businesses across the country.

Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with voting rights of 75.4%, is Entrust (formerly Auckland Energy Consumer Trust).

For further information, visit [www.vector.co.nz](http://www.vector.co.nz)

MARKET RELEASE  
7 July 2017



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