

## **VECTOR ACKNOWLEDGES DEFAULT PRICE PATH FINAL DECISION**

The Commerce Commission has today released its final decision on the Default Price Quality Path (DPP3), applicable to electricity distribution networks for the period 1 April 2020 to 31 March 2025.

The decision has set Vector's electricity network a Maximum Allowable Revenue (MAR) of \$389m for the regulatory year starting 1 April 2020.

This is a revenue reduction of -\$25m (-6.0%) relative to the year to 31 March 2020. The revenue impact would have been greater had Vector been earning its full allowable revenue in RY20 which is impacted by the Commerce Commission's forecasting errors.

In March this year Vector published its 2019 Asset Management Plan (AMP) that outlined our view on the operating and capital expenditure necessary to meet Auckland growth and the reliability standards for the network.

However, in calculating the MAR, the Commission has used a capital expenditure allowance of \$1,041m for the five-year DPP period, which is \$189m lower than we included in the AMP and an operating expenditure allowance of \$689m, which is \$46m lower than our AMP.

As previously advised the Vector Board will review its dividend policy and approach to capital projects. We will advise the market of any change to dividend policy when a decision is made.

### **ENDS**

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#### **About Vector**

Vector is New Zealand's leading network infrastructure company which runs a portfolio of businesses delivering energy and communication services to more than one million homes and commercial customers across the country. Vector is leading the country in creating a new energy future for customers and continues to grow and invest in the growth of Auckland, and in a wide range of activities and locations. Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with voting rights of 75.1%, is Entrust. For further information, visit [www.vector.co.nz](http://www.vector.co.nz)

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