

## **Attachment J      Glossary of terms**

### **Purpose of attachment**

- J1            This attachment provides a short explanation of how we have used figures in the document, and a list of acronyms and their corresponding full term.

### **References to years are to regulatory years**

- J2            All references to years in this paper (unless otherwise stated) are to regulatory years ending 31 March. For example, '2026' is a reference to the year commencing 1 April 2025 and ending on 31 March 2026.

### **How we have used numbers in this document**

- J3            The revenue path and expenditure allowances we determine are required to be specified in nominal terms. Consumers also face costs in nominal dollars. In this document we provide allowances for the DPP4 period and compare our allowances to EDB AMP forecasts for DPP4 in nominal terms.
- J4            When explaining trends in revenue over time we do this in constant 2025 dollars – the terms that will apply at the start of DPP4 on 1 April 2025. We deflate revenue to 2025 price terms using the consumer price index as a measure of economy-wide inflation.
- J5            When explaining how we have built up our expenditure allowances we do this in 2024 constant dollar terms. This enables like-for-like comparisons between expenditures over time, and comparisons between regulatory period allowances. We translate expenditure to 2024 price terms using the same approaches used to set DPP4 allowances for increases in input costs (ie, cost escalation indices relevant to opex and capex with adjustments for input cost growth beyond these indices). For purposes of comparison, DPP3 allowances are escalated using the consumer price index as a measure of economy-wide inflation. In all cases, we clarify the terms being used.

## Glossary of terms

Acronyms and abbreviations	Full term
<b>ACOD</b>	Avoided Cost of Distribution
<b>AIC</b>	Akaike Information Criteria
<b>ADR</b>	Annual Delivery Report
<b>AER</b>	Australian Energy Regulator
<b>AMP</b>	Asset Management Plans
<b>ARR</b>	Asset Replacement and Renewals
<b>BBAR</b>	Building Blocks Allowable Revenue
<b>BIC</b>	Bayesian Information Criteria
<b>CAIDI</b>	Customer Average Interruption Duration Index
<b>Capex</b>	Capital expenditure
<b>CEPA</b>	Cambridge Economic Policy Associates
<b>CGPI</b>	Capital Goods Price Index
<b>CPI</b>	Consumer Price Index
<b>CPP</b>	Customised Price-quality Path
<b>Debt/EBITDA</b>	Debt over Earnings Before Interest, Tax, Depreciation and Amortisation
<b>DER</b>	Distributed Energy Resources
<b>DFFITS</b>	Difference in Fit(s)
<b>DMIS</b>	Demand Management Incentive Scheme
<b>DOE</b>	Dynamic Operating Envelope
<b>DPP</b>	Default price-quality path
<b>DPP2</b>	DPP that applied from 1 April 2015 to 31 March 2020
<b>DPP3</b>	DPP that applies from 1 April 2020 to 31 March 2025
<b>DPP4</b>	DPP that will apply for the next four to five years from 1 April 2025
<b>DPMC</b>	Department of the Prime Minister and Cabinet
<b>DSO</b>	Distribution System Operations
<b>EA</b>	Electricity Authority

Acronyms and abbreviations	Full term
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation
<b>EDB</b>	Electricity Distribution Business
<b>EECA</b>	Energy Efficiency and Conservation Authority
<b>EIPC</b>	Electricity Industry Participation Code
<b>ENA</b>	Energy Networks Aotearoa
<b>EV</b>	Electric Vehicle
<b>IPP</b>	Individual Price-quality Path
<b>FCM</b>	Financial capital maintenance
<b>FFO/Debt</b>	Funds From Operations over Debt
<b>FNAR</b>	Forecast Net Allowable Revenue
<b>GSL</b>	Guaranteed Service Level
<b>HHG</b>	Statistics NZ Household Growth
<b>HILP</b>	High Impact Low Probability
<b>IAEngg</b>	Innovative Assets Engineering
<b>ICP</b>	Installation Control Points
<b>ID</b>	Information Disclosure
<b>IEEE</b>	Institute of Electrical and Electronics Engineers
<b>IEGA</b>	Independent Electricity Generators Association
<b>IM</b>	Input Methodologies
<b>INTSA</b>	Innovation and non-traditional solutions allowance
<b>IPA</b>	Innovation Project Allowance
<b>IPAG</b>	Innovation and Participation Advisory Group
<b>IPART</b>	Independent Pricing and Regulatory Tribunal (NSW, Australia)
<b>IRIS</b>	Incremental Rolling Incentive Scheme
<b>LCC</b>	Large Connection Contract
<b>LCI</b>	Labour Cost Index
<b>LV</b>	Low Voltage

Acronyms and abbreviations	Full term
<b>MAE</b>	Mean Absolute Error
<b>MAR</b>	Maximum Allowable Revenue
<b>MBIE</b>	Ministry of Business, Innovation and Employment
<b>MED</b>	Major Event Day
<b>MEPS</b>	Minimum Efficiency Performance Standards
<b>MEUG</b>	Major Electricity Users Group
<b>MSE</b>	Mean Square Error
<b>MW</b>	Megawatt
<b>NAR</b>	Net Allowable Revenue
<b>NPV</b>	Net Present Value
<b>NTS</b>	Non-traditional solutions
<b>NZIER</b>	New Zealand Institute of Economic Research
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OLS</b>	Ordinary Least Squares
<b>Ofgem</b>	Office of Gas and Electricity Markets (United Kingdom)
<b>Opex</b>	Operational expenditure
<b>Part 4</b>	Part 4 of the Commerce Act 1986
<b>PPF</b>	Partial Factor Productivity (the phenomenon)
<b>PPI</b>	Producers Price Index
<b>PPF</b>	Partial Productivity Factor (parameter in models)
<b>PQ</b>	Price-quality
<b>PV</b>	Present Value
<b>QIS</b>	Quality Incentive Scheme
<b>RAB</b>	Regulatory Asset Base
<b>RBNZ</b>	Reserve Bank of New Zealand
<b>RC</b>	Recoverable Costs
<b>RMSE</b>	Root Mean Squared Error

Acronyms and abbreviations	Full term
<b>RPE</b>	Real Price Effects
<b>RSL</b>	Revenue smoothing limit
<b>RS&amp;E</b>	Reliability, Safety and Environment
<b>Solar PV</b>	Solar Photovoltaics
<b>S&amp;P</b>	Standard & Poor's
<b>SAIDI</b>	System Average Interruption Duration Index
<b>SAIFI</b>	System Average Interruption Frequency Index
<b>TAMRP</b>	Tax Adjusted Market Risk Premium
<b>The Act</b>	Commerce Act 1986
<b>TIDR</b>	Targeted Information Disclosure Review
<b>VoLL</b>	Value of Lost Load
<b>WACC</b>	Weighted Average Cost of Capital