

**COMMERCE COMMISSION**

Electricity Information Disclosure

Requirements issued 31 March 2004

**(Consolidating all amendments to 31 October 2008)**



COMMERCE COMMISSION

**NOTE**

This is an up-to-date form of the Electricity Information Disclosure Requirements 2004 made available by the Commerce Commission. It consolidates all amendments to 31 October 2008.

Dated at Wellington this 31st day of October 2008.

COMMERCE COMMISSION

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The Commerce Commission makes the following requirements under sections 57T and 57U of the Commerce Act 1986.

**1. Title, commencement, and application**

(1) These requirements are the Electricity Information Disclosure Requirements issued 31 March 2004 as amended by the Electricity Information Disclosure Amendment Requirements 2004, the Electricity Information Disclosure Amendment Requirements 2006, the Electricity Information Disclosure Amendment Requirements 2007, the Electricity Information Disclosure Amendment Requirements 2008, the Electricity Information Disclosure Amendment Requirements (No 2) 2008, and the Electricity Information Disclosure Amendment Requirements (No 3) 2008.

(2) These requirements come into force on the day after the date on which the Commerce Commission publishes notice of these requirements in the *Gazette* under section 57T(4)(a) of the Commerce Act 1986.

(3) These requirements apply to Transpower, in respect of the 2003/2004 financial year and subsequent financial years.

(4) These requirements apply to disclosing entities other than Transpower in respect of the 2003/2004 to 2006/2007 financial years (both inclusive) but, except as stated below, do not apply to disclosing entities other than Transpower in respect of any financial year subsequent to the 2006/2007 financial year:

(a) these requirements continue to apply to disclosing entities other than Transpower in respect of financial years subsequent to the 2006/2007 financial year to the extent stated in requirement 14 of the Electricity Distribution (Information Disclosure) Requirements 2008;

(b) Part 3 of these requirements, which relates to disclosure of contracts, continues to apply to disclosing entities other than Transpower until the date on which the Electricity Distribution (Information Disclosure) Requirements 2008 come into force.

(c) these requirements continue to apply to a disclosing entity other than Transpower in respect of the 2007/2008 financial year to the extent that that entity has made the disclosures required by these requirements in respect of that financial year in accordance with these requirements before the day on which the Electricity Distribution (Information Disclosure) Requirements 2008 come into force.

## PART 1 - PRELIMINARY PROVISIONS

### 2. Interpretation—

- (1) In these requirements, unless the context otherwise requires,—
- “the Act” means the Commerce Act 1986:
- “Amortisation of goodwill” means goodwill that has been charged in the statement of financial performance for the financial year:
- “Amortisation of other intangibles” means other intangibles (apart from goodwill) that have been charged in the statement of financial performance for the financial year:
- “Avoided transmission charge” means any expense to the line business activities of a disclosing entity arising from generation or any other activity which substitutes for use of the transmission system:
- “Commerce Commission” means the Commerce Commission established by section 8 of the Commerce Act 1986:
- “Contract” means a contract for the supply of goods or services, or both, whether or not the contract, or any part of the contract, is in writing; and, for the avoidance of doubt, includes—
- (a) A contract under which goods or services, or both, are being supplied, although some or all of the terms and conditions in relation to the supply of those goods or services have not been settled; and
  - (b) Any operating agreement, side letter, or documentation that influences, adjusts, or amends the terms and conditions of that contract:
- “Depreciated replacement cost” means the depreciated replacement cost as calculated in accordance with the methodology in the ODV Handbook:
- “Depreciation” has the same meaning as in generally accepted accounting practice:
- “DHC” means depreciated historic cost:
- “Direct expenditure”, in relation to the business of a disclosing entity,—
- (a) Means expenditure that is directly related to operating or maintaining that business; and
  - (b) Includes all expenditure that—
    - (i) Is directly related to managing that disclosing entity’s system; or
    - (ii) Is made for the purpose of maintaining, or that has the effect of maintaining, the service potential of any fixed asset that is part of that system; but
  - (c) Does not include—
    - (i) indirect expenditure, capital expenditure, depreciation, interest expense, amortisation of goodwill and amortisation of other intangibles, subvention payments, or income tax:
    - (ii) Any expenditure made in relation to any asset that is subject to a finance lease:
    - (iii) Any transmission charges:

(iv) Any avoided transmission charges:

“Director” means, in relation to-

- (a) a company, any person occupying the position of a director of the company by whatever name called:
- (b) a partnership (other than a special partnership), any partner:
- (c) a special partnership, any general partner:
- (d) a body corporate or unincorporate, other than a company, partnership, or special partnership, any person occupying a position in the body that is comparable with that of a director of a company:
- (e) any other person, that person:

“Disclosing entity” means a large electricity distributor or a large line owner and includes a company or other legal entity or an unincorporated joint venture:

“Distributed generation” means a generator or generators that are connected to a local distribution network, or to an end-user load that is connected to a local distribution network, and not directly connected to the transmission system:

“Electric line”, in relation to any works or electrical installation, means any part of those works or that electrical installation that consists of any wire or other conductor that is capable of conveying electricity at a voltage equal to or greater than 230/400 volts, whether that wire or conductor is above or below the ground; but does not include—

- (a) Fixed wiring:
- (b) Street light circuits:
- (c) Pilot cables:
- (d) Trolley bus lines or cables;
- (e) Tram lines or cables;

“Electricity generator” means any person that has assets that, whether taken individually or as a whole, have a rated electricity generating capacity equal to or greater than 10 megawatts:

“Electricity Information Disclosure Handbook” means the handbook issued from time to time by the Commerce Commission and entitled “Electricity Information Disclosure Handbook”:

“Electricity lines business” has the same meaning as in section 4 of the Electricity Industry Reform Act 1998:

“Electricity retailer” means a person who supplies electricity to another person or persons for any purpose other than for resupply by the other person or persons; and “electricity retailing” has a corresponding meaning:

“Electricity supply business” has the same meaning as in section 5 of the Electricity Industry Reform Act 1998:

“Entity” includes, as the case may be,—

- (a) Any person within the meaning of section 4 of the Acts Interpretation Act 1924:
- (b) Any subsidiary of any such person:
- (c) Any part or division of any such person as determined in accordance with the allocation methodology in the Electricity Information Disclosure Handbook:

“Equity security” has the same meaning as in section 2(1) of the Securities Act

1978:

“Financial statements” means—

- (a) A statement of financial position; and
- (b) A statement of financial performance; and
- (c) A statement of cash flows; and
- (d) A statement of movements in equity; and
- (e) Notes to the statements referred to in paragraphs (a) to (d), including information relating to transactions between related parties as required by requirement 8; and
- (f) A statement of accounting policies—

prepared in accordance with generally accepted accounting practice:

“Financial year” means,—

- (a) For the purposes of the application of requirements 5 and 22 and Part 4 to Transpower, a period of 12 months commencing on 1 July in any year and ending with 30 June in the following year:
- (b) In any other case, a period of 12 months commencing on 1 April in any year and ending with 31 March in the following year:

“Fixed assets”, in relation to the business of a disclosing entity,—

- (a) Means—
  - (i) Those line business assets of the business that are tangible in nature and have a relatively long useful life; and
  - (ii) The capitalised value of any line business assets of the business that are subject to a finance lease; and
  - (iii) Any works that are under construction and will be used for the purposes of any line business activity of that disclosing entity; but
- (b) Does not include—
  - (i) Any intangible assets; or
  - (ii) Any security:

“Fixed wiring” means the conductors of an electrical installation within a building, connectable installation, enclosure, or other structure:

“Generally accepted accounting practice” has the same meaning as in section 3 of the Financial Reporting Act 1993:

“Income tax” means the amount of income tax charged or credited (at current rates of income tax) in the statement of financial performance for the financial year:

“Independent auditor”, in relation to any information that relates to a disclosing entity, means a person who—

- (a) is qualified for appointment as auditor of a company under the Companies Act 1993 or, where the disclosing entity is a public entity (as defined in section 4 of the Public Audit Act 2001), is the Auditor-General; and
- (b) has no relationship with, or interest in, the disclosing entity that is likely to involve the person in a conflict of interest; and
- (c) has not assisted with the compilation of the information or provided advice or opinions (other than in relation to audit



reports on financial statements or in respect of the interpretation of these requirements) on the methodologies or processes used in compiling the information; and

(d) is not associated with nor directed by any person who has provided any such assistance, advice, or opinion:

“Indirect expenditure”, in relation to the business of a disclosing entity,—

- (a) Means expenditure that is not directly related to operating or maintaining that business; and
- (b) Includes all expenditure that—
  - (i) Is not directly related to managing that disclosing entity’s, system; or
  - (ii) Is made for a purpose other than maintaining, and does not have the effect of maintaining, the service potential of any fixed asset that is part of that system; but
- (c) Does not include—
  - (i) direct expenditure, capital expenditure, depreciation, interest expense, amortisation of goodwill and amortisation of other intangibles, subvention payments, or income tax:
  - (ii) Any expenditure made in relation to any asset that is subject to a finance lease:
  - (iii) Any transmission charges:
  - (iv) Any avoided transmission charges:

“Intangible assets” means total intangible assets (including goodwill) as shown in the statement of financial position for the financial year:

“Interest expense” means interest on debt, where that interest is treated as expenses in a statement of financial performance, but does not include any charges or fees relating to the debt that are not treated as interest:

“Large electricity distributor” has the same meaning as in section 57D of the Act:

“Large line owner” has the same meaning as in section 57D of the Act:

“Line business activity” means any of the following:

- (a) The provision and operation of works for the conveyance of electricity, including the control of voltage; or
- (b) The conveyance of electricity; or
- (c) The ownership of works used for the conveyance of electricity, including the control of voltage:

“Line business asset” means any asset of a disclosing entity that is used for any line business activity of that disclosing entity:

“Line charge” means any charge imposed in respect of the carrying out of any line business activity by any person or persons:

“Network connection point” means a point where a supply of electricity may flow between—

- (a) In the case of Transpower, the transmission system and the electric lines of a disclosing entity, or a consumer supplied directly from the transmission system:
- (b) In the case of any other disclosing entity, its electric lines and the electrical installation of a consumer or consumers, as the case may be, but excluding points where there is no meter at that point or downstream from that point:

“Non-standard contract” means any contract that is not a standard contract:

“ODV Handbook” means the handbook issued from time to time by the Commerce Commission and entitled “Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Lines Businesses”:

“ODV method” means the method of valuation of assets known as optimised deprival valuation:

“Optimised depreciated replacement cost” means the optimised depreciated replacement cost, as calculated in accordance with the methodology in the ODV Handbook:

“Prescribed business relationship” has the meaning given to it in requirement 3:

“Prescribed terms and conditions”,—

- (a) In relation to a contract for the carrying out of line business activities, means those terms and conditions of the contract that—
  - (i) Describe the goods or services to be supplied under the contract; or
  - (ii) Determine, or provide for the determination of, the quantity or amount of the goods or services to be supplied under the contract; or
  - (iii) Specify, determine, or provide for the determination of,—
    - (A) The price at which those activities are to be carried out:
    - (B) The timing of payment for those goods or services:
    - (C) Security for payment for the goods or services:
- (b) In relation to a contract for related services, means those terms and conditions of the contract that—
  - (i) Describe the goods or services to be supplied under the contract; or
  - (ii) Determine, or provide for the determination of, the quantity or amount of the goods or services to be supplied under the contract; or
  - (iii) Specify, determine, or provide for the determination of,—
    - (A) In relation to the goods or services to be supplied under the contract, the price at which those goods or services are to be supplied:
    - (B) The timing of payment for those goods or services:
    - (C) Security for payment for those goods or services:

“Prescribed voltage electric line” means an electric line that is capable of conveying electricity at a voltage equal to or greater than 3.3 kilovolts:

“Previously published or publicly disclosed” means published or publicly disclosed in accordance with these requirements, or the requirements of the Electricity (Information Disclosure) Regulations 1999:

“Principal office” means the office used by an electricity generator, disclosing

entity, or electricity retailer, as the case may be, as its principal trading office in any particular city, town, or geographical area:

“Publicly disclose”, in relation to any information required by these requirements to be made available, means to make that information available in the following ways:

- (a) By making copies of that information available for inspection during ordinary office hours, at the principal office; and
- (aa) By supplying a copy of that information to the Commission; and
- (b) At the request of any person, by providing the person with a copy of that information, either—
  - (i) By post; or
  - (ii) For collection, during ordinary office hours, from the principal office,—

whichever the person requesting the information prefers;—

and the term “public disclosure” has a corresponding meaning:

“Publish”, in relation to any information, means to -

- (a) supply a copy of the information to the Commission; and
- (b) disclose the information to the public on the Internet at the disclosing entity's normal publicly accessible website address; and
- (c) give notice in the *Gazette* of -
  - (i) that disclosure; and
  - (ii) the uniform resource locator of the Internet site where the information disclosed can be found; and
  - (iii) where hard copies of the information disclosed may be inspected or obtained:

“Related party” and “related party transactions” are to be determined in accordance with generally accepted accounting practice:

“Related services” means goods or services (other than the supply of electrical appliances) supplied or to be supplied under a contract in any case where—

- (a) There is a linkage between that contract for the supply of the goods and services and another contract for the conveyance of electricity by reason that the consideration for the supply of those goods or services is linked to, or combined with, payment for the conveyance of that electricity; and
- (b) The monetary value of the goods or services supplied, or to be supplied, amounts to or (as the case may be) will amount to more than 1% of the monetary value or projected monetary value (as the case may be) of the contract for the conveyance of electricity, in respect of either the period of 12 months immediately before, or the period of 12 months immediately after, the public disclosure of the information relating to the contract for the conveyance of electricity as required by Part 3:

“Replacement cost” means the replacement cost as calculated in accordance with the methodology in the ODV Handbook:

“Security” has the same meaning as in section 2(1) of the Securities Act 1978:

“Service potential”, in relation to an asset, means the output or service capacity of that asset, determined by reference to attributes such as physical output capacity, associated operating costs, useful life, and quality of output:

“Standard contract” means any contract (being a contract for the carrying out of line business activities) between a disclosing entity, and any other person, where—

- (a) The price at which the line business activities are to be carried out under the contract is determined solely by reference to a schedule of prescribed terms and conditions, being a schedule that is publicly disclosed; and
- (b) At least 4 other persons each have such contracts with the disclosing entity, and none of those other persons is in a prescribed business relationship with the disclosing entity, or with any of the other persons:

“State enterprise”—

- (a) Means a State enterprise within the meaning of section 2 of the State-Owned Enterprises Act 1986 that is a generator of electricity; and
- (b) Includes any subsidiary of any such State enterprise; but
- (c) Does not include Transpower:

“Subsidiary” has the same meaning as in section 2(1) of the Financial Reporting Act 1993:

“Subvention payment” means the amount paid by 1 entity to another within the same taxation group, as referred to in section IG 1 of the Income Tax Act 1994:

“System” means all works ... [of] a disclosing entity that are used or intended to be used for the conveyance or supply of electricity:

“System fixed assets” means all fixed assets ... [of] a disclosing entity that are used or intended to be used for the conveyance or supply of electricity; but does not include—

- (a) Stores and spares over and above any levels prescribed in the ODV Handbook; or
- (b) Works that are under construction:

“System length” means the total circuit length (in kilometres) of the electric lines that form part of the system:

“time-weighted average”, in relation to a value, number or length, means the number calculated as a weighted average, and taking account of any change in the business of the disclosing entity, whether resulting from a purchase, merger, takeover, part-disposal, or other similar occurrence, during the financial year in accordance with the following formula:

$$a \times \left(\frac{m_a}{12}\right) + x \times \left(\frac{m_x}{12}\right) + z \times \left(\frac{m_z}{12}\right)$$

where—

a is the value, number, or length, as the case may be, applying to that entity at the beginning of that financial year  
 $m_a$ ,  $m_x$ , and  $m_z$  sum to 12, and are the rounded numbers of months in that

financial year during which the value, number, or length applying to that entity was, respectively, a, x, and z

x is the value, number, or length, as the case may be, applying to that entity following each purchase, merger, takeover, part-disposal, or other similar occurrence in cases where there was more than 1 such event during the financial year, where for each such event there is an x and an  $m_x$

z is the value, number, or length, as the case may be, applying to that entity at the end of that financial year:

“Total consumers”, in relation to a disclosing entity, means the number of network connection points to which electricity is conveyed by means of works owned by that disclosing entity:

“Transformer capacity”, in relation to a system, means the total capacity (in kilovolt amperes) of the following transformers within the system:

(a) Those transformers with secondary voltages of 230 volts or 400 volts (using the lower continuous rating if a dual rating is applied); and

(b) Any other transformers operating at voltages higher than those specified in paragraph (a) and through which electricity consumers are directly supplied with electricity (using the lower continuous rating if a dual rating is applied):

“Transmission charge” means any payment made in respect of the use of the transmission system:

“Transmission system” means the system owned by Transpower:

“Transpower” means Transpower New Zealand Limited.

(2) For the purposes of these requirements, a line business activity is a line business activity of a disclosing entity (including Transpower) if,—

(a) In the case of a line business activity referred to in paragraph (a) or paragraph (b) of the definition of that term in subclause (1), that activity is carried out, by that disclosing entity or any other person, by means of assets owned ... by that disclosing entity; and

(b) In the case of the line business activity referred to in paragraph (c) of that definition, that activity is carried out by that disclosing entity.

(3) A reference in these requirements to a numbered form is a reference to a form so numbered in Schedule 3.

(4) Where any expression used in these requirements is not defined in these requirements but is defined in the Electricity Act 1992, that expression, unless the context otherwise requires, has, in these requirements, the meaning given to it by the Electricity Act 1992.

(5) An example used in these requirements is only illustrative of the provision to which it relates. It does not limit the provision.

(6) If an example and the provision to which it relates are inconsistent, the provision prevails.

(7) If a disclosing entity is in a prescribed business relationship with another disclosing entity—

(a) each of those disclosing entities must separately comply with these requirements; and

(b) neither of those disclosing entities may provide consolidated financial or other information about both of those disclosing entities for the purpose of complying with these requirements.

(8) To the extent that these requirements apply to Transpower, they are to be read as if –

- (a) every reference to ODV (other than in requirement 16A) were a reference to DHC; and
- (b) every reference to ODV Handbook were a reference to generally accepted accounting practice; and
- (c) every reference to Part 8 of Schedule 1 were a reference to Part 9 of Schedule 1; and
- (d) every reference to requirement 16 (other than in requirement 16A) were a reference to requirement 16A.

### 3. Prescribed business relationships—

- (1) For the purposes of these requirements,—
- (a) Any 2 persons are deemed to be in a prescribed business relationship if—
- (i) One of them has an interest in more than 50% of the assets or profits of the other person; or
  - (ii) One of them has a controlling interest in the other person; or
  - (iii) One other person holds a controlling interest in each of those 2 persons, or has an interest in more than 50% of the assets or profits of each of those 2 persons; or
  - (iv) One other person holds a controlling interest in 1 of those persons, and has an interest in more than 50% of the assets or profits of the other person:
- (b) A disclosing entity and another person (being an electricity generator or an electricity retailer) are deemed to be in a prescribed business relationship if—
- (i) That disclosing entity—
    - (A) Has an interest in 50% or more of the assets or profits of that other person; or
    - (B) Holds a controlling interest in that other person; or
  - (ii) Interests in the assets or profits of that other person are held by that disclosing entity and any 1 or more other disclosing entities, and those interests amount, in the aggregate, to an interest in 50% or more of those assets or profits; or
  - (iii) Equity securities in that other person are held by that disclosing entity and any 1 or more other disclosing entities, and, by virtue of those equity securities, those disclosing entities hold, in the aggregate, a controlling interest in that other person:
- (c) Any 2 activities are deemed to be in a prescribed business relationship if—
- (i) Any person carries on any activity specified in 1 of the paragraphs of subclause (2); and
  - (ii) That person also carries on an activity specified in any other paragraph of that subclause.
- (2) The activities to which subclause (1)(c) applies are as follows:
- (a) The generation of electricity:
  - (b) The supply of electricity (other than as an electricity retailer):
  - (c) The ownership of works used for the generation of electricity:
  - (d) The provision and operation (other than maintenance) of works for the conveyance of electricity, including the control of voltage:
  - (e) The conveyance of electricity:
  - (f) The ownership of works used for the conveyance of electricity, including the control of voltage:
  - (g) Electricity retailing.
- (3) For the purposes of subclause (1)(a), ``to hold a controlling interest in

another person" means to hold (whether directly or indirectly) equity securities in that other person that carry in the aggregate more than 50% of the voting rights at any general meeting of the other person.

(4) For the purposes of subclause (1)(b), "to hold a controlling interest in another person" means to hold (whether directly or indirectly) equity securities in that other person that carry in the aggregate 50% or more of the voting rights at any general meeting of the other person.

(5) For the purposes of subclauses (3) and (4), a person holds equity securities in another person if the first-mentioned person is beneficially entitled to, or is beneficially entitled to an interest in, any equity securities in the other person (whether or not the whole or any part of the legal ownership of the equity securities is vested in the first-mentioned person).

(6) For the purposes of subclause (1), a person has an interest in the assets or profits of another person if the first-mentioned person owns (whether directly or indirectly), or has a beneficial interest (whether directly or indirectly) in, those assets or profits.

(7) For the purposes of subclause (1), no person is deemed to be in a prescribed business relationship with another person by reason only that the Crown holds a controlling interest in each of those 2 persons.

#### **4. Time limits for disclosure if new ODV Handbook issued—**

If a new ODV Handbook is issued by the Commerce Commission during the period of 4 months before the latest date when information must be disclosed in accordance with requirements 5, 6, 14, 15, 16, 20, or 21, then that latest date is to be regarded as the date that is 4 months after the date the new ODV Handbook is issued.

#### **4A Disclosure for year ended 31 March 2007**

- (1) In respect of the financial year ending on 31 March 2007 for a disclosing entity other than Transpower, requirements 6(1), 14(1), 15(1), 16(1), 20(1), and 21(1) must be read as if the words "Within 5 months after the end of each financial year" in each of those requirements were omitted, and the words "During the period commencing on 30 September 2007 to 29 February 2008" were substituted therefore.
- (2) In respect of the financial year ending on 31 March 2007 for a disclosing entity other than Transpower, requirement 22(a) must be read as if the reference in that requirement to the beginning of each financial year were a reference to 30 June 2006.

#### **4B Disclosure for year ended 31 March 2008**

- (1) In respect of the financial year ending on 31 March 2008 for a disclosing entity other than Transpower, requirements 6(1), 14(1), 15(1), 16(1), 20(1), and 21(1) must be read as if the words "Within 5 months after the end of each financial year" in each of those requirements were omitted, and the words "During the period from 30 September 2008 to 28 February 2009" were substituted therefor.
- (2) Subclause (1) does not apply to a disclosing entity to the extent that that



entity has made the disclosures required by the principal requirements in respect of the financial year ending on 31 March 2008 before the day on which these requirements come into force.

## PART 2 - FINANCIAL STATEMENTS DISCLOSURE BY DISCLOSING ENTITIES

### 5. Financial statements disclosure by Transpower—

- (1) Within 5 months after the end of each financial year, Transpower must publish and publicly disclose financial statements for that financial year in respect of the line business activities of Transpower.
- (2) Those financial statements must—
  - (a) Be prepared in accordance with the allocation methodology in the Electricity Information Disclosure Handbook in so far as that methodology is relevant to Transpower's business activities; and
  - (b) Disclose the information specified in Part 2 of Schedule 1.

### 6. Financial statements disclosure by disclosing entities (other than Transpower)—

- (1) Within 5 months after the end of each financial year, every disclosing entity must publish and publicly disclose financial statements for that financial year in respect of the line business activities of its electricity lines business and the transmission charges allocated to its electricity lines business.
- (2) Those financial statements must—
  - (a) Be prepared in accordance with the allocation methodology in the Electricity Information Disclosure Handbook; and
  - (b) Disclose the information specified in Part 2 of Schedule 1.
- (3) Those financial statements—
  - (a) Must exclude the cost of any losses of electricity; and
  - (b) May include the cost of investigating possible mergers and acquisitions where those costs are related to those line business activities.
- (4) This requirement does not apply to any State enterprise or Transpower.

### 7. Financial statements disclosure in cases of acquisition or merger—

- (1) This requirement applies if a disclosing entity that is required to disclose financial statements under requirement 6 has, during the financial year to which the financial statements relate,—
  - (a) Acquired a line business or line businesses either through the acquisition of a controlling equity interest in that line business or those line businesses or the acquisition of some or all of the net assets of that line business or businesses; or
  - (b) Entered into a merger with one or more line businesses.
- (2) Financial statements to which this requirement applies must include information in respect of the activities of the acquired or merged line business or businesses, as the case may be, and any transmission charges allocated to the

acquired or merged line business or businesses, for the period from the date of acquisition or merger up to the end of the financial year.

## **8. Transactions between related parties—**

- (1) The notes to the financial statements required to be published and publicly disclosed under requirement 5 or requirement 6 must include the following information relating to related party transactions:
  - (a) The identity of each entity and the nature of the relationship between the entities involved in the related party transactions; and
  - (b) A detailed description of the good or service provided by each entity in those transactions; and
  - (c) A detailed description of the good or service received by each entity in the course of those transactions; and
  - (d) The unit price, quantity, and recorded revenue and expenditure amounts, as appropriate, of the transactions expressed in dollar terms of each type of good or service; and
  - (e) The period during which the good or service was supplied; and
  - (f) The total outstanding balances arising from all related party transactions for each entity together with an indication of the terms of settlement for these balances; and
  - (g) Total debts arising from related party transactions that each entity has written off or forgiven during the financial year; and
  - (h) If transactions take place at nil or nominal value, a brief description of the transactions and the fact that no charge has been made or, if made at nominal value, details of that nominal value.
- (2) If the information required to be published and publicly disclosed under subclause (1) relates to the following categories, the information disclosed must separately identify each category:
  - (a) Construction of subtransmission assets; and
  - (b) Construction of zone substations; and
  - (c) Construction of distribution lines and cables; and
  - (d) Construction of medium voltage switchgear; and
  - (e) Construction of distribution transformers; and
  - (f) Construction of distribution substations; and
  - (g) Construction of low voltage reticulation; and
  - (h) Construction of other system fixed assets, as categorised in standard asset tables in the ODV Handbook; and
  - (i) Maintenance of assets; and
  - (j) Consumer connections and disconnections.
- (3) This requirement does not apply to any State enterprise.
- (4) Subclause (2) does not apply to Transpower.

## PART 3 - CONTRACT DISCLOSURE BY DISCLOSING ENTITIES

### 9. Contracts that disclosing entities must disclose—

For the purposes of requirements 10 to 12, a prescribed contract, in relation to a disclosing entity is—

- (a) A contract under which the disclosing entity carries out line business activities or imposes a charge in respect of transmission charges or both:
- (b) A contract for related services, if goods or services are to be supplied, under the contract, by—
  - (i) That disclosing entity; or
  - (ii) An entity that is in a prescribed business relationship with that disclosing entity; or
  - (iii) Any person that carries out line business activities by means of works owned by that disclosing entity; or
  - (iv) Any entity that is in a prescribed business relationship with any person that carries out line business activities by means of works owned by that disclosing entity.

### 10. Contract disclosure by disclosing entities—

- (1) Every disclosing entity must publicly disclose the prescribed terms and conditions of each prescribed contract.
- (2) The public disclosure requirement applies not later than 1 month after entering into the contract.
- (3) This requirement does not apply to—
  - (a) A contract entered into before 1 August 1990; or
  - (b) A standard contract that is deemed to be publicly disclosed under requirement 13 (which relates to standard contracts that contain prescribed terms and conditions that do not differ in any respect from any prescribed terms and conditions that are already publicly disclosed).

### 11. Contract modification disclosure by disclosing entities—

- (1) Every disclosing entity must publicly disclose any modifications made to any prescribed terms and conditions of any prescribed contract (including any prescribed contract that was entered into before 1 August 1990).
- (2) The public disclosure requirement applies not later than 1 month after those modifications take effect.
- (3) The disclosure must identify in each case the particular prescribed contract that has been modified.

## 12. Provisions about disclosure of non-standard contracts—

- (1) Every disclosing entity must, as part of the public disclosure of a non-standard contract under requirement 10 or requirement 11, include the following information:
- (a) The electricity supply capacity (in kilovolt amperes) of the works used for the purposes of conveying electricity under that contract—
    - (i) At the point of supply, if the electricity is conveyed to a consumer; or
    - (ii) At the point at which that electricity is supplied to any person other than a consumer:
  - (b) The voltage at which the electricity is to be supplied or conveyed under that contract:
  - (c) Where the other party to the contract is a consumer, the 2-digit ANZSIC Classification Code 1993 (if any) applicable to that consumer.
- (2) However, instead of disclosing the information specified in subclause (1),—
- (a) A disclosing entity must publicly disclose the name of the other party to the contract if the other party is an electricity retailer:
  - (b) Transpower may publicly disclose any other party to the contract (being an entity to which electricity is to be conveyed under the contract) if it is not an electricity retailer.

### Miscellaneous provisions

## 13. Disclosure of standard contracts—

Where any disclosing entity is required by this Part to publicly disclose the prescribed terms and conditions of any standard contract, public disclosure of those terms and conditions is deemed to be public disclosure by that person in relation to all standard contracts with the same prescribed terms and conditions.

## PART 4 - DISCLOSURE OF PERFORMANCE MEASURES AND STATISTICS

### 14. Disclosure by disclosing entities of financial and efficiency performance measures—

- (1) Within 5 months after the end of each financial year, every disclosing entity must publish and publicly disclose the information specified in Part 3 of Schedule 1 in respect of the line business activities of its electricity lines business and the transmission charges allocated to its electricity lines business during that financial year.
- (2) That information—
  - (a) Must be compiled in accordance with the requirements of requirement 17; and
  - (b) Must be accompanied by such information (if any) relating to financial and efficiency performance measures as has previously been published or publicly disclosed by that disclosing entity in respect of the previous 3 financial years, and that information must be adjusted so as to be consistent with accounting policies applied in the current financial year; and
  - (c) Must include a statement that—
    - (i) Identifies any information that has been compiled using estimated information to calculate total consumers; and
    - (ii) In the case of information published in the *Gazette*, states that the methodology used to calculate the estimated information is publicly available, and
    - (iii) In the case of information published on the Internet, or of publicly disclosed information, describes the methodology used to calculate the estimated information.
- (3) Transpower is not required to publish and publicly disclose the information specified in clause 2(b) of Part 3 of Schedule 1.

### 15. Derivation of financial performance measures from financial statements—

- (1) Within 5 months after the end of each financial year, a disclosing entity must publish and publicly disclose a statement in the form set out in Part 7 of Schedule 1 if required to publish and publicly disclose both financial statements under requirement 5 or requirement 6 and all or part of the information specified in Part 3 of Schedule 1 under requirement 14.
- (2) Where a value for an item is required to be disclosed in the form, and where that item also appears in the financial statements disclosed under requirement 5 or requirement 6, the value disclosed in the form must be copied from the financial statements (except that the value must be adjusted in accordance with the time-weighted averages rule in requirement 32 if that applies).

## **16. Annual ODV reconciliation report—**

- (1) Within 5 months after the end of each financial year, every disclosing entity (other than Transpower) must publish and publicly disclose a statement in the form set out in Part 8 of Schedule 1.
- (2) Where the disclosing entity has carried out a new valuation report (having a valuation date during the relevant financial year) meeting the requirements of requirement 19, the statement must be altered so that the following 3 values are reconciled with each other:
  - (a) the valuation at the end of the previous financial year; and
  - (b) the new valuation; and
  - (c) the valuation at the end of the financial year.
- (3) The figure disclosed as the value of the system fixed assets at ODV at the end of the previous financial year must be the same figure as that disclosed in the corresponding form for the previous year as the value of the system fixed assets at ODV at the year's end.
- (4) Subclause (3) does not apply if the disclosing entity had no obligation to do an ODV reconciliation report under this requirement in respect of the previous financial year.

## **16A. Annual DHC reconciliation report by Transpower**

- (1) Within 5 months after the end of each financial year, Transpower must publish and publicly disclose a statement for that financial year in the form set out in Part 9 of Schedule 1.
- (2) The figure disclosed as the value of the system fixed assets at book value at the end of the previous financial year must be the same figure as that disclosed in the corresponding form for the previous financial year as the value of the system fixed assets at book value at the year's end.
- (3) For the purpose of completing a statement required by subclause (1), Transpower must account for the acquisitions, disposals, and depreciation of assets in alignment with the statutory reporting fixed asset register and in accordance with the DHC principles of generally accepted accounting practice. For the avoidance of doubt Transpower is not entitled to revalue assets for the purposes of this requirement, despite generally accepted accounting practice.
- (4) For the purposes of subclause (5), Transpower is to create five pseudo assets which are to be depreciated over a period of four to ten years from 1 July 2006. As at 1 July 2006, the value of the pseudo assets is to be as follows:
  - (a) HVDC mercury arc valve pseudo asset - \$21 million;
  - (b) HVDC lines pseudo asset – negative \$4 million;
  - (c) Other HVDC pseudo assets - \$17 million;
  - (d) AC Lines pseudo asset - \$64 million;
  - (e) AC substations pseudo assets - \$14 million.
- (5) The amount for the "system fixed assets book value – end of the previous financial year" in the statement required by subclause (1) for the financial year ended 30 June 2008 must be the ODV value at the end of the financial year ended 30 June 2007 publicly disclosed under requirement 16 adjusted by the difference that would have been made in the amounts for "system fixed assets acquired during the year", "system fixed assets disposed of during the year", and "depreciation on

system fixed assets" publicly disclosed for the financial year ended 30 June 2007 under that requirement had –

- (a) those amounts been accounted for in accordance with subclause (3); and
  - (b) those amounts included the pseudo assets in accordance with subclause (4); and
  - (c) those pseudo assets been depreciated in accordance with subclause (4).
- (6) In this requirement, "statutory reporting fixed asset register" means the register of fixed assets maintained by Transpower for the purpose of complying with the Financial Reporting Act 1993.

## **17. Further requirements about financial and efficiency performance measures—**

- (1) This requirement applies in respect of calculations made for the purposes of determining, in respect of any financial year ("the relevant financial year") any of the financial performance measures specified in clause 1 of Part 3 of Schedule 1.
- (2) Calculations to which this requirement applies must—
- (a) Be made so that, where a value for an item enters into the calculations, and where that item also appears in the financial statements disclosed under requirement 5 or requirement 6, the value used in the calculations must be copied from the financial statements; and
  - (b) Be based on valuations of line business assets from the annual valuation reconciliation report in Part 8 of Schedule 1; and
  - (c) Be made using all relevant information included in the financial statements prepared in respect of the relevant financial year for the purposes of complying with requirement 6 (or, in the case of Transpower, requirement 5); and
  - (d) Be made so that the sum of direct expenditure and indirect expenditure used in those calculations equals the total expenses set out in the statement of financial performance prepared in respect of the relevant financial year for the purposes of complying with requirement 6 (or, in the case of Transpower, requirement 5) less—
    - (i) depreciation;
    - (ii) transmission charges;
    - (iii) avoided transmission charges;
    - (iv) subvention payments;
    - (v) amortisation of goodwill and amortisation of other intangibles;
    - (vi) interest expense; and
  - (e) Be made so as to adjust for—
    - (i) the effect of any amortisation of goodwill and amortisation of other intangibles; and
    - (ii) the effect of any subvention payment; and
    - (iii) the effect of any goodwill asset; and
    - (iv) the effect of any works under construction; and
    - (v) in the case of a disclosing entity other than Transpower, the effect of any depreciation calculated in accordance with the ODV Handbook; and



(vi) the effect of subparagraphs (i) to (v) on any income tax—  
as set out in clause 1 of Part 3 of Schedule 1.

(3) Revoked.

## **18. Depreciation and loss of service potential—**

(1) If the financial statements referred to in requirement 17(2)(c) have been so prepared that, in respect of any line business asset (being a fixed asset), both of the following items, namely—

- (a) Depreciation on the asset; and
- (b) Expenditure that has the effect of maintaining the service potential of the asset,—

have been accounted for as an expense, then, subject to subclause (2), the information derived from those financial statements for the purposes of this requirement must be derived on the basis that not more than 1 of those expense items is so accounted for in respect of that asset.

(2) If, in respect of any fixed asset to which subclause (1) applies, there has been a loss of service potential during the relevant financial year, nothing in that subclause applies in respect of any depreciation on that asset to the extent that the depreciation is equal to the extent of that loss.

## **19. Disclosure of valuation report—**

(1) Every disclosing entity must, in respect of the 2008/2009 financial year and at 5 yearly intervals thereafter, publish and publicly disclose a valuation report relating to its line business system fixed assets no later than 5 months after the end of the financial year concerned.

(2) Revoked.

(3) Revoked.

(4) Revoked.

(5) The valuation report must be prepared using the ODV method as set out in the ODV Handbook.

(6) The valuation report must state the valuation date, which must be the last day of the financial year concerned.

(7) The valuation report must disclose the following information:

- (a) the asset replacement costs and lives used, the quantity of assets in each category of asset replacement costs and lives used, and the replacement cost of the line business system fixed assets; and
- (b) details of the amount of depreciation charged, and the depreciated replacement cost of the line business system fixed assets; and
- (c) details of the components of the line business system fixed assets which were optimised, and the optimised depreciated replacement cost of the line business system fixed assets; and
- (d) details of the comparison of optimised depreciated replacement cost with economic value for those parts of the line business system fixed assets that may not be able to sustain tariffs based on optimised depreciated replacement cost (including any specific assumptions used

for the purpose of calculating the economic value of that part of the line business system fixed assets); and

- (e) the optimised deprival valuation of the line business system fixed assets.
- (8) Revoked.
- (9) Revoked.
- (10) Subclauses (1) to (9) do not apply to Transpower.

## **20. Disclosure by disclosing entities of energy delivery efficiency performance measures and statistics—**

- (1) Within 5 months after the end of each financial year, every disclosing entity must publish and publicly disclose, in relation to the conveyance of electricity during that financial year by means of works owned ... by that disclosing entity, the information specified in Part 4 of Schedule 1.
- (2) That information must be accompanied by such information (if any) relating to energy delivery efficiency performance measures and statistics as has previously been published by that disclosing entity in respect of the previous 3 financial years.

## **21. Disclosure by disclosing entities of reliability performance measures—**

- (1) Within 5 months after the end of each financial year, every disclosing entity must publish and publicly disclose, in relation to the conveyance of electricity during that financial year by means of works owned ... by that disclosing entity, the information specified,—
  - (a) In the case of Transpower, in Part 6 of Schedule 1; and
  - (b) In every other case, in Part 5 of Schedule 1.
- (2) In a case where the required information is not available and estimated information is used, the information must include a statement that—
  - (a) Identifies any information that has been compiled using estimated information; and
  - (b) In the case of information published on the Internet or of publicly disclosed information, describes the methodology used to calculate the estimated information.
- (3) That information must be accompanied by such information (if any) relating to reliability performance measures as has previously been published or publicly disclosed by that disclosing entity in respect of the previous 3 financial years.

## PART 5 - FURTHER DISCLOSURE BY DISCLOSING ENTITIES

### 22. Disclosure of pricing methodologies—

Every disclosing entity must publicly disclose,—

- (a) At the beginning of each financial year, the methodology used at the beginning of that financial year to determine the line charges payable or to be payable; and
- (b) Any change in the methodology or adoption of a different methodology, within 1 month of the change or the different methodology taking effect.

### 23. Contents of pricing methodology disclosures—

Every disclosure under requirement 22 must—

- (a) Describe the methodology used to calculate the prices charged or to be charged; and
- (b) Include the key components of the revenue required to cover costs and profits of the disclosing entity's line business activities, including cost of capital and transmission charges, which must include the numerical value of each of the components; and
- (c) State the consumer groups used to calculate the prices charged or to be charged, including—
  - (i) The rationale for the consumer grouping; and
  - (ii) The method by which the disclosing entity determines which group consumers are in; and
  - (iii) For each of these consumer groups, the statistics relating to that group which were used in the methodology; and
- (d) Describe the method by which the disclosing entity allocated the components of the revenue required to cover the costs of its line business activities amongst consumer groups, which must include the numerical values of the different components allocated to each consumer group and the rationale for allocating it in this manner; and
- (e) Describe the method by which the disclosing entity determined the proportion of its charges which are fixed and the proportion which are variable, and the rationale for determining the proportions in this manner.

### 24. Disclosure of asset management plans by disclosing entities (other than Transpower)—

- (1) Every disclosing entity (other than Transpower) must, on the first day of each financial year (other than the financial year beginning 1 April 2008), publicly disclose a current asset management plan in relation to works owned

by that disclosing entity.

(2) Every disclosing entity (other than Transpower) must, within 5 working days after the preparation or revision of an asset management plan, publish on the Internet, at the disclosing entity's normal publicly accessible website address, a copy of that plan or revised plan and a notice that:

- (a) states that the plan or revised plan is available for public disclosure; and
- (b) states the period to which the plan or revised plan applies; and
- (c) provides an estimate of when the next plan or revision will be prepared.

(3) Each asset management plan must –

- (a) cover at least a projected 10-year asset management planning period; and
- (b) contain the information specified in Schedule 2; and
- (c) be prepared in accordance with the guidelines in Chapter 4 of the Electricity Information Disclosure Handbook; and
- (d) consist of a single document containing all information necessary to allow the document to be fully understood by a reader with a reasonable level of understanding of the management of electricity distribution assets; and
- (e) enable the assessment of the suitability of asset management practice and assets for current and future service; and
- (f) specifically support the achievement of disclosed service level targets; and
- (g) provide a sound basis for ongoing risk assessment; and
- (h) clearly identify limitations in availability or completeness of information; and
- (i) include details of the assumptions made and basis for asset management planning including estimation and assessment of the methodologies used; and
- (j) include details of plans for improvement in information quality; and
- (k) be approved by the board of directors of the disclosing entity before being publicly disclosed.

(4) Budgets included in an asset management plan must be presented in current dollar terms and must not include overhead allocations.

## PART 6 - DISCLOSURE OF LINE CHARGES

### 25. Application of Part—

- (1) This Part applies to disclosing entities other than Transpower.
- (2) In this Part, unless the context otherwise requires, “prescribed information” means—
  - (a) Each current line charge expressed in a manner that enables individual electricity consumers to determine the total charge for line business activities for each consumer group which is applicable to them; and
  - (b) The component or components of each current line charge that is attributable to transmission charges or the line charge of any other disclosing entity; and
  - (c) The number (or estimated number) of consumers by whom each line charge is payable; and
  - (d) The date at which each line charge was or will be first introduced, as the case may be; and
  - (e) The line charge that was payable immediately before each current line charge (if any), expressed in the manner referred to in paragraph (a).

### 26. Disclosure of existing line charges

Every disclosing entity (other than Transpower) must at all times publicly disclose, and disclose to the public on the Internet, the prescribed information.

### 27. Disclosure of new line charges payable by 5 or more consumers—

- (1) This requirement applies to a line charge if the number or estimated number of consumers by whom the line charge is to be paid is 5 or greater.
- (2) Every disclosing entity other than Transpower must, at least 20 working days before introducing a new line charge,—
  - (a) Publicly disclose and disclose to the public on the Internet the prescribed information in respect of that charge; and
  - (b) In addition, either—
    - (i) Ensure that each consumer by whom that line charge is payable is given written notice of the prescribed information in respect of that line charge; or
    - (ii) Notify in the news sections of 2 separate editions of each newspaper that is widely read by electricity consumers connected to lines of that line owner, the prescribed information in respect of that line charge.

**28. Disclosure of new line charges for other consumers—**

- (1) This requirement applies to a line charge if the number or estimated number of consumers by whom the line charge is to be paid is 4 or fewer.
- (2) Every disclosing entity other than Transpower must, at least 20 working days before introducing a new line charge,—
  - (a) Publicly disclose and disclose to the public on the Internet the prescribed information in respect of that charge; and
  - (b) Ensure that each consumer by whom that line charge is payable is given written notice of the prescribed information in respect of that line charge.

## PART 7 - MISCELLANEOUS PROVISIONS

### Exemptions

#### 29 Exemptions

- (1) The Commerce Commission may at any time, by written notice to a disclosing entity, -
  - (a) exempt the disclosing entity from any or all of the provisions of these requirements, for a period and on such terms and conditions as the Commission specifies in the notice; and
  - (b) revoke any such exemption.
- (2) These requirements do not apply to Chatham Islands Electricity Limited.

### Certificates

#### 30. Auditor's reports—

- (1) An independent auditor must provide a signed auditor's report in form 1, with respect to the financial statements required by requirement 5 or requirement 6 to be published and publicly disclosed.
- (2) The auditor must give a qualified audit report if, in the auditor's opinion, the financial statements—
  - (a) fail to comply with these requirements or generally accepted accounting practice; or
  - (b) fail to give a true and fair view of the matters to which they relate (having regard to any information or explanations that may have been added by the directors of the disclosing entity under section 11(2) or section 14(2) of the Financial Reporting Act 1993),—
 and the qualified audit report must explain the respects in which the statements so fail.
- (3) An independent auditor must provide an opinion in form 2 as to the following information:
  - (a) the derivation table in requirement 15:
  - (b) the ODV reconciliation report in requirement 16:
  - (c) the time-weighted average calculations in requirement 32 (if they apply):
  - (d) the financial performance measures in clause 1 of Part 3 of Schedule 1:
  - (e) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1.
- (4) An independent auditor must provide an opinion in form 3 as to the valuations prepared in accordance with requirement 19.

**31. Certificates—**

(1) If information is publicly disclosed under requirement 6 or requirement 14 or requirement 15 or requirement 20 or requirement 21 by a disclosing entity (other than Transpower), that information must have appended to it a copy of a certificate in form 4, duly signed by 2 directors of the disclosing entity.

(2) If information is publicly disclosed under requirement 5 or requirement 14 or requirement 15 or requirement 20 or requirement 21 by Transpower, that information must have appended to it a copy of a certificate in form 5, duly signed by 2 directors of Transpower.

(3) If information to which requirement 30(1) or (3) applies is publicly disclosed under any provision of these requirements, that information must have appended to it a copy of the certificate given in relation to that information in accordance with that requirement.

(4) Information that is publicly disclosed under requirement 19 must have appended to it a copy of the certificate given in relation to that information in accordance with requirement 30(4).

(5) If information is publicly disclosed under requirement 19 by a disclosing entity, that information must have appended to it a copy of a certificate in form 6, duly signed by 2 directors of the disclosing entity.

**Miscellaneous provisions****32. Revoked.****33. Revoked.****34. Revoked.****35. Retention of information—**

(1) A person who is required to publicly disclose, or publish on the Internet, any information must comply with the following rules:

(a) Information relating to any contract that is publicly disclosed under Part 3 must be publicly disclosed for as long as that contract remains in force:

(b) Information that is publicly disclosed or published on the Internet under Part 2 or Part 4 or any of requirements 24 or 31 must be publicly disclosed or so published for a period of at least 4 years:

(c) Information relating to any methodology that is publicly disclosed under requirement 22 must be publicly disclosed for a period of at least 1 year or until that methodology is no longer used by that person, whichever is the longer:

(d) Information relating to a line charge that is publicly disclosed or



published on the Internet under Part 6 must be publicly disclosed or so published (as the case may be) until the line charge is neither the current line charge nor the line charge that was payable immediately before the current line charge.

(2) A period runs from the time the information is first required to be publicly disclosed or published on the Internet by that person (as the case may be) in accordance with these requirements.

### **36. Statutory declarations—**

(1) All statements and information supplied to the Commerce Commission by any person under these requirements or under section 57U of the Act must be verified, by statutory declaration in form 7, by an authorised director of that person.

(2) All further statements, reports, agreements, particulars, and other information supplied to the Commerce Commission under section 57U of the Act by any person must be verified, by statutory declaration in form 8, by an authorised director of that person.

### **37. Time limit for responding to requests for information—**

A person required by a provision of these requirements to publicly disclose any information must provide a copy of the disclosed information within 10 working days of receiving a request to provide any other person with a copy of that disclosed information.

### **38. Savings—**

(1) Any matter that was required to be published or publicly disclosed under the Electricity (Information Disclosure) Regulations 1999 or Electricity (Information Disclosure) Regulations 1994 before the commencement of these requirements must be published or publicly disclosed as if those regulations had not been revoked.

(2) The Electricity (Information Disclosure) Regulations 1999 and Electricity (Information Disclosure) Regulations 1994 continue to apply to information published or publicly disclosed under those regulations as if they had not been revoked.

# SCHEDULES

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## SCHEDULE 1

Requirements 14 to 21

### PERFORMANCE MEASURES AND OTHER INFORMATION

#### PART 1

#### INTERPRETATION

In this schedule, unless the context otherwise requires,—

“Adjusted net working capital” means current assets (but excluding cash and bank balances, short-term investments, and interest income accruals) less current liabilities (but excluding any bank overdraft, short-term borrowings, provision for income tax, and provision for dividends payable) as shown in the statement of financial position:

“Average total equity” means the value calculated according to the following formula:

$$\frac{a + b}{2}$$

where—

a is total equity as shown in the statement of financial position at the end of the previous financial year; and

b is total equity as shown in the statement of financial position at the end of the financial year:

“Average total funds employed”, in relation to a financial year, means the average of the following amounts:

(a) The amount calculated by adding, to the amount of adjusted net working capital as shown in the statement of financial position at the end of the previous financial year, the value of the fixed assets as shown in the statement of financial position at the end of the previous financial year, being the values that were included in calculating the value of average total funds employed for the relevant disclosing entity at the end of the preceding financial year:

(b) The amount calculated by adding, to the amount of adjusted net working capital as shown in the statement of financial position at the end of that financial year, the value of the fixed assets as shown in the statement of financial position at the end of that year:

- “CAIDI” means the electricity consumer average interruption duration index:
- “Capitalised interest”, in relation to a fixed asset, means the directly attributable finance cost component of the initial purchase or construction cost of that asset:
- “Current assets”, in relation to any financial year, means—
- (a) All cash in hand at the end of that financial year, as shown in the statement of financial position for that year; and
  - (b) All assets that—
    - (i) Are shown in the statement of financial position; and
    - (ii) May reasonably be expected to be converted to cash, consumed, sold, or otherwise disposed of, within 1 year of the balance date for that financial year:
- “Current liabilities”, in relation to any financial year, means those operational obligations of a business (being obligations that relate to the supply of line business activities) that are reasonably expected to be paid or satisfied within 1 year of the balance date for that financial year as shown in the statement of financial position:
- “Energy not supplied”, in relation to the transmission system, means the amount calculated by subtracting energy supplied from the amount that represents the best estimate of the amount of electricity that would have been supplied to electricity consumers from the system if there had been no interruptions:
- “Energy supplied”, in relation to the transmission system, means the total amount of electricity supplied to electricity consumers from the system:
- “Equity” means the residual interest in the assets of the entity after the deduction of its liabilities:
- “Fault” means any unplanned event that causes any prescribed voltage electric line to cease to convey electricity for a period of more than 1 minute, regardless of whether or not an interruption occurs; but does not include any event that originates in a transformer or a capacitor:
- “Institute Handbook” means the most recently updated version of the document entitled “Institute of Chartered Accountants of New Zealand—Members' Handbook”, issued by the Institute of Chartered Accountants of New Zealand:
- “Interest tax shield” means the sum of interest expense and capitalised interest less interest on cash, bank balances, and short-term investments, multiplied by the maximum statutory income tax rate:
- “Interruption”, in relation to the supply of electricity to an electricity consumer by means of a prescribed voltage electric line, means the cessation of supply of electricity to that electricity consumer for a period of 1 minute or longer, other than by reason of disconnection of that electricity consumer for breach of the contract under which the electricity is supplied:
- “Interruption class”, in relation to a disclosing entity that is required by requirement 21(1) to disclose any information (in this definition called the principal disclosing entity), means any of the following classes of interruptions:
- (a) Class A, being a planned interruption by Transpower:
  - (b) Class B, being a planned interruption by the principal

disclosing entity (other than Transpower):

- (c) Class C, being an unplanned interruption originating within the works of the principal disclosing entity, where those works are used for carrying out line business activities:
- (d) Class D, being an unplanned interruption originating within the works of Transpower, where those works are used for carrying out line business activities:
- (e) Class E, being an unplanned interruption originating within works used, by the principal disclosing entity, for the generation of electricity:
- (f) Class F, being an unplanned interruption originating within works used, by persons other than the principal disclosing entity, for the generation of electricity:
- (g) Class G, being an unplanned interruption caused by another disclosing entity:
- (h) Class H, being a planned interruption caused by another disclosing entity:
- (i) Class I, being an interruption not referred to in any of paragraphs (a) to (h):

“Interruption duration factor”, in relation to an interruption, means the sum obtained by calculating, for each electricity consumer that is affected by that interruption, the duration (in minutes) of that interruption, and adding together the results of each calculation:

“Maximum demand”, in relation to a system, means the single highest half-hourly input (in kilowatts) to the system as a whole during a particular financial year:

“net surplus after tax” means the amount as shown in the statement of financial performance for a financial year calculated in accordance with the following formula:

$$a - b - c$$

where—

- a is operating surplus
- b is interest expense
- c is income tax:

“Operating surplus before interest and income tax”, in relation to any financial year and as presented in a statement of financial performance, means total operating revenue minus—

- (a) direct expenditure; and
- (b) indirect expenditure; and
- (c) depreciation; and
- (d) amortisation of goodwill and amortisation of other intangibles; and
- (e) subvention payments; and
- (f) transmission charges; and
- (g) avoided transmission charges:

“Planned interruption” means any interruption in respect of which not less than 24 hours’ notice was given, either to the public or to all electricity consumers affected by the interruption:

“Revaluations”, in relation to any fixed assets that are revalued in any financial year, means the amount calculated in accordance with the following

formula:

$$r = a - (b + c - d - e)$$

where—

- r is revaluations; and
- a is the value of the fixed assets at the end of the financial year, where the system fixed assets are calculated using the ODV method (as set out in the ODV Handbook) and the fixed assets that are not system fixed assets are valued as in the statement of financial position; and
- b is the value of the fixed assets (as so calculated) at the end of the previous financial year; and
- c is the value of any fixed assets (as so calculated) acquired during the financial year; and includes capitalised expenditure on the replacement and refurbishment of line business assets; and
- d is the carrying value at the date of disposal of any fixed assets (as so calculated) disposed of during that financial year; and
- e is the total depreciation accounted for as an expense on all fixed assets in respect of that financial year, where depreciation on system fixed assets is calculated in accordance with the ODV method (as set out in the ODV Handbook) and depreciation on fixed assets that are not system fixed assets is calculated as in the statement of financial performance:

“SAIDI” means the system average interruption duration index:

“SAIFI” means the system average interruption frequency index:

“System maximum demand”, in relation to the transmission system, means the single highest half-hourly input (in megawatts) to that system during a particular financial year:

“System minute” means the number calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

- a is energy not supplied (in megawatt minutes); and
- b is system maximum demand:

“Total customers”, in relation to Transpower, for the purposes of clause 2 of Part 4, and with respect to a financial year, means the average of the following amounts:

- (a) The number of entities with which Transpower had customer contracts at the beginning of that financial year; and
- (b) The number of entities with which Transpower had customer contracts at the end of that financial year:

“Uneconomic generation” means the amount of electricity (in kilowatt hours) generated from any source other than the most economic source:

“Unplanned interruption” means any interruption in respect of which less than 24 hours’ notice, or no notice, was given, either to the public or to all

electricity consumers affected by the interruption.

## PART 2

## Requirements 5 and 6

## INFORMATION TO BE DISCLOSED IN FINANCIAL STATEMENTS

Items required to be separately listed in financial statements required under requirement 5(1) or requirement 6(1):

**Statement of financial position****1 Current assets**

- (a) cash and bank balances:
- (b) short-term investments:
- (c) inventories:
- (d) accounts receivable:
- (e) other current assets not listed in (a) to (d):
- (f) **total current asset** (sum of (a) to (e)).

**2 Fixed assets**

- (a) system fixed assets:
- (b) consumer billing and information system assets:
- (c) motor vehicles:
- (d) office equipment:
- (e) land and buildings:
- (f) capital works under construction:
- (g) other fixed assets not listed in (a) to (f):
- (h) **total fixed assets** (sum of (a) to (g)).

**3 Other tangible assets not listed above****4 Total tangible assets** (1(f) + 2(h) + 3)**5 Intangible assets**

- (a) goodwill:
- (b) other intangibles not listed in (a):
- (c) **total intangible assets** (sum of (a) and (b)).

**6 Total assets** (4 + 5(c)).

**7 Current liabilities**

- (a) bank overdraft:
- (b) short-term borrowings:
- (c) payables and accruals:
- (d) provision for dividends payable:
- (e) provision for income tax:
- (f) other current liabilities not listed in (a) to (e):
- (g) **total current liabilities** (sum of (a) to (f)).

**8 Non-current liabilities**

- (a) payables and accruals:
- (b) borrowings:
- (c) deferred tax:
- (d) other non-current liabilities not listed in (a) to (c):
- (e) **total non-current liabilities** (sum of (a) to (d)).

**9 Equity**

- (a) shareholders' equity-
  - (i) share capital:
  - (ii) retained earnings:
  - (iii) reserves:
  - (iv) **total shareholders' equity** (sum of (i) to (iii)):
- (b) minority interests in subsidiaries:
- (c) **total equity** (sum of (a) and (b)):
- (d) capital notes:
- (e) **total capital funds** (sum of (c) and (d)).

**10 Total equity and liabilities** (7(g) + 8(e) + 9(e))**Statement of financial performance****11 Operating revenue**

- (a) revenue from line/access charges:
- (b) revenue from "other" business for services carried out by the line business (transfer payment):
- (c) interest on cash, bank balances, and short-term investments:
- (d) AC loss-rental rebates:
- (e) other operating revenue not listed in (a) to (d):
- (f) **total operating revenue** (sum of (a) to (e)).

**12 Operating expenditure**

- (a) payment for transmission charges:
- (b) transfer payments to the "other" business for-
  - (i) asset maintenance:
  - (ii) consumer disconnection/reconnection services:
  - (iii) meter data:



- (iv) consumer-based load control services:
- (v) royalty and patent expenses:
- (vi) avoided transmission charges on account of own generation: (vii) other goods and services not listed in (i) to (vi):
- (viii) **total transfer payment to the "other" business** (sum of (i) to (vii)):
- (c) expense to entities that are not related parties for-
  - (i) asset maintenance:
  - (ii) consumer disconnection/reconnection services:
  - (iii) meter data:
  - (iv) consumer-based load control services:
  - (v) royalty and patent expenses:
  - (vi) **total of specified expenses to non-related parties** (sum of (i) to (v)):
- (d) employee salaries, wages, and redundancies:
- (e) consumer billing and information system expense:
- (f) depreciation on-
  - (i) system fixed assets:
  - (ii) other assets not listed in (i):
  - (iii) **total depreciation** (sum of (i) and (ii)):
- (g) amortisation of-
  - (i) goodwill:
  - (ii) other intangibles:
  - (iii) **total amortisation of intangibles** (sum of (i) and (ii)):
- (h) corporate and administration:
- (i) human resource expenses:
- (j) marketing/advertising:
- (k) merger and acquisition expenses:
- (l) takeover defence expenses:
- (m) research and development expenses:
- (n) consultancy and legal expenses:
- (o) donations:
- (p) directors' fees:
- (q) auditors' fees-
  - (i) audit fees paid to principal auditors:
  - (ii) audit fees paid to other auditors:
  - (iii) fees paid for other services provided by principal and other auditors:
  - (iv) **total auditors' fees** (sum of (i) to (iii)):
- (r) cost of offering credit-
  - (i) bad debts written off:
  - (ii) increase in estimated doubtful debts:
  - (iii) **total cost of offering credit** (sum of (i) to (ii)):
- (s) local authority rates expense:
- (t) AC loss-rental rebates (distribution to retailers/customers) expense:
- (u) rebates to consumers due to ownership interest:
- (v) subvention payments:
- (w) unusual expenses:
- (x) other expenditure not listed in (a) to (w).

**13 Total operating expenditure**

(sum of 12(a) to 12(x)).

**14 Operating surplus before interest and income tax**

(11(f) - 13).

**15 Interest expense**

- (a) interest expense on borrowings:
- (b) financing charges related to finance leases:
- (c) other interest expense not listed in (a) or (b):
- (d) **total interest expense** (sum of (a) to (c)).

**16 Operating surplus before income tax**

(14 - 15(d))

**17 Income tax**

**18 Net surplus after tax**

(16-17)

**Statement of movements in equity**

Disclosures to be prepared in accordance with generally accepted accounting practice.

**Statement of cash flows**

Disclosures to be prepared in accordance with generally accepted accounting practice.

## PART 3

## Requirement 14

## FINANCIAL PERFORMANCE AND EFFICIENCY MEASURES

**1 Financial performance measures**

(a) return on funds, being operating surplus before interest and income tax (as adjusted), divided by average total funds employed (as adjusted), calculated in accordance with the following formula:

$$\frac{a + g + s + d}{c - e - f + h}$$

(b) return on equity, being net surplus after tax (as adjusted), divided by average total equity (as adjusted), calculated in accordance with the following formula:

$$\frac{n + g + s(1 - t) + d}{k - e - m + v - f + h}$$

(c) return on investment, calculated in accordance with the following formula:

$$\frac{a + g - q + r + s + d - [p + s*t]}{c - e - r/2 - f + h}$$

where—

a is operating surplus before interest and income tax minus interest on cash, bank balances, and short-term investments

c is average total funds employed

d is the **ODV depreciation adjustment**, being the amount calculated according to the following formula:

$$x - y$$

where—

x is the total depreciation accounted for as an expense on all system fixed assets in respect of that financial year, as presented in the statement of financial performance

y is the total depreciation accounted for as an expense on all system fixed assets that have been depreciated in the statement of financial performance in respect of that financial year, such depreciation having been accounted for in a manner consistent with the ODV method (as set out in the ODV Handbook)

e is the **average total works under construction**, being the amount calculated according to the following formula:

$$\frac{x + y}{2}$$

where—

x is the value of those works that are under construction at the end of the previous financial year, as presented in the statement of financial position

y is the value of those works that are under construction at the end of the financial year, as presented in the statement of financial position

f is the **average value of system fixed assets at net book value**, calculated according to the following formula:

$$\frac{x + y}{2}$$

where—

x is the value of system fixed assets (at the end of the previous financial year), as presented in the statement of financial position

y is the value of system fixed assets (at the end of the financial year), as presented in the statement of financial position

g is amortisation of goodwill and amortisation of other intangibles

h is the **average value of system fixed assets at ODV value**, calculated according to the following formula:

$$\frac{x + y}{2}$$

where—

x is the value of the line business system fixed assets at the end of the previous financial year, calculated using the ODV method (as set out in the ODV Handbook)

y is the value of the line business system fixed assets at the end of the financial year, calculated using the ODV method (as set out in the ODV Handbook)

k is the **average total equity**, being the amount calculated according to the following formula:

$$\frac{x + y}{2}$$

where—

x is total equity at the end of the previous financial year, as presented in the statement of financial position

y is total equity at the end of the financial year, as presented in the statement of financial position

m is the average total intangible asset, calculated in accordance with the following formula:

$$\frac{x + y}{2}$$

where—

x is the value of intangible assets as at the end of the previous financial

year, as presented in the statement of financial position

y is the value of intangible assets as at the end of the financial year, as presented in the statement of financial position

n is net surplus after tax

p is income tax

q is interest tax shield

r is revaluations

s is the value of the subvention payment for this financial year

t is the maximum statutory income tax rate applying to corporate entities

v is the **average subvention payment and related tax adjustment**, being the amount calculated according to the following formula:

$$\frac{(x + s)(1 - t)}{2}$$

where—

x is the value of the subvention payment for the preceding financial year, as presented in the statement of financial performance

s is the value of the subvention payment for the financial year, as presented in the statement of financial performance.

## 2 Efficiency performance measures

(a) direct line costs per kilometre, calculated in accordance with the following formula:

a

b

where—

a is direct expenditure (in dollars)

b is system length (in kilometres):

(b) indirect line costs per consumer, calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

a is indirect expenditure (in dollars)

b is total consumers.

## PART 4

## Requirement 20

## ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

1. Energy delivery efficiency performance measures—
- (a) Load factor, calculated in accordance with the following formula:

$$\frac{a}{b \times c} \times \frac{100}{1}$$

where—

- a is the amount of electricity (in kilowatt hours) entering the system during the financial year; and
- b is maximum demand; and
- c is the total number of hours in the financial year:
- (b) Loss ratio, calculated in accordance with the following formula:

$$\frac{a}{b} \times \frac{100}{1}$$

where—

- a is losses of electricity (expressed in kilowatt hours); and
- b is the amount of electricity (in kilowatt hours) entering the system during the financial year:
- (c) Capacity utilisation, calculated in accordance with the following formula:

$$\frac{a}{b} \times \frac{100}{1}$$

where—

- a is maximum demand; and
- b is transformer capacity (in kilovolt amperes).

2. Statistics—
- (a) System length, together with a breakdown of that length according to different nominal line voltages:
- (b) The total circuit length (in kilometres) of the overhead electric lines that form part of the system (which length must be calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages:



- (c) The total circuit length (in kilometres) of the underground electric lines that form part of the system (which length must be calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages:
- (d) Transformer capacity, in kilovolt amperes:
- (e) Maximum demand, in kilowatts:
- (f) Total electricity entering the system (before losses of electricity), in kilowatt hours:
- (g) The total amount of electricity (in kilowatt hours) supplied from the system (after losses of electricity) during the financial year on behalf of each person that is an electricity generator or an electricity retailer, or both:
- (h)
  - (i) In the case of Transpower, total customers:
  - (ii) In the case of disclosing entities (other than Transpower), total consumers.

## PART 5

## Requirement 21

RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY  
DISCLOSING ENTITIES (OTHER THAN TRANSPower)

1. Total number of interruptions, together with a breakdown of that total according to interruption class.
2. Interruption targets for the following financial year for—
  - (a) Planned interruptions by the disclosing entity (Class B); and
  - (b) Unplanned interruptions originating within the works of the disclosing entity (Class C).
3. Average interruption targets for the following financial year and the subsequent 4 financial years for each of—
  - (a) Planned interruptions by the disclosing entity (Class B); and
  - (b) Unplanned interruptions originating within the works of the disclosing entity (Class C).
4. The proportion (expressed as a percentage) of the total number of Class C interruptions not restored within—
  - (a) 3 hours; and
  - (b) 24 hours.
5. With respect to faults per 100 circuit kilometres of prescribed voltage electric line, the following information:
  - (a) The total number of faults; and
  - (b) The total number of faults targeted for the following financial year; and
  - (c) The average total number of faults for that financial year and the subsequent 4 financial years; and
  - (d) A breakdown of the fault information in accordance with paragraphs (a) to (c) by different nominal line voltages.
6. The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.
7. The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.
8. The SAIDI for the total number of interruptions, which must be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

- a is the sum obtained by adding together the interruption duration factors for all interruptions; and
  - b is total consumers.
9. SAIDI targets for the following financial year for—

- (a) Planned interruptions by the disclosing entity (Class B); and
  - (b) Unplanned interruptions originating within the works of the disclosing entity (Class C).
10. Average SAIDI targets for the following financial year and the subsequent 4 financial years for each of—
- (a) Planned interruptions by the disclosing entity (Class B); and
  - (b) Unplanned interruptions originating within the works of the disclosing entity (Class C).
11. The SAIDI for the total number of interruptions within each interruption class, which must be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

- a is the sum obtained by adding together the interruption duration factors for all interruptions within the particular interruption class; and
  - b is total consumers.
12. The SAIFI for the total number of interruptions, which must be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

- a is the sum obtained by adding together the number of electricity consumers affected by each of those interruptions; and
  - b is total consumers.
13. SAIFI targets for the following financial year for—
- (a) Planned interruptions by the disclosing entity (Class B); and
  - (b) Unplanned interruptions originating within the works of the disclosing entity (Class C).
14. Average SAIFI targets for the following financial year and the subsequent 4 financial years for each of—
- (a) Planned interruptions by the disclosing entity (Class B); and
  - (b) Unplanned interruptions originating within the works of the disclosing entity (Class C).
15. The SAIFI for the total number of interruptions within each interruption class, which must be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

- a is the sum obtained by adding together the number of electricity consumers affected by each of those interruptions within that interruption class; and
- b is total consumers.

16. The CAIDI for the total of all interruptions, which must be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

- a is the sum obtained by adding together the interruption duration factors for all interruptions; and
- b is the sum obtained by adding together the number of electricity consumers affected by each of those interruptions.

17. CAIDI targets for the following financial year for—

- (a) Planned interruptions by the large line owner or the large electricity distributor (Class B); and
- (b) Unplanned interruptions originating within the works of the large line owner or the large electricity distributor (Class C).

18. Average CAIDI targets for the following financial year and the subsequent 4 financial years for each of—

- (a) Planned interruptions by the large line owner or the large electricity distributor (Class B); and
- (b) Unplanned interruptions originating within the works of the large line owner or the large electricity distributor (Class C).

19. The CAIDI for the total number of interruptions within each interruption class, which must be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where—

- a is the sum obtained by adding together the interruption duration factors for all interruptions; and
- b is the sum obtained by adding together the number of electricity consumers affected by each of those interruptions.

## PART 6

Requirement 21(1)(a)

RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY  
TRANSPOWER

1. The total number of unplanned interruptions.
2. Customer interruptions, calculated in system minutes.
3. The underlying customer interruptions (excluding interruptions of greater than 1 system minute), calculated in system minutes.
4. The average supply reliability (to 4 decimal places), being the energy supplied divided by the sum of energy supplied and energy not supplied, and expressed as a percentage.
5. Uneconomic generation due to planned and unplanned transmission system unavailability, divided by the energy supplied, and expressed as a percentage.
6. Uneconomic generation due to HVDC system unavailability, divided by the energy supplied and expressed as a percentage.
7. Uneconomic generation due to unplanned transmission system unavailability, divided by energy supplied, and expressed as a percentage.
8. Planned interruption restoration performance, being the number of planned interruptions where the supply of electricity is restored within the time (in minutes) notified in advance to the customers (number x 100), divided by the number of planned interruptions.
9. Unplanned interruption response, being the number of unplanned interruptions responded to within the time (in minutes) agreed with the customer (number x 100), divided by the number of unplanned interruptions.

## PART 7

Requirement 15

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES  
FROM FINANCIAL STATEMENTS

	Input and calculation	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	[insert figure]							
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	[insert figure]							
Interest on cash, bank balances, and short-term investments (ISTI)	[insert figure]							
OSBIIT minus ISTI	= OSBIIT - ISTI	a		[insert figure]				[insert figure]
Net surplus after tax from financial statements	[insert figure]							
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	[insert figure]	n			[insert figure]			
Amortisation of goodwill and amortisation of other intangibles	[insert figure]	g	add	[insert figure]	add	[insert figure]	add	[insert figure]
Subvention payment	[insert figure]	s	add	[insert figure]	add	[insert figure]	add	[insert figure]
Depreciation of SFA at BV (x)	[insert figure]							
Depreciation of SFA at ODV (y)	[insert figure]							
ODV depreciation adjustment	= x - y	d	add	[insert figure]	add	[insert figure]	add	[insert figure]
Subvention payment tax adjustment	= s*t	s*t			deduct	[insert figure]	deduct	[insert figure]
Interest tax shield	[insert figure]	q					deduct	[insert figure]
Revaluations	[insert figure]	r					add	[insert figure]
Income tax	[insert figure]	p					deduct	[insert figure]
<b>Numerator</b>				$OSBIIT^{ADJ} = a + g + s + d$		$NSAT^{ADJ} = n + g + s - s*t + d$		$OSBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$

	<b>Input and calculation</b>	<b>Symbol in formula</b>	<b>ROF</b>	<b>ROE</b>	<b>ROI</b>
Fixed assets at end of previous financial year (FA <sub>0</sub> )	[insert figure]				
Fixed assets at end of current financial year (FA <sub>1</sub> )	[insert figure]				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	[insert figure]				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	[insert figure]				
Average total funds employed (ATFE)	$=(FA_0+FA_1+ANWC_0 + ANWC_1)/2$ (or requirement 32 time-weighted average)	c	[insert figure]		[insert figure]
Total equity at end of previous financial year (TE <sub>0</sub> )	[insert figure]				
Total equity at end of current financial year (TE <sub>1</sub> )	[insert figure]				
Average total equity	$=(TE_0 + TE_1)/2$ (or requirement 32 time-weighted average)	k		[insert figure]	
WUC at end of previous financial year (WUC <sub>0</sub> )	[insert figure]				
WUC at end of current financial year (WUC <sub>1</sub> )	[insert figure]				

	<b>Input and calculation</b>	<b>Symbol in formula</b>	<b>ROF</b>	<b>ROE</b>	<b>ROI</b>
Average total works under construction	$=(WUC_0 + WUC_1)/2$ (or requirement 32 time-weighted average)	e	deduct [insert figure]	deduct [insert figure]	deduct [insert figure]
Revaluations	[insert figure]	r			
Half of Revaluations	$=r/2$	r/2			deduct [insert figure]
Intangible assets at end of previous financial year (IA <sub>0</sub> )	[insert figure]				
Intangible assets at end of current financial year (IA <sub>1</sub> )	[insert figure]				
Average total intangible asset	$=(IA_0 + IA_1)/2$ (or requirement 32 time-weighted average)	m		deduct [insert figure]	
Subvention payment at end of previous financial year (S <sub>0</sub> )	[insert figure]				
Subvention payment at end of current financial year (S <sub>1</sub> )	[insert figure]				
Subvention payment tax adjustment at end of previous financial year	$= s_0 * t$				
Subvention payment tax adjustment at end of current financial year	$= s_1 * t$				
Average subvention payment and related tax adjustment	$=(S_0 + S_1)(1 - t)/2$	v		add [insert figure]	
System fixed assets at end of previous financial year as book value (SFA <sub>bv0</sub> )	[insert figure]				



	<b>Input and calculation</b>	<b>Symbol in formula</b>	<b>ROF</b>	<b>ROE</b>	<b>ROI</b>
System fixed assets at end of current financial year as book value (SFA <sub>bv1</sub> )	[insert figure]				
Average value of system fixed assets at book value	= (SFA <sub>bv0</sub> + SFA <sub>bv1</sub> )/2 (or requirement 32 time-weighted average)	f	deduct [insert figure]	deduct [insert figure]	deduct [insert figure]
System fixed assets at year beginning at ODV value(SFA <sub>odv0</sub> )	[insert figure]				
System fixed assets at end of current financial year at ODV value(SFA <sub>odv1</sub> )	[insert figure]				
Average value of system fixed assets at ODV value	= (SFA <sub>odv0</sub> + (SFA <sub>odv1</sub> )/2 (or requirement 32 time-weighted average)	h	add [insert figure]	add [insert figure]	add [insert figure]
<b>Denominator</b>			$ATFE^{ADJ} = c - e - f + h$	$AveTE^{ADJ} = k - e - m + v - f - h$	$ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
<b>Financial performance measure</b>			$ROF = OSBIIT^{ADJ} / ATFE^{ADJ} \times 100$	$ROE = NSAT^{ADJ} / ATE^{ADJ} \times 100$	$ROI = OSBIIT^{ADJ} / ATFE^{ADJ} \times 100$

**Key:**

t = maximum statutory income tax rate applying to corporate entities    bv = book value    ave= average    odv = optimised deprival value    subscript '0' = end of the previous financial year    subscript '1' = end of the current financial year    ROF = return on funds    ROE= return on equity    ROI = return on investment

## PART 8

Requirement 16

## ANNUAL VALUATION RECONCILIATION REPORT

Year ending (balance date)	\$000
System fixed assets at ODV — end of the previous financial year	
<i>Add</i> system fixed assets acquired during the year at ODV*	
<i>Less</i> system fixed assets disposed of during the year at ODV	
<i>Less</i> depreciation on system fixed assets at ODV	
<i>Add</i> revaluations of system fixed assets	
<i>Equals</i> system fixed assets at ODV — end of the financial year.	

\*The value of system fixed assets acquired during the financial year should include capitalised expenditure on replacement and refurbishment of system fixed assets.

## PART 9

Requirement 16A

## ANNUAL DEPRECIATED HISTORIC COST RECONCILIATION REPORT

Year ending (balance date)	\$000
System fixed assets book value – end of the previous financial year	
<i>Add</i> system fixed assets acquired during the year at DHC*	
<i>Less</i> system fixed assets disposed of during the year at DHC	
<i>Less</i> depreciation on system fixed assets at DHC	
<i>Equals</i> system fixed assets book value – end of financial year.	

\*The value of system fixed assets acquired during the financial year should include capitalised expenditure on replacement and refurbishment of system fixed assets.

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## SCHEDULE 2

Requirement 24(3)(b)

### INFORMATION TO BE INCLUDED IN ASSET MANAGEMENT PLANS

An asset management plan must include the following information:

#### **1 Summary of the plan**

A summary that provides a brief overview of the contents of the plan and highlights information that the disclosing entity considers significant.

#### **2 Background and objectives**

Details of the background to the plan and the objectives of the disclosing entity's asset management and planning processes, including -

- (a) the purpose of the plan;
- (b) a description of the interaction between those objectives and other corporate goals, business processes, and plans;
- (c) the period covered by the plan and the date the plan was approved by the board of directors of the disclosing entity;
- (d) a description of stakeholders' interests (owners, consumers, etc);
- (e) a description of the accountabilities and responsibilities for asset management within the disclosing entity; and
- (f) details of asset management systems and processes, including asset management systems/software and information flows.

#### **3 Assets covered**

Details of the assets covered, including -

- (a) a high level description of the distribution area;
- (b) a description of the network configuration;
- (c) a description of the network assets by category, including age profiles and condition assessment; and
- (d) the justification for the assets.

#### **4 Service levels**

Details of the proposed levels of service, including -

- (a) consumer oriented performance targets;

- (b) other targets relating to asset performance, asset efficiency and effectiveness, and the efficiency of the line business activity; and
- (c) the justification for target levels of service based on consumer, legislative, regulatory, stakeholder, and other considerations.

## **5 Network development plans**

A detailed description of network development plans, including -

- (a) a description of the planning criteria and assumptions;
- (b) a description of the prioritisation methodology adopted for development projects;
- (c) details of demand forecasts, the basis on which they are derived, and the specific network locations where constraints are expected due to forecast load increases;
- (d) policies on distributed generation;
- (e) policies on non-network solutions;
- (f) analysis of the network development options available, and details of the decisions made to satisfy and meet target levels of service; and
- (g) a description and identification of the network development programme (including distributed generation and non-network solutions) and actions to be taken, including associated expenditure projections.

## **6 Lifecycle asset management planning (maintenance and renewal)**

A detailed description of lifecycle asset management plans, including -

- (a) a description of maintenance planning criteria and assumptions;
- (b) a description and identification of routine and preventative inspection and maintenance policies, programmes, and actions to be taken for each asset category, including associated expenditure projections;
- (c) a description of asset renewal and refurbishment policies; and
- (d) a description and identification of renewal or refurbishment programmes or actions to be taken for each asset category, including associated expenditure projections; and
- (e) asset replacement and renewal expenditure (which must be separately identified in the capital budget).

## **7 Risk management**

Details of risk policies, assessment, and mitigation, including -

- (a) methods, details, and conclusions of risk analysis; and
- (b) details of emergency response and contingency plans.

## **8 Evaluation of performance**

Details of performance measurement, evaluation, and improvement, including -

- (a) a review of progress against plan, both physical and financial;

- (b) an evaluation and comparison of actual performance against targeted performance objectives; and
- (c) a gap analysis and identification of improvement initiatives.

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## SCHEDULE 3

### FORMS

#### Form 1

Requirement 30

### AUDITOR'S REPORT

To the readers of the financial statements of *[insert name]*.

I/We have audited the accompanying financial statements of *[insert name]*. The financial statements provide information about the past financial performance of *[insert name]* and its financial position as at *[insert date]*. This information is stated in accordance with the accounting policies set out on *[insert appropriate cross-reference]*.

#### **Directors' Responsibilities**

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of *[insert name]* as at *[insert date]*, and results of operations and cash flows for the year then ended.

#### **Auditor's Responsibilities**

It is my/our responsibility to express an independent opinion on the financial statements presented by the Directors and report my/our opinion to you.

#### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing-

- the significant estimates and judgments made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to *[insert name]* circumstances, consistently applied and adequately disclosed.

I/We conducted my/our audit in accordance with generally accepted auditing standards in New Zealand. I/We planned and performed my/our audit so as to obtain all the information and explanations which I/we considered necessary. I/We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming my/our opinion I/we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in my/our capacity as auditor I/we have no relationship with or interests in *[insert name]*

[\*Insert other information including matters relating to "fundamental uncertainty". Further guidance on these matters is set out in auditing standards contained in the Institute Handbook].

**\*Unqualified Opinion**

I/We have obtained all the information and explanations I/we have required.

In my/our opinion-

- proper accounting records have been maintained by *[insert name]* as far as appears from my/our examination of those records; and
- the financial statements referred to above-
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of *[insert name]* as at *[insert date]* and the results of its operations and cash flows for the year then ended; and
  - (c) comply with the Electricity Information Disclosure Requirements 2004.

OR

**\*Qualified Opinion**

[Insert the nature of the qualification together with the impact on the financial statements. Further guidance on qualified opinions is set out in auditing standards contained in the Institute Handbook].

OR

**\*Disclaimer of opinion**

[Insert the nature of the disclaimer opinion. Further guidance on disclaimer opinions is set out in auditing standards contained in the Institute Handbook].

My/our audit was completed on *[insert date]* and my/our opinion is expressed as at that date.

*[Signature of auditor]*

*[Name of auditor]*

*[Name of auditing firm]*

*[Address of auditing firm]*

\*Delete that which is inapplicable.

Form 2

Requirement 30(3)

AUDITOR'S OPINION OF PERFORMANCE MEASURES

I/We have examined the attached information, being-

- (a) a derivation table; and
- (b) an annual ODV reconciliation report; and
- (c) time-weighted averages calculations (if they apply); and
- (d) financial performance measures; and
- (e) financial components of the efficiency performance measures,

that were prepared by [*insert name*] and dated [*insert date*] for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In my/our opinion, having made all reasonable enquiry, to the best of my/our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

[*Signature of auditor*]

[*Name of auditor*]

[*Name of auditing firm*]

[*Address of auditing firm*]

[*Date*]



## Form 3

Requirement 30(4)

## AUDITOR'S OPINION IN RELATION TO VALUATION

I/We have examined the valuation report of [*name of disclosing entity*] and dated [*insert date*], which report contains valuations of system fixed assets as at [*insert date*].

In my/our opinion, having made all reasonable enquiry, to the best of my/our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of [*insert value*], have been made in accordance with the ODV Handbook (as defined in the Commerce Commission's Electricity Information Disclosure Requirements 2004).

[*Signature of auditor*]

[*Name of auditor*]

[*Name of auditing firm*]

[*Address of auditing firm*]

[*Date*]

## Form 4

Requirement 31(1)

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE  
MEASURES, AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES  
(OTHER THAN TRANSPower)

We, [*insert full names*], directors of [*name of disclosing entity*] certify that, having made all reasonable enquiry, to the best of our knowledge,-

(a) The attached audited financial statements of [*name of disclosing entity*] prepared for the purposes of requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; and

(b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to [*name of disclosing entity*], and having been prepared for the purposes of requirements 14, 15, 20, and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at [*insert date*].

[*Signature of 2 Directors*]

[*Date*]

## Form 5

Requirement 31(2)

## CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY TRANSPOWER

We, [*insert full names*], directors of Transpower New Zealand Limited ("Transpower") certify that, having made all reasonable enquiry, to the best of our knowledge,-

(a) The attached audited financial statements of Transpower, prepared for the purposes of requirement 5 of the Commerce Commission's Electricity Information Disclosure Requirements 2004, comply with those Requirements; and

(b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Transpower, and having been prepared for the purposes of requirements 14, 15, 20, and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at [*insert date*].

[*Signature of 2 Directors*]

[*Date*]

## Form 6

Requirement 31(5)

## CERTIFICATION OF VALUATION REPORT OF DISCLOSING ENTITIES

We, [*insert names*], directors of [*name of disclosing entity*] certify that, having made all reasonable enquiry, to the best of our knowledge-

(a) the attached valuation report of [*name of disclosing entity*], prepared for the purposes of requirement 19 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 complies with those Requirements; and

(b) the replacement cost of the line business system fixed assets of [*name of disclosing entity*] is [*insert value*]; and

(c) the depreciated replacement cost of the line business system fixed assets of [*name of disclosing entity*] is [*insert value*]; and

(d) the optimised depreciated replacement cost of the line business system fixed assets of [*name of disclosing entity*] is [*insert value*]; and

(e) the optimised deprival valuation of the line business system fixed assets of [*name of disclosing entity*] is [*insert value*]; and

(f) the values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004). These valuations are as at [*insert date*].

[*Signatures of 2 directors*]

[*Date*]

Form 7

Requirement 36(1)

STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND  
INFORMATION SUPPLIED TO COMMERCE COMMISSION

I, [*insert full name*], of [*insert address*], being a director of [*insert name of disclosing entity*], solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by [*insert name of disclosing entity*] under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957. Declared at this day of

Justice of the Peace (*or* Solicitor *or* other person authorised to take a statutory declaration).

## Form 8

Requirement 36(2)

STATUTORY DECLARATION IN RESPECT OF FURTHER INFORMATION  
REQUESTED BY COMMERCE COMMISSION

I [*insert full name*], of [*insert address*], being a director of [*insert name of disclosing entity*] solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the document(s) attached to this declaration-

(a) Is/Are the statement(s), report(s), agreement(s), particular(s), information [*specify*] requested by the Commerce Commission on [*insert date*] under section 57U(1)(b) of the Commerce Act 1986; and

(b) Contain(s) all the statement(s), report(s), agreement(s), particular(s), information [*specify*] in the possession, or under the control, of [*insert name of disclosing entity*] that relate to that request.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Declared at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_  
Justice of the Peace (*or* Solicitor *or* other  
person authorised to take a statutory declaration).