

[DRAFT FOR CONSULTATION]  
[GDB]

**Notice to Supply Information to the Commerce Commission  
Section 53ZD of the Commerce Act 1986**

[#1194782\_2]

To: «MRMS» «NAME» «SURNAME»  
«COMPANY\_QQ»  
«PO\_BOX»  
«CITY»

For the purpose of carrying out its functions and exercising its powers under Part 4 of the Commerce Act 1986 (the Act), the Commerce Commission (Commission) requires, under s 53ZD of the Act, that «COMPANY\_QQ» («ZZ») provides the Commission with the information specified in this notice. Specifically, this information is required for the purpose of informing decisions on starting prices for default price-quality paths under Part 4 of the Act.

**INTERPRETATION**

1. In this notice, unless the context otherwise requires, words in bold type bear the following meanings:

**Act** means the Commerce Act 1986;

**auditor** means a person who-

- a. is qualified for appointment as auditor of a company under the Companies Act 1993; and
- b. has no relationship with, or interest in, «ZZ» that is likely to involve the person in a conflict of interest; and
- c. has not assisted with the preparation of the information required under this notice or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in preparing that information;
- d. has the necessary expertise to properly provide an independent assurance report as required by this notice; and
- e. need not be the same person as the person who audits the financial accounts of «ZZ» for any other purpose;

**Commission** means the Commerce Commission;

**engineer** has the meaning set out in clause 1.1.4 of the **IM determination**;

**IM determination** means the Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010; and

**independent assurance report** means a report in respect of «ZZ» in the form specified at Schedule E of this notice, issued by a person or firm that is qualified to be an **auditor**.

2. This notice also refers to terms that are defined in the **IM determination**, many of which are defined in Part 2 of that determination, which relates to information disclosure. For the avoidance of doubt, it has been necessary for the Commission to adopt this approach given that no information disclosure determination has yet been made for gas distribution services under Part 4 of the Act. In future, the Commission intends to use information disclosed under information disclosure regulation to inform decisions on starting prices under a default price-quality path.<sup>1</sup>

## REQUIREMENTS

### Information requirements

2. «ZZ» must provide the **Commission** with the information required under:
  - a. Schedule A; and
  - b. if «ZZ» is a 'qualifying supplier', as that term is defined in clause 2.4.9(2) of the **IM determination**, Schedule B;

by completing the templates provided in those Schedules in the format required by this notice.

### Expert opinions and supporting information.

3. «ZZ» must provide the **Commission** with the following expert opinions and supporting information:
  - a. if «ZZ» has elected to undertake the asset adjustment process referred to in clause 2.2.1 of **IM determination**, a written **engineer's** report complying with the requirements specified in Schedule C;
  - b. a directors' certificate in the form set out in Schedule D, to be completed and signed by a minimum of two directors of «ZZ»; and
  - c. an **independent assurance report** in the form set out in Schedule E, to be completed by an **auditor**.

### Information format

The information required under Schedules A and B must be supplied in electronic form in the Microsoft Excel workbook provided by the Commission (the workbook contains templates of Schedules A and B). The workbook must be completed in accordance with the instructions contained in the workbook and, in particular, conform with the relevant definitions or clauses of the **IM determination** specified in the workbook instructions and templates. The workbook

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<sup>1</sup> Refer to Commerce Commission, *Starting Price Adjustments for Default Price-Quality Paths Discussion Paper*, 5 August 2010, p 9, paragraph 2.20.

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must be provided to the Commission in a form that is accessible (i.e. the workbook is 'unlocked' and data can be easily transferred by the Commission).

The information required under Schedules C, D and E must be supplied in electronic form (in PDF format).

**Confidentiality**

The **Commission** has allowed for the completion of both public and non-public versions of certain templates in Schedule A. Either version may contain disclosure requirements that parties consider require the disclosure of confidential information. The **Commission** discourages requests for non-disclosure of information, in whole or in part, on the basis that it is confidential. The **Commission** is unlikely to agree to any requests that any information provided by «ZZ» in response to this notice remains confidential.

However, the **Commission** recognises there may be some instances where «ZZ» may wish to provide aspects of «ZZ»'s disclosures on a confidential basis. If there is any such information, «ZZ» should provide the **Commission** with both confidential and public versions of its disclosure. The responsibility for ensuring that confidential information is not included in a public version of a disclosure rests entirely with «ZZ».

«ZZ» can also request that the **Commission** makes orders under section 100 of the Act in respect of information that is confidential. Any request for a section 100 order must be made when the relevant information is supplied to the **Commission** and must identify the reasons why the relevant information is confidential. The **Commission** will provide further information on section 100 orders if requested by «ZZ», including the principles that are applied when considering requests for such orders. Any section 100 order will apply for a limited time only as specified in the order. Once an order expires, the **Commission** will follow its usual process in response to any request for information under the Official Information Act 1982.

**Date of Response**

«ZZ» must supply the specified information to the Commission by email to the following address: [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz) by no later than 5pm on [insert date] 2011. The information must be provided under cover of a letter on «ZZ»'s company letterhead, signed by a person with the appropriate authority.

Dated at Wellington: [insert date] 2011

Signed by:

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Sue Begg  
Commission Deputy Chair

**SCHEDULE A: REQUIRED INFORMATION**

GDB Name  
Disclosure Year Ended

**Gas Distribution Business**  
**30 June 2011**

**SCHEDULE A: REQUIRED INFORMATION**

row		(\$000)	Ref
6			
7	Distribution revenue through prices	—	from A1
8			
9	Other regulated income	—	from A1
10			
11	Pass-through costs	—	from A1
12			
13	Recoverable costs	—	from A1
14			
15	Operating expenditure	—	from A1
16			
17	Sum of opening RAB values—disclosure year 2011	—	from A3
18			
19	Sum of depreciation	—	from A3
20			
21	Sum of opening RAB values of assets with nil physical asset life at end of the disclosure year 2011	—	from A3
22			
23	Sum of opening RAB values of disposed assets for the disclosure year 2011	—	from A3
24			
25	Sum of opening RAB values of lost assets for the disclosure year 2011	—	from A3
26			
27	Sum of closing RAB values of commissioned assets for the disclosure year 2011	—	from A3
28			
29	Sum of closing RAB values of found assets for the disclosure year 2011	—	from A3
30			
31	Positive permanent differences	—	from A6
32			
33	Negative permanent differences	—	from A6
34			
35	Adjusted depreciation - 2011	—	from A6
36			
37	Opening tax losses for disclosure year 2011	—	from A6
38			
39	Positive temporary differences	—	from A6
40			
41	Negative temporary differences	—	from A6
42			
43	Opening deferred tax - 2011	—	from A6
44			
45	Deferred tax balance relating to assets acquired in the disclosure year 2011	—	from A6
46			
47	Cost allocation adjustment 2011	—	from A6
48			
49	Tax depreciation for disclosure year 2011	—	from A6
50			
51	Sum of regulatory tax asset values - first day of disclosure year 2010	—	from A6
52			
53	Opening unamortised initial difference in asset values for disclosure year 2011	—	from A6
54			
55	Weighted average remaining useful life of relevant assets (years) - 2011	—	from A6
56			
57	Adjustment for sold assets or acquired assets	—	from A6
58			

GDB Name  
Disclosure Year Ended

**Gas Distribution Business**  
**30 June 2011**

**SCHEDULE A1: REGULATORY INCOME AND EXPENSES**

row		(\$000)	(\$000)	Ref
6	<u>Income</u>			
7	Distribution revenue through prices		–	1.1.4
8				
9	<b>Other regulated income</b>		–	5.3.2(7)
10				
11	<u>Costs and expenditure</u>			
12	<b>Pass-through costs</b>		–	3.1.2(1)
13				
14	<b>Recoverable costs</b>		–	3.1.3(1)
15				
16	General management, administration and overheads			from A2
17	plus System management and operations			from A2
18	plus Routine and preventative maintenance			from A2
19	plus Refurbishment and renewal maintenance			from A2
20	plus Fault and emergency maintenance			from A2
21	plus Other			from A2
22	Operating expenditure		–	
23				

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GDB Name **Gas Distribution Business**  
Disclosure Year Ended **30 June 2011**

SCHEDULE A2: ALLOCATION OF OPERATING COSTS 2011 (NON-PUBLIC)

row	Opex category	Cost allocator	Allocator type	Allocation methodology type	Allocator metrics or proportion allocated		Value allocated				OVABAA allocation increase	Line items
					Gas distribution services	Non-gas distribution services	Arm's length deduction	Gas distribution services	Non-gas distribution services	Total		
6	<b>General management, administration and overheads</b>											
7	Directly attributable operating costs											
8	Operating costs not directly attributable											
9	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA								
10	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA								
11	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA								
12	Total operating costs not directly attributable											
13	Total costs											
14												
15	<b>System management and operations</b>											
16	Directly attributable operating costs											
17	Operating costs not directly attributable											
18	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA								
19	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA								
20	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA								
21	Total operating costs not directly attributable											
22	Total costs											
23												
24	<b>Routine and preventive maintenance</b>											
25	Directly attributable operating costs											
26	Operating costs not directly attributable											
27	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA								
28	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA								
29	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA								
30	Total operating costs not directly attributable											
31	Total costs											
32												
33	<b>Refurbishment and renewal maintenance</b>											
34	Directly attributable operating costs											
35	Operating costs not directly attributable											
36	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA								
37	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA								
38	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA								
39	Total operating costs not directly attributable											
40	Total costs											
41												
42	<b>Fault and emergency maintenance</b>											
43	Directly attributable operating costs											
44	Operating costs not directly attributable											
45	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA								
46	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA								
47	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA								
48	Total operating costs not directly attributable											
49	Total costs											
50												
51	<b>Other</b>											
52	Directly attributable operating costs											
53	Operating costs not directly attributable											
54	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA								
55	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA								
56	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA								
57	Total operating costs not directly attributable											
58	Total costs											

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GDB Name  
Disclosure Year Ended

Gas Distribution Business  
30 June 2011

SCHEDULE A2: ALLOCATION OF OPERATING COSTS 2011 (PUBLIC)

ref	Opex category	Cost allocators	Percentage of value allocated to gas distribution services using proxy allocator type	Percentage of value allocated to gas distribution services using ACAM	Percentage of value allocated to gas distribution services using ABAA	Percentage of value allocated to gas distribution services using OVABAA	Value allocated				OVABAA allocation increase	Line items
							Arm's length deduction	Gas distribution services	Non-gas distribution services	Total		
65	<b>General management, administration and overheads</b>											
66	Directly attributable operating costs											
67	Operating costs not directly attributable	Allocators										
68	Total costs											
69	<i>to A1</i>											
70	<b>System management and operations</b>											
71	Directly attributable operating costs											
72	Operating costs not directly attributable	Allocators										
73	Total costs											
74	<i>to A1</i>											
75	<b>Routine and preventive maintenance</b>											
76	Directly attributable operating costs											
77	Operating costs not directly attributable	Allocators										
78	Total costs											
79	<i>to A1</i>											
80	<b>Refurbishment and renewal maintenance</b>											
81	Directly attributable operating costs											
82	Operating costs not directly attributable	Allocators										
83	Total costs											
84	<i>to A1</i>											
85	<b>Fault and emergency maintenance</b>											
86	Directly attributable operating costs											
87	Operating costs not directly attributable	Allocators										
88	Total costs											
89	<i>to A1</i>											
90	<b>Other</b>											
91	Directly attributable operating costs											
92	Operating costs not directly attributable	Allocators										
93	Total costs											
	<i>to A1</i>											

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GDB Name **Gas Distribution Business**  
Disclosure Year Ended **30 June 2011**

**SCHEDULE A3: REGULATORY ASSET BASE VALUES 2010 AND 2011**

row		Unallocated RAB *	RAB	Ref
		(\$000)	(\$000)	
6				
7	<u>Calculation of Initial RAB Values</u>			
8				
9	<b>2009 authorisation assets</b> as of 30 June 2009		-	2.2.3
10				
11	<b>2009 disclosed assets</b> - 'Non-Current Assets' as of 30 June 2009		-	2.2.3
12				
13	Total unadjusted asset values		-	
14				
15	2009 modified asset values (adjusted for results of <b>asset adjustment process</b> )		-	Note 1
16	Adjustment to reinstate 2009 modified asset values to unallocated amounts			2.2.3(2)
17	Unallocated 2009 modified asset values		-	
18				
19	<i>less (to the extent included in row 13)</i>			
20	Assets not used to <b>supply gas distribution services</b>			1.1.4
21	<b>Easement land</b>			1.1.4
22	Non-qualifying <b>intangible assets</b>			2.2.2
23	<b>Works under construction</b>			2.2.2
24	Unallocated asset values excluded from unallocated 2009 modified asset values		-	
25				
26	Sum of <b>unallocated initial RAB values</b>		-	
27				
28	<u>RAB Roll Forward - Disclosure Year 2010</u>			
29				
30	Sum of <b>unallocated opening RAB values—disclosure year 2010</b>		-	2.2.4(1)
31				
32	<i>less</i> Sum of <b>unallocated depreciation</b> other than for <b>disposed assets</b> or <b>lost assets</b>		-	2.2.5(1)
33	<i>plus</i> Sum of <b>unallocated revaluations</b>		-	2.2.9(1)
34	<i>plus</i> Sum of <b>assets commissioned</b>		-	2.2.11
35	<i>less</i> Sum of <b>unallocated opening RAB value of disposed assets</b>		-	1.1.4
36	<i>plus</i> Sum of <b>found assets</b>		-	2.2.12
37	<i>less</i> Sum of <b>unallocated opening RAB value of lost assets</b>		-	1.1.4
38				
39	Sum of <b>unallocated closing RAB values—disclosure year 2010</b>		-	from A5
40				
41	<u>Calculation of Revaluation Rate and Revaluation of Assets - Disclosure Year 2010</u>			
42				
43	<b>CPI</b> at CPI reference date—disclosure year 2009			2.2.9(4)
44	<b>CPI</b> at CPI reference date—disclosure year 2010			2.2.9(4)
45	<b>Revaluation rate (%)</b>	Not defined		2.2.9(4)
46	Sum of <b>unallocated opening RAB values—disclosure year 2010</b>		-	
47	Prima facie sum of <b>unallocated revaluations</b>		-	2.2.9(1)
48	<i>less</i> <b>Unallocated revaluations</b> relating to fully depreciated assets, <b>disposed assets</b> and <b>lost assets</b>		-	2.2.9(3)
49	Sum of <b>unallocated revaluations</b>		-	
50				
51	<u>RAB-related Information - Disclosure Year 2011</u>			
52				
53	Sum of <b>opening RAB values—disclosure year 2011</b>		-	2.2.4(3)
54				
55	Sum of <b>depreciation</b>		-	2.2.5(2)
56				
57	Sum of <b>opening RAB values</b> of assets with nil <b>physical asset life</b> at end of the <b>disclosure year 2011</b>		-	2.2.9(3)(a)
58				
59	Sum of <b>opening RAB values</b> of <b>disposed assets</b> for the <b>disclosure year 2011</b>		-	1.1.4
60				
61	Sum of <b>opening RAB values</b> of <b>lost assets</b> for the <b>disclosure year 2011</b>		-	1.1.4
62				
63	Sum of <b>closing RAB values</b> of <b>commissioned assets</b> for the <b>disclosure year 2011</b>		-	from A5
64				
65	Sum of <b>closing RAB values</b> of <b>found assets</b> for the <b>disclosure year 2011</b>		-	from A5
66				

Note 1: '2009 modified asset values' are the total values of **2009 authorisation assets** and **2009 disclosed assets** adjusted for the results of the **asset adjustment process**, being the asset register adjustments summarised in Schedule A4 and updated to 30 June 2009, where relevant, by taking account of depreciation and revaluation in accordance with cl. 2.2.1 of the GDB IIMS.

\* The 'unallocated RAB' is the total value of assets used wholly or partially to provide **gas distribution services** as if no allowance were made for the allocation of costs to non-**gas distribution services**.

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GDB Name  
Disclosure Year Ended

<b>Gas Distribution Business</b>
<b>30 June 2011</b>

**SCHEDULE A4: ASSET ADJUSTMENT PROCESS**

row		2004 *	2005	2006	2007	2008	2009	Ref	
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)		
6	<u>Summary of Engineer's Valuation Adjustments (at time asset enters regulatory asset register)</u>								
7	Show only the <u>incremental</u> amount of the valuation adjustment								
8	<b>Asset adjustment process - adjustments</b>								
9									
10	Include assets used to <b>supply gas distribution services</b>							2.2.1(2)(b)	
11	Correct asset register errors								
12	<a href="#">Insert details of asset or similar asset type</a>								
13	<a href="#">Insert details of asset or similar asset type</a>								
14	<a href="#">Insert details of asset or similar asset type</a>								
15		-	-	-	-	-	-	2.2.1(2)(c)	
16									
17	<b>Total value of adjustments by disclosure year</b>	-	-	-	-	-	-		
18	* Includes assets which first entered the regulatory asset register in a disclosure year prior to 2004.								
19									

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GDB Name  
Disclosure Year Ended

Gas Distribution Business  
30 June 2011

SCHEDULE A5: ALLOCATION OF UNALLOCATED RAB VALUES 2010 AND 2011 (NON-PUBLIC)

row	Allocation of Unallocated Closing RAB Values 2010											
	Asset categories	Asset allocator	Allocator type	Allocation methodology type	Allocator metrics or proportion allocated		Arm's length deduction	Value allocated			OVABAA allocation increase	Line Items
					Gas distribution services	Non-gas distribution services		Gas distribution services	Non-gas distribution services	Total		
6	Allocation of Unallocated Closing RAB Values 2010											
7	Asset Category 1											
8	Regulated service asset value directly attributable											
9	Regulated service asset value not directly attributable											
10	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA						-		
11	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA						-		
12	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA						-		
13	Total regulated service asset value not directly attributable				-	-	-	-	-	-	-	
14	Total regulated service asset value											
15	Asset Category 2											
16	Regulated service asset value directly attributable											
17	Regulated service asset value not directly attributable											
18	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA						-		
19	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA						-		
20	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA						-		
21	Total regulated service asset value not directly attributable				-	-	-	-	-	-	-	
22	Total regulated service asset value											
23	Asset Category 3											
24	Regulated service asset value directly attributable											
25	Regulated service asset value not directly attributable											
26	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA						-		
27	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA						-		
28	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA						-		
29	Total regulated service asset value not directly attributable				-	-	-	-	-	-	-	
30	Total regulated service asset value											
31	Total regulated service asset value directly attributable											
32	Total regulated service asset value not directly attributable											
33	Total regulated service asset value											
34	to A3											
35	Total regulated service asset value directly attributable											
36	Total regulated service asset value not directly attributable											
37	Total regulated service asset value											
38	to A3											
39	Allocation of Unallocated Closing RAB Values 2011 - Commissioned Assets and Found Assets											
40	Commissioned assets - asset categories											
41	Regulated service asset value directly attributable											
42	Regulated service asset value not directly attributable											
43	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA						-		
44	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA						-		
45	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA						-		
46	Total regulated service asset value not directly attributable				-	-	-	-	-	-	-	
47	Total regulated service asset value											
48	to A3											
49	Found assets - asset categories											
50	Regulated service asset value directly attributable											
51	Regulated service asset value not directly attributable											
52	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA						-		
53	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA						-		
54	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA						-		
55	Total regulated service asset value not directly attributable				-	-	-	-	-	-	-	
56	Total regulated service asset value											
57	to A3											
58	Page 7											

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GDB Name **Gas Distribution Business**  
Disclosure Year Ended **30 June 2011**

**SCHEDULE A5: ALLOCATION OF UNALLOCATED RAB VALUES 2010 AND 2011 (PUBLIC)**

row	Allocation of Unallocated Closing RAB Values 2010											
	Asset categories	Asset allocator	Percentage of value allocated to gas distribution services using proxy allocator type	Percentage of value allocated to gas distribution services using ACAM	Percentage of value allocated to gas distribution services using ABAA	Percentage of value allocated to gas distribution services using OVABAA	Value allocated				OVABAA allocation increase	Line Items
							Arm's length deduction	Gas distribution services	Non-gas distribution services	Total		
71	<u>Asset Category 1</u>											
72	Regulated service asset value directly attributable											
73	Regulated service asset value not directly attributable	Allocators								-		
74	Total regulated service asset value attributable							-				
75	<u>Asset Category 1</u>											
76	Regulated service asset value directly attributable											
77	Regulated service asset value not directly attributable	Allocators								-		
78	Total regulated service asset value attributable							-				
79	<u>Asset Category 1</u>											
80	Regulated service asset value directly attributable											
81	Regulated service asset value not directly attributable	Allocators								-		
82	Total regulated service asset value attributable							-				
83	<b>Total regulated service asset value directly attributable</b>											
84	<b>Total regulated service asset value not directly attributable</b>											
85	<b>Total regulated service asset value</b>											
86	<i>to A3</i>											
88	Allocation of Unallocated Closing RAB Values 2011 - Commissioned Assets and Found Assets											
90	Asset categories	Asset allocator	Percentage of value allocated to gas distribution services using proxy allocator type	Percentage of value allocated to gas distribution services using ACAM	Percentage of value allocated to gas distribution services using ABAA	Percentage of value allocated to gas distribution services using OVABAA	Value allocated				OVABAA allocation increase	Line Items
91							Arm's length deduction	Gas distribution services	Non-gas distribution services	Total		
92	<u>Commissioned Assets</u>											
93	Regulated service asset value directly attributable											
94	Regulated service asset value not directly attributable	Allocators								-		
95	Total regulated service asset value attributable							-				
96	<u>Found Assets</u>											
97	Regulated service asset value directly attributable											
98	Regulated service asset value not directly attributable	Allocators								-		
99	Total regulated service asset value attributable							-				
100	<i>to A3</i>											

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GDB Name **Gas Distribution Business**  
Disclosure Year Ended **30 June 2011**

**SCHEDULE A6: REGULATORY TAX INFORMATION**

row		(\$000)	Ref
6	<b>Tax Permanent Differences - 2011</b>		
7			
8	Income not included in regulatory profit / (loss) before tax but taxable		2.3.3(2)
9	Expenditure or loss in regulatory profit / (loss) before tax but not deductible		2.3.3(2)
10	<b>Positive permanent differences</b>	-	
11			
12	<i>* Provide descriptions and values for each category of item (further explanation can be provided in a separate note if necessary).</i>		
13			
14			
15			
16			
17			
18	Income included in regulatory profit / (loss) before tax but not taxable		2.3.3(4)
19	Expenditure or loss deductible but not in regulatory profit / (loss) before tax		2.3.3(4)
20	<b>Negative permanent differences</b>	-	
21			
22	<i>* Provide descriptions and values for each category of item (further explanation can be provided in a separate note if necessary). Amounts should exclude interest, tax losses and subvention payments (refer cl. 2.3.3(5) of the GDB IMs).</i>		
23			
24			
25			
26			
27			
28	<b>Adjusted depreciation - 2011</b>	-	2.3.6
29			
30	<b>Opening tax losses for disclosure year 2011</b>	-	2.3.2(3)
31			
32	<b>Tax Temporary Differences - 2011</b>		
33			
34	Income not included in regulatory profit / (loss) before tax but taxable		2.3.8(4)
35	Expenditure or loss in regulatory profit / (loss) before tax but not deductible		2.3.8(4)
36	<b>Positive temporary differences</b>	-	
37			
38	<i>* Provide descriptions and values for each category of item (further explanation can be provided in a separate note if necessary). Amounts should exclude tax depreciation and regulatory depreciation (refer cl. 2.3.8(4) of the GDB IMs).</i>		
39			
40			
41			
42			
43			
44	Income included in regulatory profit / (loss) before tax but not taxable		2.3.8(5)
45	Expenditure or loss deductible but not in regulatory profit / (loss) before tax		2.3.8(5)
46	<b>Negative temporary differences</b>	-	
47			
48	<i>* Provide descriptions and values for each category of item (further explanation can be provided in a separate note if necessary). Amounts should exclude tax depreciation and regulatory depreciation (refer cl. 2.3.8(5) of the GDB IMs).</i>		
49			
50			
51			
52			
53			
54	<b>Temporary differences 2010</b>		2.3.8
55			
56	<b>Amortisation of initial difference in asset values 2010</b>		2.3.5
57			
58	Deferred tax balance relating to assets acquired in the <b>disclosure year 2010</b>		2.3.7(3)
59			
60	<b>Cost allocation adjustment 2010</b>		2.3.7(5)
61			
62	<b>Opening deferred tax - 2011</b>	-	2.3.7(1)
63			
64	Deferred tax balance relating to assets acquired in the <b>disclosure year 2011</b>	-	2.3.7(3)
65			
66	<b>Cost allocation adjustment 2011</b>	-	2.3.7(5)
67			
68	<b>Tax depreciation for disclosure year 2011</b>	-	2.3.8(3)
69			
70	<b>Other Tax Asset Value Information</b>		
71			
72	Sum of regulatory tax asset values - first day of disclosure year 2010	-	2.3.9
73			
74	<b>Opening unamortised initial difference in asset values for disclosure year 2011</b>	-	2.3.5(2)
75			
76	Weighted average remaining useful life of relevant assets (years) - 2011	-	defined
77			
78	Adjustment for sold assets or acquired assets	-	2.3.5(4)
79			

**SCHEDULE B: DEBT INFORMATION**

GDB Name  
Disclosure Year Ended

<b>Gas Distribution Business</b>
<b>30 June 2011</b>

**SCHEDULE B: REQUIRED INFORMATION**

row

6 **Term Credit Spread Differential Information** **(\$000 unless otherwise specified)**

7 This schedule is only to be completed if at the date of the most recently published financial statements, the weighted average original tenor of the GDB's debt portfolio (both **qualifying debt** and non-qualifying debt) is greater than five years - refer cl. 2.4.9(2) of the GDB IMs. The information should relate to the group level of the GDB.

8	Issuing party (or other identifying information)	Issue date	Pricing date	Original tenor (in years) *	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)
9							
10							
11							
12							
13							
14							
15							
16							

17 \* Where **qualifying debt** is issued to a related party, the meaning of 'original tenor' of the qualifying debt has the meaning given in cl. 2.4.10(3) of the GDB IMs.

## **SCHEDULE C: INFORMATION REQUIREMENTS FOR ENGINEER'S REPORT**

1. The report must be completed by an 'engineer' as defined in clause 1.1.4 of the *Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010* ('GDB IMs') in respect of the 'asset adjustment process' for setting the initial regulatory asset base for an GDB as set out in clause 2.2.1 of the GDB IMs.
2. The report must:
  - (a) be in writing and be accessible in electronic (PDF file-type) format;
  - (b) include a copy of the written instructions provided to the engineer by the GDB, including any subsequent variations or modifications;
  - (c) include a table summarising the various asset value adjustments and corresponding to Schedule A4 of the Information Disclosure Notice Templates;
  - (d) provide the minimum information for each category of asset adjustment outlined in Table 1 below, together with such additional information sufficient to allow a reader of the report:
    - (i) to understand the data, information, calculations and assumptions employed in respect of each category of asset adjustment;
    - (ii) to understand the extent to which professional judgement was exercised by the engineer and the effect of that judgement in deriving the resultant asset values; and
    - (iii) to verify the arithmetical accuracy of the asset adjustment calculations.
  - (e) include a signed statement by the engineer that:
    - (i) the ODV rules have been properly applied for assets which had not had an ODV valuation calculated originally as required by clause 2.2.1 of the GDB IMs;
    - (ii) where values under Generally Accepted Accounting Practice have been relied on, those values have been supplied or reviewed by an appropriately qualified party (e.g. accounting practitioner); and
    - (iii) the report meets the requirements of this Schedule C.

[DRAFT FOR CONSULTATION]  
[GDB]

**Table 1: Minimum Information Requirements for Adjustments to Assets**

Category of adjustment	GDB IM cl. ref	Designated asset type	Minimum information requirements
Include assets used to supply gas distribution services but not assets listed in 2.2.1(4)	2.2.1(2)(b)	Included	<ul style="list-style-type: none"> <li>▪ Description of each asset (or asset type where assets are substantially similar)</li> <li>▪ Value of the asset (or sum value of each similar asset type) as of the last day of the disclosure year 2009, being the depreciated historic cost value that would have resulted from applying generally accepted accounting practice</li> </ul>
Correct asset register errors	2.2.1(2)(c)	Included	<ul style="list-style-type: none"> <li>▪ Description of each asset (or asset type where assets are substantially similar)</li> <li>▪ Value of the asset (or sum value of each similar asset type) as of the day the asset enters the regulatory asset register, being the value that would have resulted from applying the Gas (information Disclosure) Regulations 1997</li> </ul>
		Excluded	<ul style="list-style-type: none"> <li>▪ Description of each asset (or asset type where assets are substantially similar)</li> <li>▪ Value of each asset (or asset type where assets are substantially similar) as of the day the asset entered the regulatory asset register</li> </ul>
		Value modified	<ul style="list-style-type: none"> <li>▪ Description of each asset (or asset type where assets are substantially similar) and type of error (incorrect asset category, incorrect estimation of quantity, age, category or location now known to be incorrect)</li> <li>▪ Value of each asset (or asset type where assets are substantially similar) as of the day the asset entered the regulatory asset register</li> <li>▪ Calculation of relevant adjustment to value in order to correct for the error</li> <li>▪ Resultant 'modified value' for each asset (or sum value of each similar asset type) as of the day the asset entered the regulatory asset register</li> </ul>

## SCHEDULE D: FORM OF DIRECTORS' CERTIFICATE

We, *[insert full name of first director]* and *[insert full name of second director]*, being directors of «COMPANY\_QQ» («ZZ») certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Schedule A *\*[and Schedule B]* complies with the Commission's requirements in respect of the request for information, which was issued by notice in writing to «ZZ» under section 53ZD of the Commerce Act 1986 on *[insert date]* *\*[except in the following respects: *[insert description of non-compliance]*]*

*\*[In respect of the arms' length deduction applied for the purpose of completing Schedules A2 / A5 *[delete as appropriate]*, we certify that, having made all reasonable enquiry, our belief is that it was appropriate to make those deductions].*

*\*[In respect of the optional variation to accounting-based allocation approach applied for the purpose of completing Schedules A2 / A5 *[delete as appropriate]*, we certify that, having made all reasonable enquiry, our belief is that:*

- (a) the following unregulated services would be unduly deterred had adjustments to allocations of regulated service asset values (in accordance with clause 2.1.5 of the input methodologies applying to GDBs) not been made: *[list relevant unregulated services]*; and*
- (b) the following unregulated services would be unduly deterred had adjustments to allocations of operating costs (in accordance with clause 2.1.5 of the input methodologies applying to GDBs) not been made: *[list relevant unregulated services]*.]*

*[Signatures of directors]*

*[Date]*

*\*Delete if inapplicable.*

## **SCHEDULE E: FORM OF INDEPENDENT ASSURANCE REPORT**

To the Commissioners of the New Zealand Commerce Commission and the Directors of «COMPANY\_QQ»:

We have been engaged to provide an independent assurance report on the:

- Schedule of Required Information (Schedules A to A6); and
- \*[Schedule of Required Information (Schedule B)]

prepared by «COMPANY\_QQ» («ZZ») in accordance with the Commerce Commission's requirements issued by notice in writing to «ZZ» under section 53ZD of the Commerce Act 1986 on [insert date] 2011 (the Notice).

\*Delete if inapplicable.

### **Directors' and Auditors' Responsibilities**

«ZZ»'s directors are responsible for ensuring that the information provided is prepared in accordance with the Notice and for such internal controls as the directors determine are necessary to ensure the information provided is free from material misstatement.

We are qualified as an auditor as defined in the Notice. Our responsibility is to express an independent opinion on whether the information prepared by «ZZ» has been calculated in accordance with the Notice for the regulatory period ended 30 June 2011.

### **Use of this Independent Assurance Report**

This independent assurance report has been prepared solely for the Directors of «COMPANY\_QQ» and the Commissioners of the New Zealand Commerce Commission in accordance with the Notice. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of «COMPANY\_QQ» and the Commissioners, or for any purpose other than that for which it was prepared.

### **Independence**

We have no relationship with, or interests in «ZZ» other than [insert relationship and/or interests including a statement verifying that no conflict of interest exists].

### **Basis of Opinion**

We conducted an assurance engagement in accordance with the Framework for Assurance Engagements, SAE 3100: Compliance Engagements and the International Standard on Assurance Engagements (New Zealand) 3000 (ISAE (NZ) 3000).

The professional standards require that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance about whether the information as provided is free from material misstatement.

[DRAFT FOR CONSULTATION]  
[GDB]

Considering materiality requires that we understand the factors that might influence the decisions of the intended users of the information in Schedules A to A6 [and B] when determining the nature and extent of our evidence-gathering procedures.

Our assurance engagement involves performing procedures to obtain appropriate evidence in respect of the information in Schedules A to A6 [and B] and the overall compliance with the Notice. The procedures selected depend on judgement, including the assessment of the risks of material misstatement, whether due to fraud, error or other reasons. In evaluating those risks we consider the internal controls that are relevant to «ZZ»'s provision of the information in Schedules A to A6 [and B] in order to design assurance procedures that are appropriate in the circumstances. We do not express an opinion on the effectiveness of «ZZ»'s internal controls.

In relation to the Notice, our assurance procedures included examination, on a test basis, of evidence relevant to each item of information in Schedules A to A6 [and B]. Specifically, our assurance procedures included examining, on a test basis, evidence to support the information in Schedules A to A6 [and B], examination of internally and externally generated documents and records relevant to the information, interviewing selected personnel, and such other procedures as we considered necessary.

These procedures included:

- d. reviewing the methodologies used in preparing the information in Schedules A to A6 [and B] and confirming that they are in accordance with the methodologies set out in the Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010 (IM determination) and the requirements set out in the Notice, and providing assurance that the underlying assumptions used are reasonable;
- e. testing whether the calculations are mathematically correct;
- f. identifying key inputs to the information in Schedules A to A6 [and B] and reconciling or agreeing them to source documents and systems.

In performing the procedures noted above, we have placed reliance on «ZZ»'s underlying systems and business records from which inputs were sourced for the preparation of the information in Schedules A to A6 [and B].

### **Opinion**

In our opinion:

- (1) the recorded evidence and explanations we have obtained are sufficient and appropriate to provide a basis for our independent opinion on «ZZ»'s compliance with the Notice;
- (2) where relevant, the information used in the preparation of the information in Schedules A to A6 [and B] has been properly extracted from «ZZ»'s accounting records, sourced from its financial systems; and

[DRAFT FOR CONSULTATION]  
[GDB]

- (3) the information in Schedule A to A6 [and B] has been calculated by «ZZ» in all material respects, in accordance with the Notice.

**\*[Qualification on Opinion]**

\*[Our opinion is qualified as follows:]

\*[Insert the nature of and reason(s) for the qualification together with the estimated impact on the information provided in Schedules A to A6 [and B].]

Our assurance engagement was completed on [insert date] and our opinion is expressed as at that date.

[Signature of auditor]

[Name of firm]

[Address of firm]

[Date]

\*Delete if inapplicable.