

By email

21 March 2016

Jelle Sjoerdsma
Commercial Operator
Maui Pipeline for Maui Development Limited
Maui Development Limited
PO Box 23039
WELLINGTON 6140

Dear Jelle

Exemption request response - Regulatory tax disclosures

1. We refer to your letter of 24 February 2016 in which you requested Maui Development Limited (**MDL**) be exempt from the requirement to disclose information within Schedule 5a(iv): Regulatory Tax Asset Base Roll-Forward as required by the Gas Transmission Information Disclosure Determination 2012 (**ID Determination**).
2. Your request arises as you do not believe that you can reliably ascertain whether the numbers provided by your shareholders meet the requirements of the Input Methodologies which apply to MDL.
3. Whilst the request only requested an exemption from being required to disclose Schedule 5a(iv), the tax depreciation number required to be disclosed within this schedule is also required to be disclosed within Schedule 5a(i) Regulatory Tax Allowance. Accordingly the scope of the exemption request would need to be widened to address your concern raised.
4. Under clause 2.11.1 of the ID Determination for the disclosure year 2016 the Commission exempts MDL from the requirement to disclose information under Schedule 5a(iv) Regulatory Tax Asset Base Roll-Forward.
5. The exemption is granted on the condition that MDL:
 - 5.1 report the values for 'tax depreciation' and 'total depreciation' in Schedule 5a(i) as nil for the disclosure year 2016;
 - 5.2 note the existence of this exemption and the disclosures impacted by it in Schedule 15, Voluntary Explanatory Notes. If MDL does not intend to prepare a Schedule 15 for the disclosure year 2016 then this information should be provided within Box 5 of Schedule 14.

6. This exemption may be revoked or amended in accordance with clause 2.11.1(2) of the ID Determination.
7. We note that tax depreciation is currently an input in the financial model for the Gas Transmission Services Default Price-Quality Path reset (DPP reset). Accordingly we may require a tax asset value and tax depreciation for the year ended 31 December 2015 to be subsequently calculated and provided under a s53ZD notice as provided for under the Commerce Act 1986.
8. Whilst the Commission has granted this exemption for disclosure year 2016 we note that provision of information compliant with the ID Determination is a requirement on MDL. Accordingly MDL needs to consider how tax asset information including tax depreciation compliant with the ID Determination will be prepared for future disclosure periods and/or in relation to the transaction for the sale of the Maui Pipeline.

Yours sincerely



Sue Begg

Deputy Chair