

**[Draft] Gas Distribution Information Disclosure  
(amendments related to IM Review 2023) Amendment  
Determination 2024**

**[2024] NZCC [XX]**

The Commission:     Vhari McWha  
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Date of decision:     [day] [month] 2024

[signature]

[name], Commissioner

Dated at Wellington this [day] of [month] 2024

COMMERCE COMMISSION

Wellington, New Zealand

<b>Determination history</b>		
<b>Determination date</b>	<b>Decision number</b>	<b>Determination name</b>
1 October 2012	[2012] NZCC 23	Gas Distribution Information Disclosure Determination
24 March 2015	[2015] NZCC 7	2015 Amendment to the Gas Distribution Information Disclosure Determination 2012
14 June 2017	[2017] NZCC 11	Gas Distribution Information Disclosure Amendments Determination (No.1) 2017
21 December 2017	[2017] NZCC 34	Gas Distribution Information Disclosure Amendments Determination (No.2) 2017
30 May 2022	[2022] NZCC 17	Gas Distribution Information Disclosure Amendment Determination 2022
[day] [month] 2024	[2024] NZCC [XX]	Gas Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024

[Drafting notes:

- This determination amends the Gas Distribution Information Disclosure Determination [2012] NZCC 23, as previously amended ('principal determination').
- The included amendments which are secondary legislation are made under the Legislation Act 2019 and Part 4 of the Commerce Act 1986.
- The amendments to the body of the principal determination are marked as track changes in red.]

# **Gas Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024**

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Under Part 4 of the Commerce Act 1986, the Commerce Commission makes the following determination:

1. TITLE

- (a) This determination is the Gas Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024.

2. INTERPRETATION

- (a) In this determination (excluding Attachments A and B), the words or phrases in bold type bear the following meanings:

- (i) **Act** has the same meaning as in the **principal determination**;
- (ii) **disclosure year** has the same meaning as in the principal determination;
- (iii) **principal determination** means the Gas Distribution Information Disclosure Determination [2012] NZCC 23.

3. DETERMINATION AMENDED

- (a) This determination amends the **principal determination**.

4. COMMENCEMENT AND APPLICATION

- (a) This determination comes into force on [the date after the final determination is published], under s26(1) of the Legislation Act 2019.

- (b) Without limiting paragraph (a), the following amendments apply from 1 January 2025, for **disclosure year** 2025 and subsequent **disclosure years**:

- (i) amendments to clause 1.4.1 of the **principal determination** in Attachment B;
- (ii) amendments, deletions and insertions of the following definitions in clause 1.4.3 of the **principal determination** in Attachment B:
  - “arm’s-length transaction”;
  - references to “disclosure year 2017”;
  - “ISA (NZ) 550”;
  - “ISAE (NZ) 3000”; and
  - “SAE 3100”
- (iii) amendments to the **principal determination** in clause 2.6, including any definitions in clause 1.4.3 of Attachment B relevant to that clause;

- (iv) amendments and deletions to the definition of “Gains / (losses) on asset disposals” and “Asset disposals (other than below)” in Schedule 16 of the **principal determination** in Attachment B;
  - (v) amendments, deletions and insertions to:
    - Schedule 13: Instructions for completing the Report on Asset Management Maturity; and
    - paragraph 2 of Schedule 16: Definitions of terms used in Schedules 1 to 15.
- (c) Without limiting paragraph (a), and subject to paragraph (b), all other amendments to the **principal determination** apply from:
- (i) 1 July 2025 for Vector and Gasnet and 1 October 2025 for First Gas and Powerco, being the commencement of **disclosure year 2026**; and
  - (ii) do not apply for the disclosure of information relating to **disclosure year 2025**.

#### 5. REPLACEMENT OF MATERIAL INCORPORATED BY REFERENCE

- (a) This determination replaces material incorporated by reference into the **principal determination**, in accordance with clause 5(1)(c)(i) of Schedule 5 of the **Act**, as follows. The replacement material has legal effect as part of the **principal determination**.

Original material incorporated by reference	Replacement material incorporated by reference
<p><i>International Standard on Assurance Engagements (New Zealand) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>, issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in July 2014, under the Financial Reporting Act 2013</p>	<p><i>International Standard on Assurance Engagements (New Zealand) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE (NZ) 3000 (Revised))</i>, issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in July 2014 and incorporating amendments up to May 2022, under the Financial Reporting Act 2013</p>

Original material incorporated by reference	Replacement material incorporated by reference
<i>Standard on Assurance Engagements 3100 – Compliance Engagements</i> , issued by the External Reporting Board in October 2014 and incorporating amendments up to August 2014, under the Financial Reporting Act 2013	<i>Standard on Assurance Engagements 3100 (Revised) – Compliance Engagements (SAE 3100 (Revised))</i> , issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in March 2017 and incorporating amendments up to May 2022, under the Financial Reporting Act 2013

## 6. PRINCIPAL DETERMINATION AMENDMENTS

- (a) Replace the contents page of the **principal determination** with the contents page in Attachment A.
- (b) The amendments to the body of the **principal determination** are the deletions, substitutions and additions to the attached copy of the **principal determination** that are tracked in red in Attachment B.
- (c) The following schedules in the **principal determination** are replaced with new versions published [on date], and are available on the Commerce Commission website:
  - (i) Schedule 4 – REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)
- (d) The following schedules, which are not included in Attachment B, but form part of the **principal determination**, and are available on the Commerce Commission website:
  - (i) Schedule 1 – ANALYTICAL RATIOS
  - (ii) Schedule 2 – REPORT ON RETURN ON INVESTMENT
  - (iii) Schedule 3 – REPORT ON REGULATORY PROFIT
  - (iv) Schedule 5A – REPORT ON REGULATORY TAX ALLOWANCE
  - (v) Schedule 5B – REPORT ON RELATED PARTY TRANSACTIONS
  - (vi) Schedule 5C – REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE
  - (vii) Schedule 5D – REPORT ON COST ALLOCATIONS
  - (viii) Schedule 5E – REPORT ON ASSET ALLOCATIONS



- (ix) Schedule 5F – REPORT ON SUPPORTING COST ALLOCATIONS
- (x) Schedule 5G – REPORT ON SUPPORTING ASSET ALLOCATIONS
- (xi) Schedule 6A – REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR
- (xii) Schedule 6B – REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR
- (xiii) Schedule 7 – COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE
- (xiv) Schedule 8 – REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES
- (xv) Schedule 9A – ASSET REGISTER
- (xvi) Schedule 9B – ASSET AGE PROFILE
- (xvii) Schedule 9C – REPORT ON PIPELINE DATA
- (xviii) Schedule 9D – REPORT ON DEMAND
- (xix) Schedule 10A – REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS
- (xx) Schedule 10B – REPORT ON NETWORK INTEGRITY
- (xxi) Schedule 11A – REPORT ON FORECAST CAPITAL EXPENDITURE
- (xxii) Schedule 11B – REPORT ON FORECAST OPERATIONAL EXPENDITURE
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- (xxiv) Schedule 12B – REPORT ON FORECAST UTILISATION
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## Attachment A

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The Part 3 Schedules that form part of this Determination but are not included in this document are contained in separate Microsoft Excel workbooks titled:

- GDB ID Determination Templates for Schedules 1 – 10
- GDB ID Determination Templates for Schedules 5f – 5g
- GDB ID Determination Templates for Schedules 11a – 13

These schedules are available on the Commerce Commission website.

## Attachment B

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### PART 1 GENERAL PROVISIONS

#### 1.1 TITLE

1.1.1 This determination is the Gas Distribution Information Disclosure Determination 2012.

#### 1.2 COMMENCEMENT DATE

1.2.1 This determination comes into force on 1 October 2012.

#### 1.3 APPLICATION

1.3.1 This determination applies to **gas distribution businesses** as suppliers of regulated goods and services under Part 4 of the **Act**.

#### 1.4 INTERPRETATION

1.4.1 In this determination, unless the context otherwise requires-

- (1) Terms in bold type in the main body of this determination (including the attachment) have the meaning given to those terms in this section 1.4. Terms used in the schedules are defined in Schedule 16;
- (2) Terms used in this determination that are defined in the **Act** but not in this determination, have the same meanings as in the **Act**;
- (3) Terms used in this determination that are defined in the **IM determination** but not in this determination have the same meanings as in the **IM determination**;
- (4) A word which denotes the singular also denotes the plural and vice versa;
- (5) An obligation to do something is deemed to include an obligation to cause that thing to be done;
- (6) Financial items must be measured and disclosed in accordance with **GAAP** unless otherwise required by this determination or the **IM determination**;
- (7) Non-financial items must be measured and disclosed in accordance with standard industry practice unless otherwise required in this determination;

- (8) ~~guidance~~Guidance notes in this determination are for guidance purposes only and any material referred to in the guidance notes does not form part of the determination;
- (9) ~~where~~Where any material referred to in guidance notes is inconsistent with this determination, this determination prevails; and
- (10) ~~materials~~Materials incorporated by reference into this determination, including standards promulgated by other bodies, are incorporated under the terms of Schedule 5 of the **Act**.

*Guidance note: (refer to clause 1.4.1(8)-(9))*

*Commerce Commission “Input methodologies review final decision – Related party transactions – Final decision and determinations guidance” (21 December 2017), Attachment D notes the process by which materials are incorporated by reference in this determination.*

1.4.2 If there is any inconsistency between the main body of this determination (including the attachment) and any schedule to this determination, the main body of this determination prevails.

1.4.3 In this determination, the words or phrases in bold type bear the following meanings:

	<b>A</b>
<b>ABAA</b>	has the meaning given in the <b>IM determination</b>
<b>ACAM</b>	has the meaning given in the <b>IM determination</b>
<b>Act</b>	means the Commerce Act 1986
<b>Allocated works under construction</b>	means, for the components of the <b>works under construction</b> roll-forward, the <b>works under construction</b> values after the application of clause 2.1.1 of the <b>IM determination</b>
<b>Allocation methodology type</b>	has the meaning given in the <b>IM determination</b>
<b>Allocator</b>	means the measure used to allocate <b>operating costs</b> or <b>regulated service asset</b>

	<b>values</b> that are not <b>directly attributable</b> as set out in clause 2.1.3 or clause 2.1.4 of the <b>IM determination</b>
<b>AMP</b>	means <b>asset management plan</b>
<b>AMP planning period</b>	has the meaning specified in clause 3.4 of Attachment A to this determination
<b>AMP update</b>	has the meaning specified in clause 2.6.5 of this determination
<b>Arm's-length transaction</b>	has the meaning given in the <b>IM determination</b> <i>Guidance note: (refer to clause 1.4.1(8) (9))</i> <i>This definition used in the IM determination is identical to the definition in ISA (NZ) 550.</i>
<b>Asset management plan</b>	has the meaning in clause 2.6.1 of this determination
<b>Asset relocations</b>	in relation to expenditure, means <b>expenditure on assets</b> where the <b>primary driver</b> is the need to relocate assets due to third party requests, such as for the purpose of allowing road widening or similar needs. This expenditure category includes <b>expenditure on assets</b> relating to the undergrounding of previously aboveground assets at the request of a third party
<b>Asset replacement and renewal</b>	means- (a) in relation to <b>capital expenditure, expenditure on assets</b> (b) in relation to <b>operational expenditure, operational expenditure</b> where the <b>primary driver</b> is the need to maintain <b>network</b> asset integrity so as to maintain current security and/or quality of supply standards and includes expenditure to replace or renew assets incurred as a result of-

- the progressive physical deterioration of the condition of **network** assets or their immediate surrounds
- the obsolescence of **network** assets
- preventative replacement programmes, consistent with asset life-cycle management policies, or
- the need to ensure the ongoing physical security of the **network** assets

**Assets commissioned**

means-

- (a) in relation to the **unallocated RAB** or **unallocated works under construction**, the sum of value of **commissioned** assets as determined in accordance with clause 2.2.11 of the **IM determination**
- (b) in relation to the **RAB** or **allocated works under construction**, the value of the assets (as determined in accordance with paragraph (a)) which is allocated to the **gas distribution services** in accordance with clause 2.1.1 of the **IM determination**
- (c) in relation to forecast information, a forecast of the value of the assets (as determined in accordance with paragraph (b)) for a future **disclosure year**

**Audited disclosure information**

means information required to be disclosed under any of-

- (a) clauses 2.3.1 and 2.3.2 of this determination;
- (b) the SAIDI and SAIFI information disclosed in Schedule 10a(ii) under subclauses 2.5.1(1)(e) and 2.5.2(1)(e);
- (c) the **related party transactions** information disclosed under clauses 2.3.8, 2.3.10-2.3.12; and



- (d) the explanatory notes disclosed in boxes 1 to 11 of Schedule 14 under clause 2.7

**C**

**Capital contributions**

has the meaning given in the **IM determination**

**Capital expenditure**

means-

- (a) in relation to the **unallocated works under construction**, costs:
  - (i) incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned**; and
  - (ii) that are included or are intended to be included in the value of **assets commissioned** relating to the **unallocated RAB**
- (b) in relation to the Report on **related party transactions**, costs:
  - (i) incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned**; and
  - (ii) that are included or are intended to be included in the value of **assets commissioned** relating to the **RAB**; and
  - (iii) that are as a result of **related party transactions**
- (c) in all other instances, costs:
  - (i) incurred or forecast to be incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned**; and
  - (ii) that are included or are intended to be included in the value of **assets commissioned** relating to the **RAB**

<b>Causal relationship</b>	has the meaning given in the <b>IM determination</b>
<b>Commencement date</b>	means the date specified in clause 1.2.1 of this determination
<b>Commission</b>	means the Commerce Commission
<b>Commissioned</b>	has the meaning given in the <b>IM determination</b>
<b>Constant prices</b>	means, in relation to the prospective disclosures made under clauses 2.6.1, 2.6.3, and 2.6.6 of this determination, prices expressed in New Zealand dollars as at the mid-point of the <b>current year</b> . Constant price expenditure forecasts are forecasts based on constant price assumptions
<b>Consumer</b>	means a <b>person</b> that consumes or acquires <b>gas distribution services</b>
<b>Consumer connection</b>	<p>in relation to expenditure, means <b>expenditure on assets</b> where the <b>primary driver</b> is the establishment of a new customer connection point or alterations to an existing customer connection point. This expenditure category includes <b>expenditure on assets</b> relating to-</p> <ul style="list-style-type: none"><li>(a) connection assets and/or parts of the <b>network</b> for which the expenditure is recoverable in total, or in part, by a contribution from the customer requesting the new or altered connection point; and</li><li>(b) both gas injection and offtake points of connection</li></ul>
<b>Consumer group</b>	means the category of <b>consumer</b> used by the <b>GDB</b> for the purposes of setting <b>prices</b>
<b>Contract</b>	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-

	<ul style="list-style-type: none"><li>(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</li><li>(b) any operating agreement, side letter, or documentation that influences, adjusts or amends the terms and conditions of the contract</li></ul>
<b>Contracting services</b>	means the following services, when provided under a <b>contract</b> between the <b>GDB</b> and a <b>related party</b> - <ul style="list-style-type: none"><li>(a) construction and maintenance</li><li>(b) <b>network</b> management</li><li>(c) connection and disconnection services</li></ul>
<b>Cost of financing</b>	means the cost of financing incurred by a <b>GDB</b> and accumulated during the construction phase of a project that creates a new <b>network</b> asset, determined in accordance with clause 2.2.11(2) of the <b>IM determination</b> and allocated to the <b>gas distribution services</b> in accordance with clause 2.1.1 of the <b>IM determination</b>
<b>CPP</b>	has the meaning given in the <b>IM determination</b>
<b>Current year or CY</b>	means- <ul style="list-style-type: none"><li>(a) in relation to the historic disclosures made under clause 2.3.1 of this determination, the <b>disclosure year</b> of the report</li><li>(b) in relation to the prospective disclosures made under clauses 2.6.1, 2.6.3, and 2.6.6 of this determination, the <b>disclosure year</b> in which the report is prepared</li></ul>
<b>CY, CY-X or CY+X</b>	means- <ul style="list-style-type: none"><li>(a) the <b>current year</b>; or</li><li>(b) where a '-' precedes 'X', the Xth year preceding the <b>current year</b>; or</li></ul>

- (c) where a '+' precedes the 'X', the Xth year following the **current year**

## D

**Directly attributable**

has the meaning given in the **IM determination**

**Director**

has the meaning given in the **IM determination**

**Disclosure year**

means-

- (a) for Vector and for GasNet the 12 month period ending on 30 June of the year the disclosure relates to (*for example, disclosure year 2017 is the 12 months ended 30 June 2017*)
- (b) for First Gas and Powerco the 12 month period ending on 30 September of the year the disclosure relates to (*for example, disclosure year 2018 is the 12 months ended 30 September 2018*)

~~(c) in the case of 'disclosure year 2017' for First Gas, the period from 1 July 2016 to 30 September 2017~~

**DPP regulatory period**

has the meaning given in the **IM determination**

## E

**Error**

means incorrect information disclosed in accordance with the **principal determination** as amended at the time of the disclosure, in such a way that-

- (a) the data is incorrect;
- (b) a statement is incorrect; or
- (c) the compilation of disclosed information is inconsistent with the **principal determination** as amended at the time of disclosure; and

is not where-

- (d) the correction is to the **initial RAB**;

	(e) an estimate has changed due to new information becoming available;
	(f) the change is a <b>lost and found assets adjustment</b> ;
<b>Expenditure on assets</b>	means the expenditure relating to costs included or expected to be included in a closing <b>RAB</b> value and is equal to <b>capital expenditure</b> plus <b>value of capital contributions</b> less <b>value of vested assets</b> less <b>cost of financing</b> , where <b>capital expenditure</b> has meaning (c) or, in respect of <b>related party transactions</b> , meaning (b) as defined in this determination
	<b>F</b>
<b>Fault</b>	means a physical condition that causes a device, component or <b>network</b> element to fail to perform in the required manner
	<b>G</b>
<b>GAAP</b>	means generally accepted accounting practice in New Zealand, as defined in the <b>IM determination</b>
<b>Gas distribution services</b>	has the meaning given in the <b>IM determination</b>
<b>Gas pipeline services</b>	has the meaning given in s 55A of the <b>Act</b>
<b>GDB (or gas distribution business)</b>	means GDB as that term is defined in the <b>IM determination</b>
<b>GTB</b>	has the meaning given in the Gas Transmission Services Input Methodologies Determination 2012 [2012] NZCC 28, including, for the avoidance of doubt, any amendment in effect at the time this determination comes into force

I

**ICP**

means installation control point being the point at which a **consumer** installation is deemed to have gas supplied, and which represents the **consumer** installation on the registry

**IM determination**

means the Gas Distribution Services Input Methodologies Determination 2012 [2012] NZCC 27, ~~including any amendments to that determination~~

**Independent appraiser**

means-

- (a) the **independent auditor**; or
- (b) a **person** who-
  - (i) a **GDB** considers is qualified to publicly offer professional services to clients in connection with the requirements specified in clause 2.8.4;
  - (ii) has no relationship with, or interest in, the **GDB** that is likely to involve a conflict of interest;
  - (iii) has not assisted with the compilation of the information or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in compiling the information; and
  - (iv) is not associated with nor directed by any **person** who has provided any such assistance, advice, or opinion

**Independent auditor**

means a **person** who-

- (a) is qualified for appointment as auditor of a company under the Companies Act 1993 or, where the **GDB** is a public entity

	(as defined in s 4 of the Public Audit Act 2001), is the Auditor-General;
	(b) has no relationship with, or interest in, the <b>GDB</b> that is likely to involve a conflict of interest;
	(c) has not assisted with the compilation of the information or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in compiling the information; and
	(d) is not associated with nor directed by any <b>person</b> who has provided any such assistance, advice, or opinion
<b>Indirectly affected data and statements</b>	means data or statements which are incorrect only because they relied on disclosed data or statements that are affected by an <b>error</b>
<b>Initial RAB</b>	has the meaning given in the <b>IM determination</b>
<b>Interruption</b>	means a loss of gas supply upstream of the customer isolation <b>valve</b> (riser valve)
<del><b>ISA (NZ) 550</b></del>	<del>means <i>International Standard on Auditing (New Zealand) 550, Related Parties</i>, issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in July 2011 and amended effective 15 December 2016, under s 24(1)(b) of the Financial Reporting Act 1993</del>
<b>ISAE (NZ) 3000</b>	means <i>International Standard on Assurance Engagements (New Zealand) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE (NZ) 3000 (Revised))</i> , issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in July 2014 <u>and incorporating amendments up to May 2022</u> , under <del>s 12(b)</del> of the Financial Reporting Act 2013  <i>Guidance note: (refer to clause 1.4.1(8)-(9))</i>

*Commerce Commission “Input methodologies review final decision – Related party transactions – Final decision and determinations guidance” (21 December 2017), Attachment D notes the process by which materials are incorporated by reference in this determination.*

## L

### **Legislative and regulatory**

in relation to expenditure, means **expenditure on assets** where the **primary driver** is a new regulatory or legal requirement that results in the creation of, or modification to, **network assets**

### **Line charge revenue**

means revenue from **prices**

### **Lost and found assets adjustment**

means:

- (a) in relation to the **unallocated RAB**, the value of found assets as determined in accordance with clause 2.2.12 of the **IM determination**, less the value of lost assets. The value of a lost asset is the unallocated opening **RAB** value of the asset less regulatory depreciation as unallocated opening **RAB** value and regulatory depreciation are determined in accordance with the **IM determination**
- (b) in relation to the **RAB**, the value of the asset (as determined in accordance with paragraph (a)) which is allocated to **gas distribution services** in accordance with clause 2.1.1 of the **IM determination**
- (c) in relation to the regulatory tax asset base roll-forward, the sum of regulatory tax asset values for found assets less the sum of regulatory tax asset values of lost assets, where ‘found assets’ and ‘lost assets’ have the meanings given in the **IM determination**



## M

<b>Main pipe</b>	means the pipes that transport gas from the bulk supply transmission <b>system</b> to each <b>service pipe</b>
<b>Mark-up</b>	means the percentage margin charged on the directly attributable cost incurred by the <b>related party</b> in providing a good or service which is included in the price of the good or service

## N

<b>Network</b>	has the meaning given in the <b>IM determination</b>
<b>Nominal New Zealand dollars</b>	in relation to an expenditure or revenue forecast, means the New Zealand dollar prices expected to apply in the year of the transaction
<b>Non-network assets</b>	means assets related to the provision of <b>gas pipeline services</b> but that are not a <b>network asset</b> , and include- <ul style="list-style-type: none"><li>(a) information and technology <b>systems</b>;</li><li>(b) asset management <b>systems</b>;</li><li>(c) office buildings, depots and workshops;</li><li>(d) office furniture and equipment;</li><li>(e) motor vehicles;</li><li>(f) tools, plant and machinery; and</li><li>(g) any other assets under <b>GAAP</b> that are not <b>network assets</b></li></ul>
<b>Non-standard contract</b>	means a <b>contract</b> for <b>gas distribution services</b> that is not a <b>standard contract</b>

## O

<b>Operating cost</b>	has the meaning given in the <b>IM determination</b>
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<b>Operational expenditure</b>	means <b>operating costs</b> after applying clause 2.1.1 of the <b>IM determination</b> , except in relation to the Report on <b>related party transactions</b> where it means <b>operating costs</b> from <b>related party transactions</b> as determined after applying clause 2.1.1 of the <b>IM determination</b> and clause 2.3.6 of this determination
<b>Original disclosure</b>	means disclosures made in accordance with the <b>principal determination</b> as amended at the time of the disclosure which contains a material or non-material <b>error</b>
<b>Other reliability, safety and environment</b>	in relation to expenditure, means <b>expenditure on assets</b> where the <b>primary driver</b> is to improve <b>network</b> reliability or safety or to mitigate the environmental impacts of the <b>network</b> , but is not included in either of the <b>quality of supply</b> or <b>legislative and regulatory</b> categories. For example, this category may include <b>expenditure on assets</b> where the <b>primary driver</b> is to ensure staff safety or meet the <b>GDB's</b> environmental policies
<b>OVABAA</b>	has the meaning given in the <b>IM determination</b>
	<b>P</b>
<b>Person</b>	has the same meaning as defined in s 2 of the <b>Act</b>
<b>Planned interruption</b>	means any <b>interruption</b> in respect of which not less than 24 hours' notice was given, either to the public or to all gas <b>consumers</b> affected by the <b>interruption</b>
<b>Prescribed contract</b>	in relation to a <b>GDB</b> , means-  (a) a <b>contract</b> under which the <b>GDB</b> supplies <b>gas pipeline services</b> ; or

- (b) a **contract** for **related services**, if goods or services are to be supplied under the **contract** by-
  - (i) the **GDB**; or
  - (ii) a **person** that is a **related party** of the **GDB**; or
  - (iii) a **person** that carries out **gas pipeline services** by means of works owned by the **GDB**; or
  - (iv) a **person** that is a **related party** of a **person** of the kind referred to in subclause (iii)

**Prescribed terms and conditions**

means, in relation to a **contract** for the supply of **gas distribution services** or for **related services**, the terms and conditions of the **contract** that-

- (a) describe the goods or services to be supplied under the **contract**;
- (b) determine, or provide for the determination of the quantity or amount of those goods or services;
- (c) specify, determine, or provide for the determination of the-
  - (i) **price** at which those goods or services are to be supplied;
  - (ii) timing of payment for those goods or services;
  - (iii) security for payment for those goods or services; and
  - (iv) **GDB's** obligations and responsibilities (if any) to **consumers** in the event that the supply of **gas pipeline services** to **consumers** is interrupted

<b>Price component</b>	means the various tariffs, fees and charges that constitute the components of the total <b>price</b> paid, or payable, by a <b>consumer</b>
<b>Prices</b>	has the meaning given in the <b>IM determination</b>
<b>Pricing principles</b>	means, in relation to the supply of <b>gas pipeline services</b> , the principles as defined in clause 2.5.2 of the <b>IM determination</b>
<b>Pricing strategy</b>	means a decision made by the <b>Directors</b> of the <b>GDB</b> on the <b>GDB's</b> plans or strategy to amend or develop <b>prices</b> in the future, and recorded in writing
<b>Pricing year</b>	means the 12-month period for which <b>prices</b> are set using the pricing methodology disclosed under clause 2.4.1 of this determination
<b>Primary driver</b>	<p>means the primary reason for a decision to incur a cost in the year the cost was incurred or forecast to be incurred.</p> <p>For example, an asset may be relocated at the request of a third party and, at the same time, capacity on the asset increased to take account of expected future demand. If it is the third party request that required the asset to be relocated at that time, then the <b>expenditure on assets</b> would be allocated to <b>asset relocation</b>. If the deadline for relocating the asset was not imminent, but the project had to be completed to allow for the increase in capacity, then the <b>expenditure on assets</b> would be allocated to <b>system growth</b>.</p> <p>Where there is more than one driver for a cost, and the cost is a significant proportion of <b>operational expenditure</b> or <b>expenditure on assets</b>, expenditure may be apportioned between expenditure categories according to the relative importance of each driver to the</p>

	decision, or the project divided into cost categories
<b>Principal determination</b>	means the <i>Gas Distribution Information Disclosure Determination 2012 [2012] NZCC 23</i> , as published on 1 October 2012
<b>Proxy asset allocator</b>	has the meaning given in the <b>IM Determination</b>
<b>Proxy cost allocator</b>	has the meaning given in the <b>IM Determination</b>
<b>Publicly disclose</b>	means to- <ul style="list-style-type: none"><li>(a) disclose the information to the public on the Internet at the <b>GDB</b>'s usual publicly accessible website;</li><li>(b) make copies of the information available for inspection by any <b>person</b> during ordinary office hours, at the principal office of the <b>GDB</b> making the public disclosure and</li><li>(c) within 10 working days of being requested to do so by any <b>person</b>, provide that <b>person</b> with a copy of the information, either by post or for collection (during ordinary office hours) from that principal office, whichever the <b>person</b> prefers; and</li><li>(d) within 5 working days after the information is disclosed to the public, provide a copy of the information to the <b>Commission</b> in the form that it is disclosed to the public and in an electronic format that is compatible with Microsoft Excel or Microsoft Word (as the case may be),</li></ul> and <b>public disclosure</b> and <b>publicly disclosing</b> have corresponding meanings

## Q

<b>Quality of supply</b>	in relation to expenditure, means <b>expenditure on assets</b> where the <b>primary driver</b> is the need to meet improved security and/or quality of
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supply standards. This may include expenditure to-

- (a) reduce the overall **interruption/fault** rate of the **network**;
- (b) reduce the average time that **consumers** are affected by **planned interruptions** and/or **unplanned interruptions**; or
- (c) reduce the average number of **consumers** affected by **planned interruptions** and/or **unplanned interruptions**

## R

<b>RAB</b>	means regulatory asset base and for the components of the RAB roll-forward, the values after applying clause 2.1.1 of the <b>IM determination</b>
<b>Record</b>	has the meaning given in section 4 of the Public Records Act 2005
<b>Regulated service</b>	has the meaning given in the <b>IM determination</b>
<b>Regulated service asset values</b>	has the meaning given in the <b>IM determination</b>
<b><u>Regulatory period</u></b>	<b><u>has the meaning given in the IM determination</u></b>
<b>Related party</b>	has the meaning given in the <b>IM determination</b>  <i>Guidance note: (refer to clause 1.4.1(8)-(9)) Commerce Commission "Input methodologies review final decision – Final decision and determinations guidance" (21 December 2017), Attachment A notes examples of related parties.</i>
<b>Related party transaction</b>	has the meaning given in the <b>IM determination</b>
<b>Related services</b>	means goods or services (other than the supply or conveyance of gas or gas appliances) supplied or to be supplied under a <b>contract</b> in any case where- <ul style="list-style-type: none"><li>(a) there is a linkage between-<ul style="list-style-type: none"><li>(i) that <b>contract</b>; and</li></ul></li></ul>

(ii) a **contract** for the supply or conveyance of gas

by reason that the consideration for the supply of those goods or services is linked to, or combined with, payment for the supply or conveyance of that gas; and

(b) the monetary value of the goods or services supplied, or to be supplied, under the

**contract** referred to in (a)(i), in respect of-

(i) the period of 12 months immediately before the information relating to the **contract** for the supply or conveyance of gas referred to in (a)(ii) is **publicly disclosed** as required by clauses 2.4.9 or 2.4.12 of this determination; or

(ii) the period of 12 months immediately after that information is **publicly disclosed**

amounts to or will amount to more than 1% of the monetary value or projected monetary value of the **contract** referred to in (a)(ii)

**Routine and corrective maintenance and inspection**

in relation to expenditure, means **operational expenditure** where the **primary driver** is the activities specified in planned or programmed inspection, testing and maintenance work schedules and includes-

(a) **fault** rectification work that is undertaken at a time or date subsequent to any initial **fault** response and restoration activities

(b) routine inspection

(c) functional and intrusive testing of assets, plant and equipment including critical spares and equipment

(d) helicopter, vehicle and foot patrols, including negotiation of landowner access

(e) asset surveys

(f) environmental response

(g) painting of **network** assets

- (h) outdoor and indoor maintenance of **stations**, including weed and vegetation clearance, lawn mowing and fencing
- (i) maintenance of access tracks, including associated security structures and weed and vegetation clearance
- (j) customer-driven maintenance
- (k) notices issued

## S

### SAE 3100

means *Standard on Assurance Engagements 3100 (Revised) – Compliance Engagements (SAE 3100 (Revised))*, issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in ~~October 2014~~March 2017 and incorporating amendments up to ~~August 2014~~May 2022 under ~~s 24(1)(b) of the~~ Financial Reporting Act ~~1993~~2013

*Guidance note: (refer to clause 1.4.1(8)-(9)) Commerce Commission “Input methodologies review final decision – Related party transactions – Final decision and determinations guidance” (21 December 2017), Attachment D notes the process by which materials are incorporated by reference in this determination.*

### Service pipe

means the pipes used for the transport of gas from the **main pipe** to the customer isolation **valve** (riser valve)

### Shared asset

means a **network** asset used by more than one **consumer** in order to receive **gas pipeline services**

### Sole use assets

means assets connected to the **network** for use by only 1 connecting **consumer** in order to receive **gas pipeline services**

### Special contract term

means-

- (a) a non-price term in a **contract** which materially differs from the terms which the



	<p>parties in their respective positions would usually include in an arm's length <b>contract</b>; or</p> <p>(b) the omission of a material non-price term from a <b>contract</b>, when the parties in their respective positions would usually include that term in an arm's length <b>contract</b>; or</p> <p>(c) a non-price term in a <b>contract</b> resulting from a tender process, which materially varies from, or was not included in, the contractual basis on which the tender proposals were requested or the terms proposed by the lowest qualifying tender from an unrelated party, which credibly could have performed the services</p>
<b>Standard contract</b>	<p>means, any <b>contract</b> (being a <b>contract</b> for the provision of <b>gas pipeline services</b>) between a <b>GDB</b> and any other <b>person</b>, where-</p> <p>(a) the <b>price</b> at which the <b>gas pipeline services</b> are to be provided under the <b>contract</b> is determined solely by reference to a schedule of <b>prescribed terms and conditions</b>, being a schedule that is <b>publicly disclosed</b>; and</p> <p>(b) at least 4 other <b>persons</b> have such <b>contracts</b> with the <b>GDB</b>, and none of those other <b>persons</b> is a <b>related party</b> of the <b>GDB</b>, or is a <b>related party</b> of those other <b>persons</b></p>
<b>Station</b>	<p>means a facility at which an operation on and/or measurement of the gas occurs by means of device(s) installed at the facility</p>
<b>Sub-network</b>	<p>means, in relation to <b>network</b> assets of Powerco, either the assets located in the Wellington and the Hutt Valley and Porirua geographic regions or the assets located outside those regions</p>
<b>System</b>	<p>means, in relation to a pipeline owner, a configuration of connected pipes and other fittings that are used or intended to be used for the conveyance or supply of gas</p>

**System growth** in relation to expenditure, means **expenditure on assets** where the **primary driver** is a change in demand on a part of the **network** which results in a requirement for either additional capacity to meet this demand or additional investment to maintain current security and/or quality of supply standards due to the increased demand. This expenditure category includes **expenditure on assets** associated with SCADA and telecommunications assets

#### T

**Target revenue** means the revenue that the **GDB** expects to obtain from **prices**

**Total opening RAB value** means-

- (a) in relation to the **unallocated RAB**, the sum of unallocated opening **RAB** values as determined in accordance with the **IM determination**;
- (b) in relation to the **RAB**, the sum of opening **RAB** values as determined in accordance with the **IM determination**

#### U

**Unallocated RAB** means for the components of the **RAB** roll-forward, the values before the application of clause 2.1.1 of the **IM determination**

**Unallocated works under construction** means for the components of the **works under construction** roll-forward, the **works under construction** values before the application of clause 2.1.1 of the **IM determination**

**Unplanned interruption** means any **interruption** that is not a **planned interruption**

#### V

**Value of capital contributions** means the value of **capital contributions** received by a **GDB** and accumulated during the

	construction phase of a project that creates a new network asset, determined in accordance with clause 2.2.11(1)(h) of the <b>IM determination</b> and allocated to the <b>gas distribution services</b> in accordance with the allocation of the regulated service asset values set out in clause 2.1.1 of the <b>IM determination</b>
<b>Value of vested assets</b>	means the consideration incurred by a <b>GDB</b> and accumulated during the construction phase of a project that creates a new <b>network</b> asset, determined in accordance with clause 2.2.11(1)(i) of the <b>IM determination</b> and allocated to the <b>gas distribution services</b> in accordance with clause 2.1.1 of the <b>IM determination</b>
<b>Valve</b>	means a fitting installed in a pipeline designed to control the flow of gas
<b>W</b>	
<b>Works under construction</b>	means- (a) in relation to <b>unallocated works under construction</b> , the value of $q$ calculated using the following formula: $q = a + b - c + d$ where- $a$ = <b>unallocated works under construction</b> - preceding <b>disclosure year</b> ; $b$ = <b>capital expenditure</b> ; $c$ = <b>assets commissioned</b> ; and $d$ = adjustment resulting from asset allocation; (b) in relation to <b>allocated works under construction</b> , the value (as determined in accordance with paragraph (a)) which was allocated to <b>gas pipeline services</b> in

accordance with clause 2.1.1 of the **IM  
determination**

## **PART 2 DISCLOSURE REQUIREMENTS**

### **2.1 INFORMATION DISCLOSURE**

2.1.1 Subject to clause 2.11.1, from the **commencement date** every **GDB** must comply with the information disclosure requirements set out in this determination.

### **2.2 APPLICABLE INPUT METHODOLOGIES**

2.2.1 Every **GDB** must apply the requirements set out in the following subparts of the **IM determination** as applicable, when complying with this determination-

- (1) Subpart 1 of part 2, cost allocation;
- (2) Subpart 2 of part 2, asset valuation;
- (3) Subpart 3 of part 2, treatment of taxation;
- (4) Subpart 5 of part 2, pricing methodologies.

### **2.3 FINANCIAL INFORMATION FOR THE DISCLOSURE YEAR**

*Annual disclosure relating to financial information for the disclosure year*

2.3.1 Within 6 months after the end of each **disclosure year**, every **GDB** must disclose information relating to its financial position by-

- (1) Completing each of the following reports by inserting all information relating to the **gas pipeline services** supplied by the **GDB** for that **disclosure year**-
  - (a) the Analytical Ratios set out in Schedule 1;
  - (b) the Report on Return on Investment set out in Schedule 2;
  - (c) the Report on Regulatory Profit set out in Schedule 3;
  - (d) the Report on Value of the Regulatory Asset Base (Rolled Forward) set out in Schedule 4;
  - (e) the Report on Regulatory Tax Allowance set out in Schedule 5a;
  - (f) the Report on Related Party Transactions set out in Schedule 5b;
  - (g) the Report on Term Credit Spread Differential Allowance set out in Schedule 5c;

- (h) the Report on Cost Allocations set out in Schedule 5d;
- (i) the Report on Asset Allocations set out in Schedule 5e;
- (j) the Report on Capital Expenditure for the Disclosure Year set out in Schedule 6a;
- (k) the Report on Operational Expenditure for the Disclosure Year set out in Schedule 6b;
- (l) the Comparison of Forecasts to Actual Expenditure set out in Schedule 7; and

(2) **Publicly disclosing** each of those reports.

2.3.2 Within 6 months and 5 working days after the end of each **disclosure year**, every **GDB** must disclose to the **Commission** information supporting the information disclosed in accordance with clause 2.3.1 by completing each of the following reports by inserting all information relating to the information supplied by the **GDB** in Schedules 5d and 5e for that **disclosure year**-

- (1) the Report Supporting Cost Allocations set out in Schedule 5f;
- (2) the Report Supporting Asset Allocations set out in Schedule 5g.

*Alternative method for return on investment information*

2.3.3 In completing the Report on Return on Investment in Schedule 2-

- (1) Each **GDB** must disclose information in accordance with part 2(iii) of Schedule 2 if during the first three months or last three months of the **disclosure year** the value of **assets commissioned** by the **GDB** exceeds 10% of the **total opening RAB values**;
- (2) Otherwise a **GDB** may elect to disclose information in accordance with part 2(iii) of Schedule 2.

*Term credit spread differential allowance*

2.3.4 The Report on Term Credit Spread Differential Allowance in Schedule 5c is only required to be completed by qualifying suppliers as qualifying suppliers is defined in the **IM determination**.

*Allocation of assets and operating costs*

2.3.5 In completing the Report on Cost Allocations in Schedule 5d and the Report on Asset Allocations in Schedule 5e, every **GDB** must **publicly disclose**, for each **operational expenditure** category in Schedule 5d and each asset category in Schedule 5e that includes **operating costs** and asset values that are not **directly attributable**-

- (1) A description of the **operating costs** and asset values that are not **directly attributable**;
- (2) The **allocation methodology types** used to allocate the **operating costs** and asset values that are not **directly attributable**;
- (3) Where more than one allocation method is used, the percentage of not **directly attributable operating costs** or asset values allocated using each method;
- (4) The **allocators** used and the rationale for using each **allocator**;
- (5) Where **ABAA** or **OVABAA** methodologies are used-
  - (a) whether the **allocators** used are causal allocators, **proxy asset allocators** or **proxy cost allocators**; and
  - (b) where **proxy asset allocators** or **proxy cost allocators** are used, explain-
    - (i) why a **causal relationship** cannot be established or why it is impractical to apply a **causal relationship**; and
    - (ii) the rationale for the quantifiable measure used for each **proxy asset allocator** or **proxy cost allocator**; and
- (6) Where **ACAM** has had the effect of being a limit under the **OVABAA** methodology, provide a summary of the relevant maximum values of allocated **operating costs** or **regulated service asset values**.

*Related party transactions*

2.3.6 For the purpose of clause 2.3.1, the value of a good or service acquired in a **related party transaction**, or the amount received for the sale or supply of assets or goods or services in a **related party transaction**, must be set on the basis that-

- (1) the value of a good or service acquired in the **related party transaction** must be given a value not greater than if that transaction had the terms of an **arm's-length transaction**;
- (2) the value of an asset or good or service sold or supplied in the **related party transaction** must be given a value not less than if that transaction had the terms of an **arm's-length transaction**;
- (3) an objective and independent measure must be used in determining the terms of an **arm's-length transaction** for the purpose of subclauses (1) and (2); and
- (4) for the purpose of subclause (1), where a good or service is acquired in the **related party transaction**, the value of the good or service must not exceed the actual amount charged to the **GDB** by the **related party**.

*Guidance note 1: (refer to clause 1.4.1(8)-(9))*

*Commerce Commission "Input methodologies review final decision – Related party transactions – Final decision and determinations guidance" (21 December 2017), Table B1 of Attachment B provides an illustrative list of examples of arm's length transactions and Table B2 of Attachment B provides an illustrative list of examples of non-arm's length transactions.*

*Guidance note 2: (refer to clause 1.4.1(8)-(9))*

*Commerce Commission "Input methodologies review final decision – Related party transactions – Final decision and determinations guidance" (21 December 2017), Attachment C provides illustrative guidance on the relationship between the related party rules and cost allocation rules.*

2.3.7 For the purpose of clause 2.3.6(1), a **related party transaction** will be treated as if it had the terms of an **arm's-length transaction** if the good or service acquired from a **related party** is valued at the cost incurred by the **related party**, provided that this is-

- (1) fair and reasonable to the **GDB**; and



- (2) substantially the same as the cost that has been incurred or would be incurred by the **related party** in providing the same type of good or service to third parties.

2.3.8 Within 6 months after the end of each **disclosure year**, if a **GDB** has had **related party transactions** involving a procurement from a **related party** during that **disclosure year**, the **GDB** must **publicly disclose** a diagram or a description that shows the connection between the **GDB** and the **related parties** with which it has had **related party transactions** in the **disclosure year**, including for each of those **related parties**-

- (1) the relationship between the **GDB** and the **related party**;
- (2) the principal activities of the **related party**; and
- (3) the total annual expenditure incurred by the **GDB** with the **related party**.

2.3.9 A **GDB** shall not be required to comply with clauses 2.3.10-2.3.16 and 2.8.2-2.8.5 if-

- (1) the sum of its **capital expenditure** and **operational expenditure** in the **disclosure year** is less than \$20 million; or
- (2) the proportion of the sum of its **capital expenditure** and **operational expenditure** accounted for by **related party transactions** is less than 10% in the **disclosure year**.

2.3.10 Subject to clause 2.3.9, within 6 months after the end of each **disclosure year**, if a **GDB** has had **related party transactions** involving a procurement from a **related party** during that **disclosure year**, the **GDB** must **publicly disclose**-

- (1) a summary of its current policy in respect of the procurement of assets or goods or services from any **related party**; or
- (2) a summary of alternative documentation which is equivalent to a procurement policy in respect of the procurement of assets or goods or services from any **related party**.

2.3.11 Subject to clause 2.3.9, within 6 months after the end of each **disclosure year**, if a **GDB** has had **related party transactions** involving a procurement from a **related party** during that **disclosure year**, the **GDB** must disclose to the **Commission**-

- (1) its current policy in respect of the procurement of assets or goods or services from any **related party**; or

- (2) alternative documentation which is equivalent to a procurement policy in respect of the procurement of assets or goods or services from any **related party**.

2.3.12 Subject to clause 2.3.9, within 6 months after the end of each **disclosure year**, if a **GDB** has had **related party transactions** involving a procurement from a **related party** during that **disclosure year**, the **GDB** must **publicly disclose**-

- (1) a description of how the **GDB** applies its current policy for the procurement of assets or goods or services from a **related party** in practice;
- (2) a description of any policies or procedures of the **GDB** that require or have the effect of requiring a **consumer** to purchase assets or goods or services from a **related party** that are related to the supply of the **gas distribution services**;
- (3) subject to subclause (5), at least one representative example transaction from the **disclosure year** of how the current policy for the procurement of assets or goods or services from a **related party** is applied in practice;
- (4) for each representative example transaction specified in accordance with subclause (3), how and when the **GDB** last tested the arm's-length terms of those transactions; and
- (5) separate representative example transactions where the **GDB** has applied the current policy for the procurement of assets or goods or services from a **related party** significantly differently between expenditure categories.

*Map of anticipated network expenditure and network constraints*

2.3.13 Subject to clause 2.3.9, within 6 months after the end of each **disclosure year**, where a **GDB** has had **related party transactions** involving a procurement from a **related party** during that **disclosure year**, the **GDB** must **publicly disclose** a map of its **gas distribution service** territory, which includes-

- (1) subject to clause 2.3.15, a brief explanatory description of the 10 largest forecast **operational expenditure** projects in the **AMP planning period** and the likely timing, value and location of the projects;
- (2) subject to clause 2.3.15, a brief explanatory description of the 10 largest forecast **capital expenditure** projects in the **AMP planning period** and the likely timing, value and location of the projects;
- (3) subject to clause 2.3.16, a brief explanatory description of possible future **network** or equipment constraints and their location, where the responses to

the constraints would involve one of the 10 largest future **operational expenditure** projects in the **AMP planning period**; and

- (4) subject to clause 2.3.16, a brief explanatory description of possible future **network** or equipment constraints and their location, where the responses to the constraints would involve one of the 10 largest future **capital expenditure** projects in the **AMP planning period**.

2.3.14 For the purposes of clause 2.3.13, the map must-

- (1) identify whether the forecast or possible **operational expenditure** or **capital expenditure** is-
  - (a) already subject to a contract and, if so, whether that contract is with a **related party**;
  - (b) forecast to require the supply of assets or goods or services by a **related party**; or
  - (c) currently not indicated for supply by a **related party**; and
- (2) be consistent with the **AMP** information specified in-
  - (a) clause 12.6(c) of Attachment A on **network** or equipment constraints; and
  - (b) clause 12.8 of Attachment A on the **network** development programme.

2.3.15 For the purposes of clause 2.3.13, where a **GDB** forecasts having fewer than-

- (1) 10 forecast **operational expenditure** projects in the **AMP planning period**, the map must include all of its forecast **operational expenditure** projects; or
- (2) 10 forecast **capital expenditure** projects in the **AMP planning period**, the map must include all of its forecast **capital expenditure** projects.

2.3.16 For the purposes of clause 2.3.13, where the responses to the **network** or equipment constraints would involve fewer than-

- (1) 10 future **operational expenditure** projects in the **AMP planning period**, the map must include all forecast **operational expenditure** projects; or
- (2) 10 future **capital expenditure** projects in the **AMP planning period**, the map must include all forecast **capital expenditure** projects.

*Information on capital expenditure projects*

2.3.17 In completing the Report on Capital Expenditure for the Disclosure Year in Schedule 6a, every **GDB** must disclose the following information in relation to material projects and programmes-

- (1) Separately disclose **consumer connection** expenditure for each consumer type defined by the **GDB** in 6a(iii) of Schedule 6a;
- (2) For each material **asset relocation** project in Schedule 6a-
  - (a) separately disclose a brief description of the project and its value in 6a(v) of Schedule 6a;
  - (b) provide any additional commentary, including the purpose of the project and a description of the assets relocated for each project in Schedule 14 (Mandatory Explanatory Notes);
- (3) For each material **quality of supply** project in Schedule 6a-
  - (a) separately disclose a brief description of the project and its value in 6a(vi) in Schedule 6a;
  - (b) provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes);
- (4) For each material **legislative and regulatory** project in Schedule 6a-
  - (a) separately disclose a brief description of the **legislative and regulatory** requirement and the value of the project in 6a (vii) in Schedule 6a;
  - (b) provide any additional commentary, including the purpose of the projects and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes);
- (5) For each material **other reliability, safety and environment** project in Schedule 6a-
  - (a) separately disclose a brief description of the project and its value in 6a(viii) of Schedule 6a;
  - (b) provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes);

- (6) For each material **non-network assets** project in Schedule 6a-
  - (a) separately disclose a brief description of the project and its value in 6a(ix) in Schedule 6a;
  - (b) provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes).

*Information on physical service life potential*

2.3.18 For all assets or groups of assets where the **GDB** has changed the asset(s)' depreciation profile or the asset(s) was **commissioned** during the **disclosure year**, and the asset(s)' life service potential was determined by an engineer in accordance with clause 2.2.8 of the **IM determination**, within 6 months after the end of each **disclosure year**, the **GDB** must **publicly disclose** the report written by the engineer which was prepared in accordance with clause 2.2.8(3)(b) of the **IM determination**.

## 2.4 PRICING AND RELATED INFORMATION

*Disclosure of pricing methodologies*

- 2.4.1 Every **GDB** must **publicly disclose**, before the start of each **pricing year**, a pricing methodology which-
- (1) Describes the methodology, in accordance with clause 2.4.3, used to calculate the **prices** payable or to be payable;
  - (2) Describes any changes in **prices** and **target revenues**;
  - (3) Explains, in accordance with clause 2.4.5, the approach taken with respect to pricing in **non-standard contracts**;
  - (4) Explains whether, and if so how, the **GDB** has sought the views of **consumers**, their expectations in terms of **price** and quality, and reflected those views in calculating the **prices** payable or to be payable. If the **GDB** has not sought the views of **consumers**, the reasons for not doing so must be disclosed.
- 2.4.2 Any change in the pricing methodology or adoption of a different pricing methodology, must be **publicly disclosed** at least 20 working days before **prices**

determined in accordance with the change or the different pricing methodology take effect.

2.4.3 Every disclosure under clause 2.4.1 must-

- (1) Include sufficient information and commentary to enable interested **persons** to understand how **prices** were set for each **consumer group**, including the assumptions and statistics used to determine **prices** for each **consumer group**;
- (2) Demonstrate the extent to which the pricing methodology is consistent with the **pricing principles** and explain the reasons for any inconsistency between the pricing methodology and the **pricing principles**;
- (3) State the **target revenue** expected to be collected for the **pricing year** to which the pricing methodology applies;
- (4) Where applicable, identify the key components of **target revenue** required to cover the costs and return on investment associated with the **GDB's** provision of **gas pipeline services**. Disclosure must include the numerical value of each of the components;
- (5) State the **consumer groups** for whom **prices** have been set, and describe-
  - (a) the rationale for grouping **consumers** in this way;
  - (b) the method and the criteria used by the **GDB** to allocate **consumers** to each of the **consumer groups**;
- (6) If **prices** have changed from **prices** disclosed for the immediately preceding **pricing year**, explain the reasons for changes, and quantify the difference in respect of each of those reasons;
- (7) Where applicable, describe the method used by the **GDB** to allocate the **target revenue** among **consumer groups**, including the numerical values of the **target revenue** allocated to each **consumer group** and the rationale for allocating it in this way;
- (8) State the proportion of **target revenue** (if applicable) that is collected through each **price component** as **publicly disclosed** under clause 2.4.18.

2.4.4 Every disclosure under clause 2.4.1 must, if the **GDB** has a **pricing strategy**-

- (1) Explain the **pricing strategy** for the next 5 **pricing years** (or as close to 5 years as the **pricing strategy** allows), including the current **pricing year** for which **prices** are set;
- (2) Explain how and why **prices** are expected to change as a result of the **pricing strategy**;
- (3) If the **pricing strategy** has changed from the preceding **pricing year**, identify the changes and explain the reasons for the changes.

2.4.5 Every disclosure under clause 2.4.1 must-

- (1) Describe the approach to setting **prices** for **non-standard contracts**, including-
  - (a) the extent of **non-standard contract** use, including the number of **ICPs** represented by **non-standard contracts** and the value of **target revenue** expected to be collected from **consumers** subject to **non-standard contracts**;
  - (b) how the **GDB** determines whether to use a **non-standard contract**, including any criteria used;
  - (c) any specific criteria or methodology used for determining **prices** for **consumers** subject to **non-standard contracts**, and the extent to which these criteria or that methodology are consistent with the **pricing principles**;
- (2) Describe the **GDB's** obligations and responsibilities (if any) to **consumers** subject to **non-standard contracts** in the event that the supply of **gas pipeline services** to the **consumer** is interrupted. This description must explain-
  - (a) the extent of the differences in the relevant terms between **standard contracts** and **non-standard contracts**;
  - (b) any implications of this approach for determining **prices** for **consumers** subject to **non-standard contracts**.

*Disclosure of capital contributions*

2.4.6 Every **GDB** must at all times **publicly disclose**-

- (1) A description of its current policy or methodology for determining **capital contributions**, including-
  - (a) the circumstances (or how to determine the circumstances) under which the **GDB** may require a **capital contribution**;
  - (b) how the amount payable of any **capital contribution** is determined. Disclosure must include a description of how the costs of any assets (if applicable), including any **shared assets** and any **sole use assets** that are included in the amount of the **capital contribution**, are calculated;
  - (c) the extent to which any policy or methodology applied is consistent with the relevant **pricing principles**;
- (2) A statement of whether a **consumer** or any other **person** can use an independent contractor to undertake some or all of the work covered by the **capital contribution** sought by the **GDB**;
- (3) If the **GDB** has a standard schedule of **capital contributions** charges, the current version of that standard schedule.

2.4.7 When a **consumer** or other **person** from whom the **GDB** seeks a **capital contribution**, queries the **capital contribution** charge (and when the charge is not covered in the standard schedule of **capital contribution** charges, or no such schedule exists) a **GDB** must, within 10 working days of receiving the request, provide reasonable explanation to any reasonable query from that **consumer** or other **person** of the components of that charge and how these were determined.

2.4.8 The requirements in clauses 2.4.6 and 2.4.7 apply if-

- (1) The **GDB** determines the amount of **capital contributions**; or
- (2) The **GDB** has or can obtain information about the policy or methodology used by another **person** to determine **capital contributions** where the **GDB** receives those **capital contributions**.



*Disclosure of prescribed terms and conditions of contracts*

- 2.4.9 Every **GDB** must, not later than 20 working days after entering into a **prescribed contract** that is a **standard contract**, **publicly disclose** the prescribed terms and conditions of the **prescribed contract**.
- 2.4.10 Subject to section 53C(4) of the **Act**, if any **prescribed terms and conditions** of a **prescribed contract** that is also a **standard contract** (including a **prescribed contract** that was entered into before the **commencement date** of this determination) are modified, the **GDB** must, not later than 20 working days after those modifications take effect, **publicly disclose**-
- (1) The prescribed contract concerned;
  - (2) The modifications made to the **prescribed terms and conditions**.
- 2.4.11 For the purposes of this section, **public disclosure** by a **GDB** of the **prescribed terms and conditions** of a **standard contract** is to be regarded as **public disclosure** by that **GDB** in relation to all of its **standard contracts** with the same **prescribed terms and conditions**.
- 2.4.12 Subject to section 53C(4) of the **Act**, every **GDB** must, in respect of all **prescribed contracts** that are **non-standard contracts** entered into during the **disclosure year**, no earlier than 6 months after the end of that **disclosure year**, either-
- (1) **Publicly disclose** a description of the goods or services to be supplied under the **prescribed contract** and the quantity or amount of those goods or services; or
  - (2) **Publicly disclose** the **prescribed terms and conditions** of each **prescribed contract** with the exception of **prescribed terms and conditions** that specify, determine, or provide for the determination of the **price** at which goods or services are to be supplied.
- 2.4.13 For any **contract** for which information is **publicly disclosed** under clause 2.4.12, unless **prescribed terms and conditions** have been **publicly disclosed** under subclause 2.4.12(2), every **GDB** must, within 20 working days of a request by any **person**, provide to that **person** and **publicly disclose** the **prescribed terms and conditions** of the **prescribed contract**, with the exception of **prescribed terms and**

**conditions** that specify, determine, or provide for the determination of the **price** at which goods or services are to be supplied.

2.4.14 Clauses 2.4.15 and 2.4.16 apply to **prescribed contracts** that are **non-standard contracts**-

- (1) For which information was disclosed in any previous **disclosure year** under clause 2.4.12 or clause 2.4.13; or
- (2) Which were entered into before the **commencement date**.

2.4.15 Subject to section 53C(4) of the **Act**, if any **prescribed terms and conditions** of a **prescribed contract** described under clause 2.4.14 are modified, every **GDB** must immediately **publicly disclose**, no earlier than 6 months after the end of the **disclosure year** in which the **prescribed contract** was modified-

- (1) The existence of the **prescribed contract** described in clause 2.4.14 that has been modified; and
- (2) The fact of its modification.

2.4.16 Within 20 working days of a request by any **person**, the **GDB** must provide to the **person** and **publicly disclose** the **prescribed terms and conditions** of the **prescribed contract** described in clause 2.4.15, with the exception of **prescribed terms and conditions** that specify, determine or provide for the determination of the **price** at which goods and services are to be supplied.

2.4.17 Every **GDB** must, when **publicly disclosing** or disclosing on request to any **person** (as the case may be) the **prescribed terms and conditions** of a **non-standard contract** under any of clauses 2.4.12, 2.4.13, or 2.4.16, include the following information-

- (1) The maximum hourly amount of gas (in gigajoules) to be conveyed to the **consumer** under the **contract**, or (if the amount is not quantified in the **contract**) a reasonable estimate of that amount based on the duration of the **contract**;
- (2) The pressure or pressures at which the gas is to be supplied or conveyed under that **contract**, or (if the pressure is not specified in the **contract**) a reasonable estimate of that pressure.

*Disclosure of prices*

2.4.18 Every **GDB** must at all times **publicly disclose**-

- (1) Each current **price** expressed in a manner that enables individual **consumers** to determine-
  - (a) the **consumer group** or **consumer groups** applicable to them;
  - (b) the total **price** for **gas pipeline services** applicable to them;
  - (c) the **prices** represented by each **price component** applicable to them;
- (2) The number (or estimated number) of **consumers** which must pay each **price**;
- (3) The date at which each **price** was or will be first introduced;
- (4) The **price** that was payable immediately before each current **price** (if any) expressed in the manner referred to in subclause (1).

2.4.19 Every **GDB** must, at least 20 working days before changing or withdrawing a **price** or introducing a new **price** that is payable by 5 or more **consumers**-

- (1) **Publicly disclose**-
  - (a) the information specified in clause 2.4.18 in respect of that **price**;
  - (b) an explanation of the reasons for the new **price** or the changed or withdrawn **price**.
- (2) In addition, either-
  - (a) give written notice to each **consumer** by whom that **price** is, or in the case of a withdrawn **price** would have been, payable, including the information specified in clause 2.4.18 in respect of that **price**; or
  - (b) notify **consumers** in the news section of either-
    - (i) 2 separate editions of each newspaper; or
    - (ii) news media accessible using the internet;that is widely read by **consumers** connected to that **GDB's network**, details of the changed **price**, including-
    - (iii) the changed **price** alongside the immediately preceding **price** applicable;

- (iv) contact details where further details of the new or changed **price** can be found including the URL of the **GDB**'s publicly accessible website.

2.4.20 Every **GDB** must, in respect of-

- (1) All new **prices** payable; or
- (2) In the case of withdrawn **prices**, the **prices** which would have been payable;  
  
by 4 or fewer **consumers**, at least 20 working days before introducing a new **price**, give written notice to each **consumer** by whom that **price** is payable, the information specified in clause 2.4.18 in respect of that **price**.

*Annual disclosure of information on billed quantities and line charge revenues*

2.4.21 Within 6 months after the end of each **disclosure year**, every **GDB** must **publicly disclose** the information specified in Schedule 8.

2.4.22 If **prices** differ between **sub-networks**, a separate Schedule 8 must be completed for each **sub-network**.

## **2.5 NON-FINANCIAL INFORMATION RELATING TO NETWORK ASSETS**

2.5.1 Within 6 months after the end of each **disclosure year**, every **GDB** must—

- (1) Complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** for the **disclosure years** provided for in the following reports-
  - (a) the Asset Register set out in Schedule 9a;
  - (b) the Asset Age Profile set out in Schedule 9b;
  - (c) the Report on Pipeline Data set out in Schedule 9c;
  - (d) the Report on Demand set out in Schedule 9d;
  - (e) the Report on Network Reliability and Interruptions set out in Schedule 10a;
  - (f) the Report on Network Integrity and Consumer Service set out in Schedule 10b; and
- (2) **publicly disclose** each of these reports.

2.5.2 If a **GDB** has **sub-networks**, within 6 months after the end of each **disclosure year**, a **GDB** must—

- (1) complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** in relation to each **sub-network** for the **disclosure years** provided for in the following reports-
  - (a) the Asset Register set out in Schedule 9a;
  - (b) the Asset Age Profile set out in Schedule 9b;
  - (c) the Report on Pipeline Data set out in Schedule 9c;
  - (d) the Report on Demand set out in Schedule 9d;
  - (e) the Report on Network Reliability and Interruptions set out in Schedule 10a;
  - (f) the Report on Network Integrity and Consumer Service set out in Schedule 10b; and
- (2) **publicly disclose** each of these reports.

## 2.6 ASSET MANAGEMENT PLANS AND FORECAST INFORMATION

2.6.1 Subject to clause 2.6.3, before the start of each **disclosure year** commencing with the **disclosure year** 2014, every **GDB** must-

- (1) Complete an **AMP** that-
  - (a) relates to the **gas distribution services** supplied by the **GDB**;
  - (b) meets the purposes of **AMP** disclosure set out in clause 2.6.2;
  - (c) has been prepared in accordance with Attachment A to this determination;
  - (d) contains the information set out in in the schedules described in clause 2.6.6;
  - (e) contains the Report on Asset Management Maturity as described in Schedule 13;
- (2) Complete the Report on Asset Management Maturity in accordance with the requirements specified in Schedule 13; and

(3) **Publicly disclose the AMP.**

2.6.2 The purposes of **AMP** disclosure referred to in subclause 2.6.1(1)(b) are that the **AMP-**

- (1) Must provide sufficient information for interested **persons** to assess whether-
  - (a) assets are being managed for the long term;
  - (b) the required level of performance is being delivered; and
  - (c) costs are efficient and performance efficiencies are being achieved;
- (2) Must be capable of being understood by interested **persons** with a reasonable understanding of the management of infrastructure assets;
- (3) Should provide a sound basis for the ongoing assessment of asset-related risks, particularly high impact asset-related risks.

2.6.3 Subject to clause 2.6.4, a **GDB** may elect to complete and **publicly disclose** an **AMP update**, as described in clause 2.6.5, before the start of a **disclosure year**, instead of an **AMP**, as described in clause 2.6.1(1), unless the start of that **disclosure year** is–

(1) For a five-year regulatory period:

(a) between 6 (inclusive) and 18 months after the start of the **DPP regulatory period**; or

(b) between 18 (inclusive) and 30 months before the start of the next **DPP regulatory period**.

(2) For a four-year regulatory period:

(a) between 6 (inclusive) and 18 months after the start of the **DPP regulatory period**; or

(b) between 6 (inclusive) and 18 months before the start of the next **DPP regulatory period**.

2.6.4 A **GDB** must not complete and **publicly disclose** an **AMP update** instead of an **AMP** if it has not previously **publicly disclosed** an **AMP** under clause 2.6.1.

2.6.5 For the purpose of clause 2.6.3, the **AMP update** must–

- (1) Relate to the **gas distribution services** supplied by the **GDB**;

- (2) Identify any material changes to the **network** development plans disclosed in the last **AMP** under clause 12 of Attachment A or in the last **AMP update** disclosed under this clause 2.6.5;
- (3) Identify any material changes to the lifecycle asset management (maintenance and renewal) plans disclosed in the last **AMP** pursuant to clause 13 of Attachment A or in the last **AMP update** disclosed under this clause;
- (4) Provide the reasons for any material changes to the previous disclosures in the Report on Forecast Capital Expenditure set out in Schedule 11a and Report on Forecast Operational Expenditure set out in Schedule 11b;
- (5) Identify any changes to the asset management practices of the **GDB** that would affect a Schedule 13 Report on Asset Management Maturity disclosure; and
- (6) Contain the information set out in the schedules described in 2.6.6.

2.6.6 Before the start of each **disclosure year**, each **GDB** must complete and **publicly disclose** each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** for the **disclosure years** provided for in the following reports-

- (1) the Report on Forecast Capital Expenditure in Schedule 11a;
- (2) the Report on Forecast Operational Expenditure in Schedule 11b;
- (3) the Report on Asset Condition in Schedule 12a;
- (4) the Report on Forecast Utilisation in Schedule 12b;
- (5) the Report on Forecast Demand in Schedule 12c.

## 2.7 EXPLANATORY NOTES TO DISCLOSED INFORMATION

2.7.1 Within 6 months after the end of each **disclosure year**, every **GDB** must complete and **publicly disclose** the Schedule of Mandatory Explanatory Notes (Schedule 14) by inserting all information relating to information disclosed in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and subclauses 2.5.1(1)(e) and 2.5.2(1)(e).

- (1) In relation to details of any insurance cover for the assets used to provide **gas distribution services**, the explanatory notes in Schedule 14 must include-

- (a) the **GDB's** approaches and practices in regard to the insurance of assets, including the level of insurance;
  - (b) in respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.
- (2) Where an item disclosed in accordance with clause 2.3.1 is classified differently from the previous year, the explanatory notes in Schedule 14 must include the-
- (a) nature of the item reclassified;
  - (b) value of the item in the current **disclosure year** and in the previous **disclosure year**;
  - (c) classification of the item in the previous **disclosure year**;
  - (d) classification of the item in the current **disclosure year**; and
  - (e) reason why the item has been reclassified.

2.7.2 Before the start of each **disclosure year**, every **GDB** must complete and **publicly disclose** the Mandatory Explanatory Notes on Forecast Information in Schedule 14a by inserting all relevant information relating to information disclosed in accordance with clause 2.6.6.

2.7.3 Within 6 months after the end of each **disclosure year**, every **GDB** may **publicly disclose** any further comments on the information disclosed in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1 and 2.5.2, in Schedule 15.

## **2.8 ASSURANCE REPORTS**

2.8.1 Where a **GDB** is required to **publicly disclose** any **audited disclosure information**, the **GDB** must-

- (1) procure an assurance report by an **independent auditor** in respect of that **audited disclosure information**, that is prepared in accordance with **SAE 3100** and **ISAE (NZ) 3000**, signed by the **independent auditor** (either in his or her own name or that of his or her firm), that-
  - (a) is addressed to the **directors** of the **GDB** and to the **Commission** as the intended users of the assurance report;
  - (b) states-



- (i) that it has been prepared in accordance with **SAE 3100** and **ISAE (NZ) 3000**; and
  - (ii) the work done by the **independent auditor**; and
  - (iii) the scope and limitations of the assurance engagement; and
  - (iv) the existence of any relationship (other than that of auditor) which the **independent auditor** has with, or any interests which the **independent auditor** has in, the **GDB** or any of its subsidiaries; and
  - (v) whether the **independent auditor** has obtained sufficient recorded evidence and explanations that he or she required and, if not, the information and explanations not obtained; and
  - (vi) whether, in the **independent auditor's** opinion, as far as appears from an examination, the information used in the preparation of the **audited disclosure information** has been properly extracted from the **GDB's** accounting and other **records**, sourced from its financial and non-financial systems; and
  - (vii) whether, in the **independent auditor's** opinion, as far as appears from an examination of them, proper **records** to enable the complete and accurate compilation of the **audited disclosure information** required by the Gas Distribution Information Disclosure Determination 2012 have been kept by the **GDB** and, if not, the **records** not so kept;
- (c) states, whether (and, if not, the respects in which it has not), in the **independent auditor's** opinion, the **GDB** has complied, in all material respects, with the Gas Distribution Information Disclosure Determination 2012 in preparing the **audited disclosure information**; and
- (d) states whether, in the **independent auditor's** opinion, the **GDB's** basis for valuation of **related party transactions** in the **disclosure year** has complied, in all material respects, with clause 2.3.6 of this determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the **IM determination**;

- (2) without limiting the application of **SAE 3100** and **ISAE (NZ) 3000** as set out in subclause (1), the assurance report must state any key audit matters, being those matters that-
- (a) required significant attention by the **independent auditor** in carrying out its assurance engagement;
  - (b) are selected from matters communicated with those charged with governance of the **GDB**; and
  - (c) the **independent auditor** has identified, taking into account:
    - (i) areas of higher assessed risk of material misstatement of **audited disclosure information**;
    - (ii) significant auditor judgements relating to areas in the **audited disclosure information** that involved significant judgement of the management of the **GDB**; and
    - (iii) the effect on the assurance engagement of any significant events or transactions by the **GDB** that occurred during the **disclosure year**; and

*Guidance note: (refer to clause 1.4.1(8)-(9))*

*This is a similar requirement to that which applies for the audit or financial statements under International Standard on Auditing (New Zealand) 701, Communicating Key Audit Matters in the Independent Auditor's Report, issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in October 2015, under s 12(b) of the Financial Reporting Act 2013.*

- (3) **publicly disclose** the **independent auditor's** assurance report prepared in accordance with subclause (1) at the same time as the **GDB publicly discloses** the **audited disclosure information**.

2.8.2 Subject to clauses 2.3.9, 2.8.3 and 2.8.5, a **GDB** must procure and **publicly disclose** at the same time as it **publicly discloses** the **audited disclosure information**, an independent report prepared in accordance with clause 2.8.4, where-

- (1) the proportion of the **GDB's** total **capital expenditure** accounted for by **related party transactions** involving a procurement from a **related party** exceeds 65% in the **disclosure year**;

- (2) the proportion of the **GDB's total operational expenditure** accounted for by **related party transactions** involving a procurement from a **related party** exceeds 65% in the **disclosure year**; or
- (3) the **independent auditor** is not able to conclude that the valuation or disclosures of **related party transactions** in the **disclosure year** comply, in all material respects, with clause 2.3.6 of this determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the **IM determination**.

2.8.3 Where clause 2.8.2 applies for the **disclosure year** and time constraints do not permit the preparation of an independent report for that **disclosure year** before the **independent auditor** issues their opinion for that **disclosure year**, the **GDB** must-

- (1) within 6 months after the end of that **disclosure year** **publicly disclose** a statement indicating that it will procure and **publicly disclose** an independent report in accordance with clause 2.8.4 for the subsequent **disclosure year**; and
- (2) procure and **publicly disclose** an independent report from an **independent appraiser**, prepared in accordance with clause 2.8.4 at the same time as the **GDB publicly discloses the audited disclosure information** for the subsequent **disclosure year**.

2.8.4 The independent report prepared by the **independent appraiser**, as specified in clauses 2.8.2 and 2.8.3(2), must-

- (1) be addressed to the **directors** of the **GDB** and to the **Commission** as the intended users of the report;
- (2) be a separate report from the **independent auditor's** assurance report prepared in accordance with clause 2.8.1(1);
- (3) based on the information obtained, sampling of **related party transactions**, and analysis undertaken, state whether or not in the opinion of the **independent appraiser**, the **GDB's related party transactions** would comply, in all material respects, with clause 2.3.6 of this determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the **IM determination**, and set out the grounds for that opinion;
- (4) where the **independent appraiser** provides an opinion in the report that the **GDB's related party transactions** would not comply with clause 2.3.6 of this determination or clauses 2.2.11(1)(g) and 2.2.11(5) of the **IM determination**, state the alternative terms the **independent appraiser** considers could enable the **related party transactions** to comply;

- (5) set out the qualifications of the **independent appraiser** to provide the opinion in the report;
- (6) set out the scope and any limitations of the engagement of the **independent appraiser** by the **GDB**;
- (7) state all key assumptions made by the **independent appraiser** on which the analysis in the report relies;
- (8) describe the basis used for sampling of **related party transactions** to inform the opinion in the report;
- (9) describe the steps and analysis undertaken;
- (10) summarise the steps the **GDB** has taken to test whether **related party transactions** comply with clause 2.3.6 of this determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the **IM determination**;
- (11) state whether or not, in the opinion of the **independent appraiser**, the steps taken by the **GDB** specified in subclause (9), are considered to be, in all material respects, reasonable in the circumstances; and
- (12) state whether the **independent appraiser** has obtained the recorded information and explanations that they required and, if not, the information and explanations not able to be obtained.

2.8.5 A **GDB** may elect not to obtain an independent report for a **disclosure year**, as required under clause 2.8.2, where-

- (1) for that **disclosure year**, the proportion of either the **GDB's total capital expenditure** or **operational expenditure** accounted for by **related party transactions** involving a procurement from a **related party** has not increased by more than 5% from the **disclosure year** for which the most recent independent report has been disclosed in accordance with clause 2.8.2 or 2.8.3(2); and
- (2) the **GDB** has disclosed an independent report for at least one of the two previous **disclosure years** in accordance with clause 2.8.2 or 2.8.3(2).

2.8.6 Subject to clause 2.8.7, where a **GDB publicly discloses** information under clause 2.12.1 or 2.12.2 and the **GDB** was required to procure an assurance report under clause 2.8.1 for the **original disclosure**, the **GDB** must procure an assurance report to

the information disclosed under clause 2.12.1 or 2.12.2 to the standard of the assurance report procured for the **original disclosure**.

- 2.8.7 In applying clause 2.8.6, the assurance required for **indirectly affected data and statements** disclosures is whether the disclosed **error** has been corrected and subsequently correctly reflected in the revised **indirectly affected data and statements**.

## 2.9 CERTIFICATES

- 2.9.1 Where a **GDB** is required to **publicly disclose** any information under clauses 2.6.1, 2.6.3, 2.6.6 and 2.7.2, the **GDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 17 in respect of that information, duly signed by 2 **directors** of the **GDB**.

- 2.9.2 Where a **GDB** is required to **publicly disclose** any information under clause 2.4.1, the **GDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 18 in respect of that information, duly signed by 2 **directors** of the **GDB**.

- 2.9.3 Where a **GDB** is required to **publicly disclose**, or disclose to the **Commission**, any information under any of clause 2.3.1, 2.3.2, 2.3.6, 2.4.21, 2.4.22, 2.5.1, 2.5.2 and 2.7.1, the **GDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 19 in respect of that information, duly signed by 2 **directors** of the **GDB**.

- 2.9.4 Subject to clause 2.9.5, where a **GDB** **publicly discloses** information under clause 2.12.1 or 2.12.2, the **GDB** must **publicly disclose** a certificate under clause 2.12.1 or 2.12.2 to the standard of the certificate disclosed with the **original disclosure**.

- 2.9.5 In applying clause 2.9.4, the certification required for **indirectly affected data and statements** disclosures is whether the disclosed **error** has been corrected and subsequently correctly reflected in the revised **indirectly affected data and statements**.

## 2.10 RETENTION AND CONTINUING DISCLOSURES

- 2.10.1 A **GDB** that is required by this determination to **publicly disclose** any information must retain, and continuously **publicly disclose**, that information for at least 7 years from the date that information is first required to be **publicly disclosed**.

## 2.11 EXEMPTIONS

2.11.1 The **Commission** may at any time, by written notice to a **GDB**-

- (1) Exempt the **GDB** from any or all of the requirements of this determination, for a period and on such terms and conditions as the **Commission** specifies in the notice; and
- (2) Amend or revoke any such exemption.

## 2.12 DISCLOSURE OF ERRORS IN PREVIOUSLY DISCLOSED INFORMATION

2.12.1 Within 7 months of identifying a material **error**, a **GDB** must-

- (1) **publicly disclose**-
  - (a) a description of the **error** including the quantum of the **error** and a summary of the disclosures, data and statements affected by the **error**;
  - (b) the reason for the **error**;
  - (c) the data and statements from the **original disclosure** affected by the **error**;
  - (d) in a manner which is consistent with the **principal determination** including any amendments in effect at the time of the **original disclosure**, materially correct revised data or statements affected by the **error**;
  - (e) a certificate in accordance with clause 2.9.4; and
  - (f) where applicable, an assurance report in accordance with clause 2.8.6.
- (2) disclose the information outlined in subclause (1) when **publicly disclosing** the **original disclosure** in accordance with clause 2.10.1.

2.12.2 If a **GDB** identifies a non-material **error**, a **GDB** may, within 7 months of identifying the non-material **error**, **publicly disclose** it in accordance with clause 2.12.1.

2.12.3 Information disclosed in accordance with this determination that refers to or relies on information contained in a previous disclosure must be consistent with the

previous disclosure, unless an **error** disclosure related to that information has been made in accordance with clause 2.12.1 or 2.12.2.

2.12.4 Information disclosed after an **error** disclosure is made in accordance with clause 2.12.1 or 2.12.2 must be consistent with the **error** disclosure made in accordance with clause 2.12.1 or 2.12.2.

## ATTACHMENT A: ASSET MANAGEMENT PLANS

This attachment sets out the mandatory disclosure requirements with respect to **AMPs**. The text in italics provides a commentary on those requirements. The purpose of the commentary is to provide guidance on the expected content of disclosed **AMPs**. The commentary has been prepared on the basis that **GDBs** will implement best practice asset management processes.

### AMP design

1. The core elements of asset management—
  - 1.1 A focus on measuring **network** performance, and managing the assets to achieve performance targets;
  - 1.2 Monitoring and continuously improving asset management practices;
  - 1.3 Close alignment with corporate vision and strategy;
  - 1.4 That asset management is driven by clearly defined strategies, business objectives and service level targets;
  - 1.5 That responsibilities and accountabilities for asset management are clearly assigned;
  - 1.6 An emphasis on knowledge of what assets are owned and why, the location of the assets and the condition of the assets;
  - 1.7 An emphasis on optimising asset utilisation and performance;
  - 1.8 That a total life cycle approach should be taken to asset management;
  - 1.9 That the use of ‘non-network’ solutions and demand management techniques as alternatives to asset acquisition is considered.
2. The disclosure requirements are designed to produce **AMPs** that:
  - 2.1 Are based on, but are not limited to, the core elements of asset management identified in clause 1;
  - 2.2 Are clearly documented and made available to all stakeholders;
  - 2.3 Contain sufficient information to allow interested **persons** to make an informed judgement about the extent to which the **GDB’s** asset management processes meet best practice criteria and outcomes are consistent with outcomes produced in competitive markets;
  - 2.4 Specifically support the achievement of disclosed service level targets;



- 2.5 Emphasise knowledge of the performance and risks of assets and identify opportunities to improve performance and provide a sound basis for ongoing risk assessment;
- 2.6 Consider the mechanics of delivery including resourcing;
- 2.7 Consider the organisational structure and capability necessary to deliver the **AMP**;
- 2.8 Consider the organisational and contractor competencies and any training requirements;
- 2.9 Consider the systems, integration and information management necessary to deliver the plans;
- 2.10 To the extent practical, use unambiguous and consistent definitions of asset management processes and terminology consistent with the terms used in this attachment to enhance comparability of asset management practices over time and between **GDBs**; and
- 2.11 Promote continual improvements to asset management practices.

*Disclosing an **AMP** does not constrain a **GDB** from managing its assets in a way that differs from the **AMP** if its circumstances change after preparing the plan or if the **GDB** adopts improved asset management practices.*

### **Contents of the AMP**

3. The **AMP** must include the following:
  - 3.1 A summary that provides a brief overview of the contents and highlights information that the **GDB** considers significant;
  - 3.2 Details of the background and objectives of the **GDB's** asset management and planning processes; and
  - 3.3 A purpose statement which:
    - (a) makes clear the purpose and status of the **AMP** in the **GDB's** asset management practices. The purpose statement must also include a statement of the objectives of the asset management and planning processes;
    - (b) states the corporate mission or vision as it relates to asset management;
    - (c) identifies the documented plans produced as outputs of the annual business planning process adopted by the **GDB**;
    - (d) states how the different documented plans relate to one another, with particular reference to any plans specifically dealing with asset management; and

- (e) includes a description of the interaction between the objectives of the **AMP** and other corporate goals, business planning processes and plans.

*The purpose statement should be consistent with the **GDB's** vision and mission statements, and show a clear recognition of stakeholder interest.*

- 3.4 Details of the **AMP planning period**, which must cover at least a projected period of 10 years commencing with the **disclosure year** following the date on which the **AMP** is disclosed.

*Good asset management practice recognises the greater accuracy of short-to-medium term planning, and will allow for this in the **AMP**. The **asset management information planning information** for the second 5 years of the **AMP planning period** need not be presented in the same detail as the first 5 years.*

- 3.5 The date that it was approved by the **directors**.

- 3.6 A description of each of the legislative requirements directly affecting management of the assets, and details of:

- (a) how the **GDB** meets the requirements; and
- (b) the impact on asset management.

- 3.7 A description of stakeholder interests (owners, **consumers**, etc) which identifies important stakeholders and indicates:

- (a) how the interests of stakeholders are identified;
- (b) what these interests are;
- (c) how these interests are accommodated in asset management practices; and
- (d) how conflicting interests are managed.

- 3.8 A description of the accountabilities and responsibilities for asset management on at least 3 levels, including-

- (a) governance—a description of the extent of **director** approval required for key asset management decisions and the extent to which asset management outcomes are regularly reported to **directors**;
- (b) executive—an indication of how the in-house asset management and planning organisation is structured; and
- (c) field operations—an overview of how field operations are managed, including a description of the extent to which field

work is undertaken in-house and the areas where outsourced contractors are used.

3.9 All significant assumptions-

- (a) quantified where possible;
- (b) clearly identified in a manner that makes their significance understandable to interested **persons**, including-
- (c) A description of changes proposed where the information is not based on the **GDB's** existing business;
- (d) the sources of uncertainty and the potential effect of the uncertainty on the prospective information; and
- (e) the price inflator assumptions used to prepare the financial information disclosed in **nominal New Zealand dollars** in the Report on Forecast Capital Expenditure set out in Schedule 11a and the Report on Forecast Operational Expenditure set out in Schedule 11b.

3.10 A description of the factors that may lead to a material difference between the prospective information disclosed and the corresponding actual information recorded in future disclosures.

3.11 An overview of asset management strategy and delivery.

*To support the Report on Asset Management Maturity disclosure and assist interested **persons** to assess the maturity of asset management strategy and delivery, the **AMP** should identify-*

- (a) how the asset management strategy is consistent with the **GDB's** other strategy and policies;
- (b) how the asset strategy takes into account the life cycle of the assets;
- (c) the link between the asset management strategy and the **AMP**; and
- (d) processes that ensure costs, risks and system performance will be effectively controlled when the **AMP** is implemented.

3.12 An overview of systems and information management data.

*To support the Report on Asset Management Maturity disclosure and assist interested **persons** to assess the maturity of systems and information management, the **AMP** should describe:*

- (a) the processes used to identify asset management data requirements that cover the whole of life cycle of the assets;

- (b) the systems used to manage asset data and where the data is used, including an overview of the systems to record asset conditions and operation capacity and to monitor the performance of assets;
- (c) the systems and controls to ensure the quality and accuracy of asset management information; and
- (d) the extent to which the systems, processes and controls are integrated.

3.13 A statement covering any limitations in the availability or completeness of asset management data and disclose any initiatives intended to improve the quality of this data.

*Discussion of the limitations of asset management data is intended to enhance the transparency of the **AMP** and identify gaps in the asset management system.*

3.14 A description of the processes used within the **GDB** for:

- (a) managing routine asset inspections and **network** maintenance;
- (b) planning and implementing **network** development projects; and
- (c) measuring **network** performance.

3.15 An overview of asset management documentation, controls and review processes.

*To support the Report on Asset Management Maturity disclosure and assist interested **persons** to assess the maturity of asset management documentation, controls and review processes, the **AMP** should:*

- (a) *identify the documentation that describes the key components of the asset management system and the links between the key components;*
- (b) *describe the processes developed around documentation, control and review of key components of the asset management system;*
- (c) *where the **GDB** outsources components of the asset management system, the processes and controls that the **GDB** uses to ensure efficient and cost effective delivery of its asset management strategy;*

- (d) *where the **GDB** outsources components of the asset management system, the systems it uses to retain core asset knowledge in-house; and*
- (e) *audit or review procedures undertaken in respect of the asset management system.*

3.16 An overview of communication and participation processes.

*To support the Report on Asset Management Maturity disclosure and assist interested **persons** to assess the maturity of asset management documentation, controls and review processes, the **AMP** should-*

- (a) *communicate asset management strategies, objectives, policies and plans to stakeholders involved in the delivery of the asset management requirements, including contractors and consultants; and*
- (b) *demonstrate staff engagement in the efficient and cost effective delivery of the asset management requirements.*

3.17 The **AMP** must present all financial values in **constant price** New Zealand dollars except where specified otherwise.

3.18 The **AMP** must be structured and presented in a way that the **GDB** considers will support the purposes of **AMP** disclosure set out in clause 2.6.2 of the determination.

#### **Assets covered**

4. The **AMP** must provide details of the assets covered, including-

4.1 A map and high-level description of the areas covered by the **GDB**, including the region(s) covered; and

4.2 A description of the **network** configuration, including-

*if **sub-networks** exist, the **network** configuration information should be disclosed for each **sub-network**.*

- (a) A map or maps, with any cross-referenced information contained in an accompanying schedule, showing the physical location of:
  - (i) All **main pipes**, distinguished by operating pressure;
  - (ii) All **ICPs** that have a significant impact on **network** operations or asset management priorities, and a description of that impact;
  - (iii) All gate **stations**;

- (iv) All pressure regulation **stations**; and
- (b) if applicable, the locations where a significant change has occurred since the previous disclosure of the information referred to in subclause 4.2(a), including-
  - (i) a description of the parts of the **network** that are affected by the change; and
  - (ii) a description of the nature of the change.

### **Network assets by category**

- 5. The **AMP** must describe the **network** assets by providing the following information for each asset category-
  - 5.1 pressure;
  - 5.2 description and quantity of assets;
  - 5.3 age profiles; and
  - 5.4 a discussion of the results of formal risk assessments of the assets, further broken down by subcategory as appropriate. Systemic issues leading to the premature replacement of assets or parts of assets should be discussed.
- 6. The asset categories discussed in clause 5 should include at least the following:
  - 6.1 the categories listed in the Report on Forecast Capital Expenditure in Schedule 11a(iii); and
  - 6.2 assets owned by the **GDB** but installed at gate **stations** owned by others.

### **Service Levels**

- 7. The **AMP** must clearly identify or define a set of performance indicators for which annual performance targets have been defined. The annual performance targets must be consistent with business strategies and asset management objectives and be provided for each year of the **AMP planning period**. The targets should reflect what is practically achievable given the current **network** configuration, condition and planned expenditure levels. The targets should be disclosed for each year of the **AMP planning period**.
- 8. Performance indicators for which targets are defined in clause 7 must include—
  - 8.1 the DPP requirements required under the price quality path determination applying to the regulatory assessment period in which the next **disclosure year** falls;

- 8.2 **consumer** oriented indicators that preferably differentiate between different consumer types;
  - 8.3 indicators of asset performance, asset efficiency and effectiveness, and service efficiency, such as technical and financial performance indicators related to the efficiency of asset utilisation and operation; and
  - 8.4 the performance indicators disclosed in Schedule 10b of the determination.
9. The **AMP** must describe the basis on which the target level for each performance indicator was determined. Justification for target levels of service includes **consumer** expectations or demands, legislative, regulatory, and other stakeholders' requirements or considerations. The **AMP** should demonstrate how stakeholder needs were ascertained and translated into service level targets.
  10. Targets should be compared to historic values where available to provide context and scale to the reader.
  11. Where forecast expenditure is expected to materially affect performance against a target defined in clause 7, the target should be consistent with the expected change in the level of performance.

*Performance against target must be monitored for disclosure in the Evaluation of Performance section of each subsequent **AMP**.*

### **Network Development Planning**

12. **AMPs** must provide a detailed description of **network** development plans, including—
  - 12.1 A description of the planning criteria and assumptions for **network** development;
  - 12.2 Planning criteria for **network** developments should be described logically and succinctly. Where probabilistic or scenario-based planning techniques are used, this should be indicated and the methodology briefly described; and
  - 12.3 The use of standardised designs may lead to improved cost efficiencies. This section should discuss:
    - (a) the categories of assets and designs that are standardised; and
    - (b) the approach used to identify standard designs.

- 12.4 A description of the criteria used to determine the capacity of equipment for different types of assets or different parts of the **network**.

*The criteria described should relate to the **GDB's** philosophy in managing planning risks.*

- 12.5 A description of the process and criteria used to prioritise **network** development projects and how these processes and criteria align with the overall corporate goals and vision.

- 12.6 Details of demand forecasts, the basis on which they are derived, and the specific **network** locations where constraints are expected due to forecast increases in demand:

- (a) explain the load forecasting methodology and indicate all the factors used in preparing the load estimates;
- (b) provide separate forecasts to at least **system** level covering at least a minimum five year forecast period. Discuss how uncertain but substantial individual projects/developments that affect load are taken into account in the forecasts, making clear the extent to which these uncertain increases in demand are reflected in the forecasts; and
- (c) identify any **network** or equipment constraints that may arise due to the anticipated growth in demand during the **AMP planning period**.

*The **AMP** should include a description of the methodology and assumptions used to produce the utilisation and capacity forecasts and a discussion of the limitations of the forecasts, methodology and assumptions. The **AMP** should also discuss any capacity limitations identified or resolved in years during which an **AMP** was not disclosed.*

- 12.7 Analysis of the significant **network** level development options identified and details of the decisions made to satisfy and meet target levels of service, including-

- (a) the reasons for choosing a selected option for projects where decisions have been made;
- (b) alternative options considered for projects that are planned to start in the next five years; and
- (c) consideration of planned innovations that improve efficiencies within the **network**, such as improved utilisation, extended asset lives, and deferred investment.



- 12.8 A description and identification of the **network** development programme and actions to be taken, including associated expenditure projections. The **network** development plan must include-
- (a) a detailed description of the material projects and a summary description of the non-material projects currently underway or planned to start within the next 12 months;
  - (b) a summary description of the programmes and projects planned for the following four years (where known); and
  - (c) an overview of the material projects being considered for the remainder of the **AMP planning period**.

*For projects included in the **AMP** where decisions have been made, the reasons for choosing the selected option should be stated which should include how target levels of service will be impacted. For other projects planned to start in the next five years, alternative options should be discussed.*

#### **Lifecycle Asset Management Planning (Maintenance and Renewal)**

13. The **AMP** must provide a detailed description of the lifecycle asset management processes, including—
- 13.1 The key drivers for maintenance planning and assumptions;
  - 13.2 Identification of **routine and corrective maintenance and inspection** policies and programmes and actions to be taken for each asset category, including associated expenditure projections. This must include-
    - (a) the approach to inspecting and maintaining each category of assets, including a description of the types of inspections, tests and condition monitoring carried out and the intervals at which this is done;
    - (b) any systemic problems identified with any particular asset types and the proposed actions to address these problems; and
    - (c) budgets for maintenance activities broken down by asset category for the **AMP planning period**;
  - 13.3 Identification of **asset replacement and renewal** policies and programmes and actions to be taken for each asset category, including associated expenditure projections. This must include-
    - (a) the processes used to decide when and whether an asset is replaced or refurbished, including a description of the factors on which decisions are based, and consideration of future

- demands on the **network** and the optimum use of existing **network** assets;
  - (b) a description of innovations that have deferred asset replacements;
  - (c) a description of the projects currently underway or planned for the next 12 months;
  - (d) a summary of the projects planned for the following four years (where known); and
  - (e) an overview of other work being considered for the remainder of the **AMP planning period**; and
- 13.4 The asset categories discussed in clauses 13.2 and 13.3 should include at least the categories in clause 6.

#### **Non-Network Development, Maintenance and Renewal**

14. **AMPs** must provide a summary description of material non-network development, maintenance and renewal plans, including—
- 14.1 a description of **non-network assets**;
  - 14.2 development, maintenance and renewal policies that cover them;
  - 14.3 a description of material **capital expenditure** projects (where known) planned for the next five years; and
  - 14.4 a description of material maintenance and renewal projects planned (where known) for the next five years.

#### **Risk Management**

15. **AMPs** must provide details of risk policies, assessment, and mitigation, including—
- 15.1 Methods, details and conclusions of risk analysis;
  - 15.2 Strategies used to identify areas of the **network** that are vulnerable to high impact low probability events and a description of the resilience of the **network** and asset management systems to such events;
  - 15.3 A description of the policies to mitigate or manage the risks of events identified in clause 15.2; and
  - 15.4 Details of emergency response and contingency plans.

*Asset risk management forms a component of a **GDB**'s overall risk management plan or policy, focusing on the risks to assets and maintaining service levels. **AMPs** should demonstrate how the **GDB** identifies and assesses asset related risks and describe the main risks within the **network**. The focus should be on credible low-probability, high-impact risks. Risk evaluation may highlight the need for specific development projects or maintenance programmes. Where this is the case, the resulting projects or actions should be discussed, linking back to the development plan or maintenance programme.*

### **Evaluation of performance**

16. **AMPs** must provide details of performance measurement, evaluation, and improvement, including—
  - 16.1 A review of progress against plan, both physical and financial;
    - (a) referring to the most recent disclosures made under clause 2.5.1 of the determination, discussing any significant differences and highlighting reasons for substantial variances;
    - (b) commenting on the progress of development projects against that planned in the previous **AMP** and provide reasons for substantial variances along with any significant construction or other problems experienced; and
    - (c) commenting on progress against maintenance initiatives and programmes and discuss the effectiveness of these programmes noted.
  - 16.2 An evaluation and comparison of actual service level performance against targeted performance-
    - (a) in particular, comparing the actual and target service level performance for all the targets discussed in the previous **AMP** under clause 7 and explain any significant variances.
  - 16.3 An evaluation and comparison of the results of the asset management maturity assessment disclosed in the Report on Asset Management Maturity set out in Schedule 13 against relevant objectives of the **GDB**'s asset management and planning processes.
  - 16.4 An analysis of gaps identified in clauses 16.2 and 16.3. Where significant gaps exist (not caused by one-off factors), the **AMP** must describe any planned initiatives to address the situation.

### **Capability to deliver**

17. **AMPs** must describe the processes used by the **GDB** to ensure that-

- 17.1 The **AMP** is realistic and the objectives set out in the plan can be achieved; and
- 17.2 The organisation structure and the processes for authorisation and business capabilities will support the implementation of the **AMP** plans.

### **PART 3 SCHEDULES INCLUDED IN THIS DOCUMENT**

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For Schedules 1-10 (excluding 5f-5g), 5f-5g and 11a-13, which form part of this Determination, but are not included in this document, see the Microsoft Excel workbooks available on the Commerce Commission website.

## **Schedule 13: Instructions for completing the Report on Asset Management Maturity**

1. When required to complete the Report on Asset Management Maturity under clause 2.6.1, each GDB must-
  - 1.1 ensure that the person responsible for managing network assets (or a similar level individual) in the organisation takes responsibility for completing this report, including-
    - 1.1.1 Organising people within the organisation to answer the questions;
    - 1.1.2 Arranging for all information to be captured in the Report on Asset Management Maturity;
    - 1.1.3 Reporting to the organisation on the results of the assessment;
    - 1.1.4 Planning the assessment process, including;
      - (a) determining the form the assessment process is to take. In this context, the principal formats are generally taken to be interviews, facilitated groups/panels or a combination of the two;
      - (b) arranging for appropriate outsourced service providers and stakeholders to act as respondents during the assessment exercise;
      - (c) providing appropriate pre-assessment communication (and training where appropriate) to ensure that, as a minimum, the proposed respondents are aware of the process and the part within it that they are being asked to play;
      - (d) identifying which questions are to be asked of which respondents.
  - 1.2 specify in the Report on Asset Management Maturity the standard of asset management practice that the GDB has used as the reference standard.
  - 1.3 fill out the following columns in the Report on Asset Management Maturity set out below
    - 1.3.1 'User guidance': guidance (if required) on completing each question of the report.

This column can be used by the person responsible for completing the Report on Asset Management Maturity to provide guidance to the persons coordinating responses to each question.

- 1.3.2 'Evidence—Summary': the information/evidence used to support the assessed rating.

The cells in this column should be completed by persons coordinating responses to each question.

- 1.3.3 'Score': the appropriate maturity rating (this must be a whole number between 0 and 4).

To meet Report on Asset Management Maturity level 4 maturity, the GDB's processes must surpass the standards that must be complied with in an internationally accepted asset management specification. The Report on Asset Management Maturity questionnaire has been prepared to conform to the PAS 55 specification. However, a similar specification, if available, may be used for the purpose of disclosure.

2. When disclosing the Report on Asset Management Maturity in the AMP, a GDB must include at least the following columns-

- 2.1 'Question No';
- 2.2 'Function';
- 2.3 'Question';
- 2.4 'Score';
- 2.5 'Evidence—Summary';
- 2.6 'Why';
- 2.7 'Who';
- 2.8 'Record/documented information'; and
- 2.9 a maturity level column which includes, for each row, the corresponding definition of the maturity level 'score' selected for each 'question'.

3. Guidance notes on completing the Report on Asset Management Maturity

- 3.1 *Part of the value of a formal asset management system is the definition and standardisation of terms. A common understanding of terms helps interested persons to understand the asset management concepts and processes that*

*apply to the GDB. In particular, it helps the GDB's employees and suppliers to understand and improve asset management concepts and processes.*

- 3.2 *The report will not provide an effective assessment of the maturity of the GDB's asset management capability and processes unless the preparation of the report is supported by senior management of the GDB.*
- 3.3 *The level of effort required to complete the report should be consistent with a gap analysis exercise rather than the level typically involved with an audit for certification.*
- 3.4 *An audit involves a systematic, independent process for the collection and analysis of evidence to support a rating whereas the report is intended to be used by providing a reference to supporting evidence or an explanation of the self-assessment.*
- 3.5 *The level of documentation within an asset management system is expected to be consistent with factors such as the size of the company, complexity of processes and competence of personnel.*
- 3.6 *The definitions provided in the report for each maturity rating should provide sufficient information for a GDB to objectively identify the level currently being achieved by the organisation.*



## **Schedule 14: Mandatory Explanatory Notes**

1. This schedule requires GDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and subclauses 2.5.1(1)(e) and 2.5.2(1)(e).
2. This schedule is mandatory—GDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 11 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for GDBs to give additional explanation of disclosed information should they elect to do so.

### *Return on Investment (Schedule 2)*

4. In the box below, comment on return on investment as disclosed in Schedule 2. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

**Box 1: Explanatory comment on return on investment**

[Insert text here]

### *Regulatory Profit (Schedule 3)*

5. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-
  - 5.1 a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in 3(i) of Schedule 3
  - 5.2 information on reclassified items in accordance with subclause 2.7.1(2).

**Box 2: Explanatory comment on regulatory profit**

[Insert text here]

### *Merger and acquisition expenses (3(iv) of Schedule 3)*

6. If the GDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below:

- 6.1 information on reclassified items in accordance with subclause 2.7.1(2)
- 6.2 any other commentary on the benefits of the merger and acquisition expenditure to the GDB.

**Box 3: Explanatory comment on merger and acquisition expenditure**

[Insert text here]

*Value of the Regulatory Asset Base (Schedule 4)*

7. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

**Box 4: Explanatory comment on the value of the regulatory asset based (rolled forward)**

[Insert text here]

*Regulatory tax allowance: disclosure of permanent differences (5a(i) of Schedule 5a)*

8. In the box below, provide descriptions and workings of the material items recorded in the following asterisked categories of 5a(i) of Schedule 5a-
  - 8.1 Income not included in regulatory profit / (loss) before tax but taxable
  - 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible
  - 8.3 Income included in regulatory profit / (loss) before tax but not taxable
  - 8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax

**Box 5: Regulatory tax allowance: permanent differences**

[Insert text here]

*Regulatory tax allowance: disclosure of temporary differences (5a(vi) of Schedule 5a)*

9. In the box below, provide descriptions and workings of material items recorded in the asterisked category 'Tax effect of other temporary differences' in 5a(vi) of Schedule 5a.

**Box 6: Tax effect of other temporary differences (current disclosure year)**

[Insert text here]

*Cost allocation (Schedule 5d)*

10. In the box below, comment on cost allocation as disclosed in Schedule 5d. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

**Box 7: Cost allocation**

[Insert text here]

*Asset allocation (Schedule 5e)*

11. In the box below, comment on asset allocation as disclosed in Schedule 5e. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

**Box 8: Commentary on asset allocation**

[Insert text here]

*Capital Expenditure for the Disclosure Year (Schedule 6a)*

12. In the box below, comment on expenditure on assets for the disclosure year, as disclosed in Schedule 6a. This comment must include-
- 12.1 a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;
  - 12.2 information on reclassified items in accordance with subclause 2.7.1(2).

**Box 9: Explanation of capital expenditure for the disclosure year**

[Insert text here]

*Operational Expenditure for the Disclosure Year (Schedule 6b)*

13. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-
- 13.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b
  - 13.2 Information on reclassified items in accordance with subclause 2.7.1(2)
  - 13.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, including the value of the expenditure, the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

**Box 10: Explanation of operational expenditure for the disclosure year**

[Insert text here]

*Variance between forecast and actual expenditure (Schedule 7)*

14. In the box below, comment on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 7. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

**Box 11: Explanatory comment on variance in actual to forecast expenditure**

[Insert text here]

*Information relating to revenues and quantities for the disclosure year*

15. In the box below, please explain reasons for any material differences between target revenue disclosed before the start of the pricing year in accordance with clause 2.4.1

and subclause 2.4.3(3), and total billed line charge revenue for the disclosure year as disclosed in Schedule 8.

**Box 12: Explanatory comment relating to revenue for the disclosure year**

[Insert text here]

16. If price category codes or consumer groups (as applicable) have been changed in a disclosure year, please explain in the box below the effect of this on the allocation of ICPs, quantities and revenues between consumer groups disclosed in Schedule 8.

**Box 13: Explanatory comment relating to changed price category codes or consumer groups**

[Insert text here]

*Network Reliability for the Disclosure Year (Schedule 10a)*

17. In the box below, comment on network reliability for the disclosure year, as disclosed in Schedule 10a.

**Box 14: Commentary on network reliability for the disclosure year**

[Insert text here]

*Insurance cover*

18. In the box below, provide details of any insurance cover for the assets used to provide gas pipeline services, including-
  - 18.1 The GDB's approaches and practices in regard to the insurance of assets, including the level of insurance;
  - 18.2 In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

**Box 15: Explanation of insurance cover**

[Insert text here]

*Amendments to previously disclosed information*

19. In the box below, provide information about amendments to previously disclosed information disclosed in accordance with clause 2.12.1 in the last 7 years, including:
  - 19.1 a description of each error; and
  - 19.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

**Box 16: Disclosure of amendment to previously disclosed information**

[Insert text here]

## **Schedule 14a: Mandatory Explanatory Notes on Forecast Information**

1. This schedule requires GDBs to provide explanatory notes to reports prepared in accordance with clause 2.6.6.
2. This schedule is mandatory—GDBs must provide the explanatory comment specified below, in accordance with clause 2.7.2. This information is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.

### *Commentary on difference between nominal and constant price capital expenditure forecasts (Schedule 11a)*

3. In the box below, comment on the difference between nominal and constant price capital expenditure for the current disclosure year and the 10 year planning period, as disclosed in Schedule 11a.

**Box 1: Commentary on difference between nominal and constant price capital expenditure forecasts**  
[Insert text here]

### *Commentary on difference between nominal and constant price operational expenditure forecasts (Schedule 11b)*

4. In the box below, comment on the difference between nominal and constant price operational expenditure for the current disclosure year and the 10 year planning period, as disclosed in Schedule 11b.

**Box 2: Commentary on difference between nominal and constant price operational expenditure forecasts**  
[Insert text here]

### **Schedule 15: Voluntary Explanatory Notes**

1. This schedule enable GDBs to provide, should they wish to:
  - 1.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1, and 2.5.2.
  - 1.2 information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.
3. Provide additional explanatory comment in the box below.

**Box 1: Voluntary explanatory comment on disclosed information**

[Insert text below]



## Schedule 16: Definitions of Terms used in Schedules 1 to 15

1. This schedule provides definitions for terms used in Schedules 1 to 15 of this determination.
2. Where terms used in ~~Schedules 1 to 16 the schedules~~ are defined in ~~section clause~~ 1.4 of this determination but are not defined below, they have the meanings set out in ~~section clause~~ 1.4 of this determination. Terms used in ~~the schedules~~ Schedules 1 to 16 that are defined in the IM determination have the meanings set out in the IM determination. Otherwise, unless defined below, terms used in Schedules 1 to 16 ~~the schedules~~ have meanings consistent with industry practice.

Term	Definition
% of asset forecast to be replaced in next 5 years	means the % of asset quantity forecast to be replaced in next 5 years consistent with the capital expenditure forecast
% variance	<p>means:</p> $q = \frac{a - b}{b} \times 100$ <p>where:</p> <p><i>a</i> = actual expenditure</p> <p><i>b</i> = forecast expenditure</p>
25th percentile estimate	means the 25th percentile estimate for the range of the mid-point post tax WACC or mid-point vanilla WACC determined by the Commission in accordance with clause 2.4.5 of the IM determination
75th percentile estimate	means the 75th percentile estimate for the range of the mid-point post tax WACC or mid-point vanilla WACC determined by the Commission in accordance with clause 2.4.5 of the IM determination
Actual expenditure	means, in relation to: <ol style="list-style-type: none"> <li>a disclosure year, expenditure for that disclosure year</li> <li>the regulatory period, expenditure for the disclosure years from the start of the regulatory period to the current disclosure year</li> </ol>
Adjusted depreciation	has the meaning given in the IM determination

Adjustment for unamortised initial differences in assets acquired	means for assets acquired from another regulated supplier, the value of the unamortised initial differences in asset values for those assets acquired as unamortised initial differences in asset values is determined in accordance with the input methodologies that apply to the regulated goods or services supplied by that regulated supplier
Adjustment for unamortised initial differences in assets disposed	means the value of opening unamortised initial differences in asset values for assets that are disposed of during the year
Adjustment resulting from asset allocation	<p>means</p> <p>(a) in relation to the works under construction roll-forward, the change in works under construction resulting from a change in asset allocation assumptions for assets included in works under construction, where increases in the value of works under construction are positive and decreases are negative</p> <p>(b) in relation to the regulatory tax asset base roll-forward, the change in sum of regulatory tax asset values resulting from a change in asset allocation assumptions for assets included in sum of regulatory tax asset values, where increases in the value of sum of regulatory tax asset values are positive and decreases are negative</p> <p>(c) in all other instances, the value of <math>q</math> calculated using the following formula:</p> $q = a - (b - c + d + e - f + g)$ <p>where:</p> <p><math>a</math> = total closing RAB value  <math>b</math> = total opening RAB value  <math>c</math> = total depreciation  <math>d</math> = total revaluations  <math>e</math> = assets commissioned  <math>f</math> = asset disposals  <math>g</math> = lost and found assets adjustment</p> <p>The formula must be calculated using component values that relate to the RAB. These component values are the values that result from the application of clause 2.1.1 of the IM determination</p>

All other projects or programmes	means, within an expenditure category, the total of projects and programmes that are not material projects and programmes.
Allocator metric	has the meaning given in the IM determination
Allocator type	has the meaning given in the IM determination
Amortisation of initial differences in asset values	has the meaning given in paragraph (a) of the defined term in the IM determination
Amortisation of revaluations	has the meaning given in paragraph (a) of the defined term in the IM determination
Arm’s-length deduction	has the meaning given in the IM determination
Asset category transfers	means the value of an asset transferred between asset categories
Asset condition at start of planning period (percentage of units by grade)	means the proportion of the quantity of each asset class assessed against the asset condition categories (grade 1 to 4), reflecting the likelihood of short, medium or longer term intervention. Suppliers are able to apply their own criteria for intervention when populating the table.
Asset disposals	means:  (a) in relation to the unallocated RAB, the sum of unallocated opening RAB values less regulatory depreciation of disposed assets, as determined in accordance with input methodologies applicable to that asset in the IM determination;  (b) in relation to the RAB, the value (as determined in accordance with paragraph (a)) which was allocated to gas distribution services in accordance with clause 2.1.1 of the IM determination
<del>Asset disposals (other than below)</del>	<del>means asset disposals other than asset disposals to a regulated supplier and asset disposals to a related party</del>
Asset disposals to a regulated supplier	means asset disposals disposed of to a regulated supplier

Asset disposals to a related party	means asset disposals disposed of to a related party
Asset or assets with changes to depreciation	means a description of assets or groups of assets where the supplier has changed the asset(s)' depreciation profile or the asset(s) was commissioned during the disclosure year; and at least one of the following applies: (a) the asset(s) is a reduced life asset or dedicated asset(s) as those terms are used in clause 2.2.8(4) of the IM determination (b) the asset(s) depreciation profile was changed or set in accordance with the CPP process (c) the asset(s) physical service life potential was determined by an engineer in accordance with clause 2.2.8(3) of the IM determination (d) the GDB chooses to disclose details about the asset(s) depreciation profile (e) the asset is a composite asset (as that term is used in clause 2.2.8(4) of the IM determination) and at least one of the clauses (a) to (d) applies to one of its component assets
Assets acquired from a regulated supplier	means: (a) in relation to the unallocated RAB <u>or unallocated works under construction</u> , the sum of value of assets acquired from another regulated supplier as determined in accordance with clause 2.2.11(1)(e) of the IM determination; (b) in relation to the RAB <u>or allocated works under construction</u> , the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the gas distribution services in accordance with clause 2.1.1 of the IM determination
Assets acquired from a related party	means: (a) in relation to the unallocated RAB, the sum of value of assets acquired from a related party as determined in accordance with clauses 2.2.11(1)(f) and (g) of the IM determination; (b) in relation to the RAB, the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the gas distribution services in accordance with clause 2.1.1 of the IM determination
<u>Assets acquired (other than below)</u>	<u>means assets acquired other than assets commissioned out of WUC, assets acquired from a regulated supplier and assets acquired from a related party</u>

Assets commissioned (other than below)	means assets commissioned other than assets acquired from a regulated supplier and assets acquired from a related party
<u>Assets commissioned out of WUC</u>	<u>has the meaning given in paragraphs (a) and (b) of the defined term assets commissioned in clause 1.4.3 of the principal determination</u>
Attribution rate	means: $q = \frac{a \times b}{c}$ <p>where:  <i>a</i> = average opening and closing RAB values  <i>b</i> = a leverage rate of 42%  <i>c</i> = total book value of interest bearing debt</p>
Atypical expenditure	means expenditure on non-network assets that is 'one-off' or 'exceptional'
Average daily delivery (GJ per day)	means: $q = \frac{a}{b}$ <p>where:  <i>a</i> = total gas conveyed  <i>b</i> = number of days in the disclosure year</p>
Average opening and closing RAB values	means: $q = \frac{a + b}{2}$ <p>where:  <i>a</i> = opening RAB value  <i>b</i> = closing RAB value</p>
Average total number of distribution customers	means the average of customer numbers measured at the start of the disclosure year and at the end of the disclosure year
Billed quantities	means the quantities associated with price components upon which the consumer's bill for gas distribution services is based, expressed in the units of measure used by the GDB for setting prices (for example volumes of gas delivered in GJ)

Book value	<p>means:</p> <p>(a) in relation to the issue date, the book value in New Zealand dollars of a qualifying debt or non-qualifying debt on the issue date</p> <p>(b) in relation to the date of financial statements, the book value in New Zealand dollars of a qualifying debt or non-qualifying debt as at the end of the period of the GDB’s latest general purpose financial statements</p>
Business support	<p>in relation to expenditure, means operational expenditure associated with the following corporate activities:</p> <ul style="list-style-type: none"> <li>• HR and training (other than operational training);</li> <li>• finance and regulation including compliance activities, valuations and auditing;</li> <li>• CEO and director costs;</li> <li>• legal services;</li> <li>• consulting services (excluding engineering/technical consulting);</li> <li>• property management;</li> <li>• corporate communications;</li> <li>• corporate IT;</li> <li>• industry liaison and participation;</li> <li>• commercial activities including pricing, billing, revenue collection and marketing; or</li> <li>• liaison with GTBs, customers and gas retailers</li> </ul>
CAIDI (Customer Average Interruption Duration Index)	<p>means:</p> $q = \frac{a}{b}$ <p>where:</p> <p><math>a</math> = SAIDI</p> <p><math>b</math> = SAIFI</p>
Capex wash-up adjustment	<p>means a cost specified in clause 3.1.3(1)(h) of the IM determination</p>
Capital contributions funding asset relocations	<p>means the value of capital contributions that are paid to the GDB in relation to asset relocation expenditure</p>

Capital contributions funding asset replacement and renewal	means the value of capital contributions that are paid to the GDB in relation to asset replacement and renewal expenditure
Capital contributions funding consumer connection	means the value of capital contributions that are paid to the GDB in relation to consumer connection expenditure
Capital contributions funding legislative and regulatory	means the value of capital contributions that are paid to the GDB in relation to legislative and regulatory expenditure
Capital contributions funding other reliability, safety and environment	means the value of capital contributions that are paid to the GDB in relation to other reliability, safety and environment expenditure
Capital contributions funding quality of supply	means the value of capital contributions that are paid to the GDB in relation to quality of supply expenditure
Capital contributions funding system growth	means the value of capital contributions that are paid to the GDB in relation to system growth expenditure
<del>Catastrophic event allowance</del>	<del>means a cost specified in clause 3.1.3(1)(i) of the IM determination</del>
Cathodic protection systems	means a system that inhibits the corrosion of a metallic gas pipe by means of an impressed current or sacrificial anodes
Class A (planned interruptions by GTB)	means planned interruptions, caused by a GTB, when the GDB is able to give 10 business days' notice to either the customer or its retailer or arrange the interruption with the customer or its retailer; unless otherwise arranged with the customer or its retailer.

Class B (planned interruptions on the network)	means planned interruptions, excluding those caused by a GTB, when the GDB is able to give 10 business days' notice to either the customer or its retailer or arrange the interruption with the customer or its retailer; unless otherwise arranged with the customer or its retailer.
Class C (unplanned interruptions on the network)	means an unplanned interruption on the GDB's network, excluding interruptions cause by third party damage and excluding any occurrence of insufficient system capability to provide the required quantity of gas to a supply point due to a failure on the transmission network
Class D (unplanned interruptions by GTB)	means an occurrence of insufficient system capability to provide the required quantity of gas to a point of supply due to a failure on the transmission network
Class I (unplanned interruptions caused by third party damage)	means an unplanned interruption on the GDB's network caused by a third party damage event
Closing deferred tax	has the meaning given in clause 2.3.7(2) of the IM determination
Closing RAB value under 'non-standard' depreciation	means the closing RAB value or sum of closing RAB values as determined in accordance with Part 2, Subpart 2 of the IM determination for the relevant asset or assets with non-standard depreciation
Closing RAB value under 'standard' depreciation	means: (a) in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, 'not applicable' (b) in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets or depreciation - alternative depreciation determined in accordance with CPP, the sum of closing RAB values as determined in accordance with the IM determination as if the closing RAB value and all proceeding closing RAB values had been calculated in accordance with clause 2.1.1 of the IM determination applying a physical asset life determined in accordance with either clause 2.2.8(1)(h)(iii) or (i) of the IM determination for the relevant asset or assets with non-standard depreciation



Closing RIV	means total closing RAB values less adjustment resulting from asset allocation less lost and found assets adjustment plus closing deferred tax
Closing sum of regulatory tax asset values	means the sum of regulatory tax asset values for assets that have a value included in total closing RAB value plus the regulatory tax asset values of assets referred to in clause 2.3.9(4)(b) of the IM determination
Closing tax losses	has the meaning given in clause 2.3.2(4) of the IM determination
Closing unamortised initial differences in asset values	means closing unamortised initial differences in asset values determined in accordance with clause 2.3.5(5) of the IM determination
Commerce Act levies	means a cost specified in clause 3.1.2(2)(b)(i) of the IM determination
Consumer type	means a category of consumers as defined by the GDB that is typical of the type of consumer connected to the network. This may refer to consumer groups as used for pricing, physical connection attributes or any other attribute that the GDB considers appropriate.
Corporate tax rate	has the meaning given in the IM determination
Cost of debt assumption	means the sum of the risk free rate, average debt premium estimates and debt issuance costs as published by the Commission in accordance with clauses 2.4.1 to 2.4.9 of the IM determination for each disclosure year
Coupon rate	means: (a) where the information is available publicly, the nominal coupon rate of interest of a qualifying debt on the issue date; (b) where the nominal coupon rate of interest of a qualifying debt on the issue date is not available publicly, either the nominal coupon rate of interest or the basis for determining the nominal coupon rate of interest of a qualifying debt on the issue date
CPI <sub>4</sub>	has the meaning given in clause 2.2.9(4) of the IM determination
CPI <sub>4</sub> <sup>-4</sup>	has the meaning given in clause 2.2.9(4) of the IM determination

CPP application recoverable costs	means costs specified in either clause 3.1.3(1)(b), (c), (d), (e) or (f) of the IM determination
CPP specified pass through costs	means a cost specified in clause 3.1.2(1)(b) of the IM determination
Current period tax losses	has the meaning given in clause 2.3.2(5) of the IM determination
Data accuracy (1–4)	<p>means the GDB’s assessment of the accuracy of the data provided, using one of the following options:</p> <p>1 – means that good quality data is not available for any of the assets in the category and estimates are likely to contain significant error</p> <p>2 – means that good quality data is available for some assets but not for others and the data provided includes estimates of uncounted assets within the category</p> <p>3 – means that data is available for all assets but includes a level of estimation where there is understood to be some poor quality data for some of the assets within the category</p> <p>4 – means that good quality data is available for all of the assets in the category</p>
Debt issue cost readjustment	has the meaning given in clause 2.4.9(4) of the IM determination
Deferred tax balance relating to assets acquired in the disclosure year	has the meaning given in clause 2.3.7(3) of the IM determination
Deferred tax balance relating to assets disposed in the disclosure year	means the amount of deferred tax associated with asset disposals. The definition assumes a deferred tax asset position. If the deferred tax balances relating to the asset disposals is a liability it must be entered as a negative amount

Deferred tax cost allocation adjustment	means cost allocation adjustments as defined in clause 2.3.7(5) of the IM determination
Depreciation - alternative depreciation in accordance with CPP	means: (a) in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.6 of the IM determination; (b) in relation to the RAB, depreciation calculated in accordance with clause 2.2.6 of the IM determination
Depreciation - modified life assets	means: (a) in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; (b) in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination; of assets with a physical asset life determined in accordance with clauses 2.2.8(1)(b) or 2.2.8(2) of the IM determination or where clauses 2.2.8(1)(d) and 2.2.8(1)(h)(iv) of the IM determination apply with reference to assets with a physical asset life determined in accordance with clauses 2.2.8(1)(b) or 2.2.8(2) of the IM determination
Depreciation - no standard life assets	means: (a) in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; (b) in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination; of assets with a physical asset life determined in accordance with clauses 2.2.8(1)(a) or 2.2.8(1)(d) or 2.2.8(1)(h)(iv)-(v) or 2.2.8(1)(j) of the IM determination or where clauses 2.2.8(1)(d) and 2.2.8(1)(h)(iv) of the IM determination apply with reference to assets with a physical asset life determined in accordance with clauses 2.2.8(1)(a) or 2.2.8(1)(d) or 2.2.8(1)(h)(iv)-(v) or 2.2.8(1)(j) of the IM determination
Depreciation - standard	means: (a) in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; (b) in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination; excluding depreciation - alternative depreciation in accordance with CPP, depreciation - modified life assets, and depreciation - no standard life assets

Depreciation charge for the period (RAB)	means the depreciation or sum of depreciation as determined in accordance with the IM determination for the relevant asset or assets with non-standard depreciation
Direct billing	in relation to expenditure, means operational expenditure associated with directly billing end consumers and recovering payments due. This includes billing services, credit and debtor management, associated customer call centres, and customer account management
Disposed asset	has the meaning given in paragraph (a) of the defined term in the IM determination
DRS	means district regulator station
Expenditure on non-network assets	means expenditure on assets relating to non-network assets
Expenditure or loss deductible but not in regulatory profit / (loss) before tax	means expenditure or loss deductible but not in regulatory profit / (loss) before tax as determined in accordance with clause 2.3.3(4)(b) of the IM determination
Expenditure or loss in regulatory profit / (loss) before tax but not deductible	means expenditure or loss in regulatory profit / (loss) before tax but not deductible as determined in accordance with clause 2.3.3(2)(b) of the IM determination
Expenses cash outflow	means operational expenditure plus pass through and recoverable costs excluding financial incentives and wash-ups
Financial incentives	means recoverable costs specified by the Commission in a CPP determination using an input methodology variation under clause 53V(2)(c) of the Act, and classified by the Commission as a 'financial incentive' in that CPP determination

Forecast expenditure	<p>means, in relation to:</p> <p>(a) current disclosure year, the forecast expenditure for the current disclosure year disclosed pursuant to subclauses 2.6.6(1) and 2.6.6(2) of this determination immediately prior to the start of the current disclosure year</p> <p>(b) regulatory period, the forecast expenditure for the disclosure years from the start of the regulatory period to the current disclosure year disclosed pursuant to Part 5 of the IM determination where a CPP is in place for the current disclosure year or disclosed pursuant to subclauses 2.6.6(1) and 2.6.6(2) of this determination prior to the start of the disclosure year preceding the regulatory period where a CPP is not in place for the current disclosure year</p>
Gains / (losses) on asset disposals	<p>means, in relation to-</p> <p><del>(a)</del> <u>Asset disposals to a related party, nil;</u>  <math>q = a - b</math>  <u>where:</u>  <u><math>a =</math> total sale price of the assets, being no less than the value determined under clause 2.3.6</u>  <u><math>b =</math> Asset disposals;</u></p> <p><del>(b)</del> <u>Asset disposals to a regulated supplier, nil;</u>  <del>(c)</del> <u>Any other asset-Asset disposals (other than below), means-</u>  <math>q = a - b</math>          where  <math>a =</math> total sale price of the assets  <math>b =</math> <u>Asset disposals (other than below)</u></p>
Gas conveyed for Persons not involved in the GDB (TJ)	means the total amount of gas conveyed through the network or sub-network for persons not in a prescribed business relationship with the GDB
Grade 1	means the end of serviceable life, immediate intervention required
Grade 2	means material deterioration but asset condition still within serviceable life parameters. Intervention likely to be required within 3 years.
Grade 3	means normal deterioration requiring regular monitoring
Grade 4	means good or as new condition
Grade unknown	means condition unknown or not yet assessed

Gross term credit spread differential	means the sum of term credit spread difference and debt issue cost readjustment for qualifying debt
Highest rate of capitalised finance applied	means the highest rate of finance used as the cost of financing capitalised in works under construction
Impact of financial incentives on ROIs	means- $q = a - b$ where $a =$ ROI – comparable to a vanilla WACC – reflecting all revenue earned $b =$ ROI – comparable to a vanilla WACC - excluding revenue earned from financial incentives
Impact of wash-up costs on ROIs	means- $q = a - b$ where $a =$ ROI – comparable to a vanilla WACC – excluding revenue earned from financial incentives $b =$ ROI – comparable to a vanilla WACC – excluding revenue earned from financial incentives and wash-up costs
Income included in regulatory profit / (loss) before tax but not taxable	means income included in regulatory profit / (loss) before tax but not taxable as determined in accordance with clause 2.3.3(4)(a) of the IM determination excluding total revaluations
Income not included in regulatory profit / (loss) before tax but taxable	means income not included in regulatory profit / (loss) before tax that is taxable as determined in accordance with clause 2.3.3(2)(a) of the IM determination
Industry levies	means a cost specified in clauses 3.1.2(1)(b) and 3.1.2(2)(b)(ii)-(iii) of the IM determination
Input Methodology claw back	means a cost specified in clause 3.1.3(1)(a) of the IM determination
Insurance	means a contract of insurance as defined in the Insurance (Prudential Supervision) Act 2010

Intermediate pressure (IP)	means an operating pressure greater than 700 kPa but not exceeding 2,000 kPa.
Issue date	means the day on which a qualifying debt or non-qualifying debt is issued
Items at end of year (quantity)	means the total quantity of assets in the prescribed asset category and asset class installed in the network at the end of the disclosure year, expressed in the prescribed unit
Items at start of year (quantity)	means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year, expressed in the prescribed unit
Leverage	has the meaning given in the IM determination
Line item	has the meaning given in the IM determination
Line valve	means a valve for stopping the flow of gas within a main pipe.
Load factor	<p>means</p> $\frac{a}{12 \times b} \times 100$ <p>where</p> <p><i>a</i> = total gas conveyed (GJ per annum) on the network or sub-network</p> <p><i>b</i> = maximum monthly load (GJ per month) on the network or sub-network</p>
Low Pressure (LP)	means an operating pressure at, or below, 7 kPa.
Market value of asset disposals	means the market value of disposed assets sold or transferred to a related party
Material projects and programmes	means projects or programmes with actual or forecast total expenditure greater than the materiality threshold that is developed and applied by the GDB
Maximum daily load (GJ per day)	means the maximum amount of gas entering a network, or sub-network in a day during the disclosure year, measured in GJ

Maximum monthly load (GJ per month)	means the maximum amount of gas entering a network, or sub-network, in a month during the disclosure year, measured in GJ
Medium pressure (MP)	means an operating pressure above 7 kPa but not exceeding 700 kPa.
Merger and acquisition expenditure	means expenditure related to merger and acquisition activities irrespective of the outcome of the merger or acquisition, but proportionate to the extent the benefits of the merger or acquisition would relate to gas distribution services. Disclosure of the benefits to gas distribution services is required for the merger and acquisition expenditure to be recognised.
Mid-point estimate of post tax WACC	means the mid-point estimate of post tax WACC determined by the Commission for that disclosure year under clause 2.4.1(2)
Mid-point estimate of vanilla WACC	means the mid-point estimate of vanilla WACC determined by the Commission for that disclosure year under clause 2.4.1(1) of the IM determination
Mid-year net cash outflows	means expenses cash outflow plus assets commissioned less asset disposals plus tax payments less other regulated income
Monitoring and control system	means a system, including relocatable devices, that monitors and/or controls the operating state of a network.
Monthly net cash outflows	means expenses cash outflow plus assets commissioned less asset disposals less other regulated income
Monthly ROI – comparable to a post tax WACC	means the monthly ROI comparable to the vanilla WACC less the product of the cost of debt (%), the leverage and the corporate tax rate



Monthly ROI – comparable to a vanilla WACC	<p>means the internal rate of return for a schedule of cash flows that occur according to a schedule of dates where the schedules of cash flows and dates are-</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Cash flows</u></th> <th style="text-align: left;"><u>Dates</u></th> </tr> </thead> <tbody> <tr> <td>- Opening RIV</td> <td>365 before year-end</td> </tr> <tr> <td>- Monthly net cash outflows</td> <td>15<sup>th</sup> of the month incurred</td> </tr> <tr> <td>Line charge revenue</td> <td>20<sup>th</sup> of the month following accrual</td> </tr> <tr> <td>- Tax payments</td> <td>182 days before year-end</td> </tr> <tr> <td>- Term credit spread differential allowance</td> <td>Year-end</td> </tr> <tr> <td>Closing RIV</td> <td>Year-end</td> </tr> </tbody> </table>	<u>Cash flows</u>	<u>Dates</u>	- Opening RIV	365 before year-end	- Monthly net cash outflows	15 <sup>th</sup> of the month incurred	Line charge revenue	20 <sup>th</sup> of the month following accrual	- Tax payments	182 days before year-end	- Term credit spread differential allowance	Year-end	Closing RIV	Year-end
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Name of related party	means the name of the related party that has entered into a transaction with the GDB														
Network opex	means the sum of operational expenditure relating to service interruptions, incidents and emergencies, routine and corrective maintenance and inspection, and asset replacement and renewal														
New allocation	means the operating costs or regulated service asset values allocated to gas distribution services in accordance with the new allocator and line items for each of the relevant disclosure years														
New allocator or line item	means the allocator or line items that are used subsequent to the change in allocator or line items														
No. with age unknown	means the total quantity of assets in the prescribed asset category and asset class installed in the network for which no installation information is known and no default date has been assigned														
No. with default dates	means the total quantity of assets in the prescribed asset category and asset class installed in the network at the end of the disclosure year where the original installation year is unknown and that have accordingly been allocated to a default installation year, expressed in the prescribed unit														
Non-gas distribution services	means services of the GDB that are not gas distribution services														
Non-network opex	means the sum of operational expenditure relating to system operations and network support, and business support														
Non-qualifying debt	means interest bearing debt that is not a qualifying debt														

Non-standard consumer	means any consumer that is not a standard consumer
Notional deductible interest	has the meaning given in clause 2.3.4(2) of the IM determination
Notional revenue foregone from posted discounts	means, for the purposes of Schedule 8, the revenue anticipated from posted discounts had they not been applied. Posted discounts means a discount to charges payable for the supply of gas pipeline services (a) that is offered by the GDB in a published tariff schedule; and (b) the take-up of which is determined by consumers.
Number of assets at disclosure year end by installation date	means the total quantity of assets in the prescribed asset category and asset class installed in the network at the end of the disclosure year that were first installed in the prescribed year, expressed in the prescribed unit
Number of complaints	means the number of individual expressions of dissatisfaction formally communicated made by a person to the GDB, related to the GDBs controlled gas business, gas services offered, or the complaint-handling process itself, where a response or resolution is explicitly or implicitly expected.
Number of confirmed public reported gas escapes per system length (escapes/1000 km)	means any confirmed escape of gas reported to the GDB; excluding third party damage events, leaks detected by routine survey and no traces events. Calculated as Number of confirmed public reported escapes of gas per system length kms $\times$ 1000. Measurement of PRE will be limited against assets for which the GDB is responsible, i.e. assets upstream of, and including, the customer isolation valve (CIV)
Number of connections (Number of ICPs connected in year by consumer type)	means the number of new active ICPs or agreed points of supply, in the disclosure year
Number of directly billed ICPs (at year end)	means the number of customer connections the GDB bills directly, as at the end of the disclosure year

Number of emergencies	means the sum of the number of following events: An unplanned escape and/or ignition of gas that requires the active involvement of any emergencies service (i.e., fire service, ambulance); or an unplanned disruption in the supply of gas that affects more than five ICPs; or the need to evacuate premises as the result of escape or ignition of gas
Number of ICPs (at year end)	means the number of active ICPs or agreed points of supply, as at the end of the current disclosure year
Number of leaks detected by routine survey per system length (leaks/1000 km)	means the number of leaks detected on system by routine network survey  Calculated as Number of leaks detected on the network by routine network survey / system length in kms x 1000.
Number of non-compliant odour tests	means the number of tests where gas does not comply with the New Zealand Standard on Gas detection and odourisation
Number of poor pressure events due to network causes	means the number of confirmed unplanned incidents where delivery pressure drops below target levels within a pressure system. Incidents caused by low gate station pressure and third party damage events to the network should be excluded.
Number of telephone calls to emergency numbers answered within 30 seconds per total number of calls	means the number of calls to the emergency number answered within 30 seconds per total number of calls to the emergency number
Number of third party damage events per system length (events/1000 km)	means the number of third party damage events divided by system length kms multiplied by 1000
Number of unplanned outage events	means the number of unplanned interruptions that affect more than 5 ICPs

Number of unplanned outage events caused by third party damage	means the number of unplanned interruptions that affect more than 5 ICPs caused by a third party event and excludes interruptions caused by related parties or contractors in the service of the GDB
Opening deferred tax	has the meaning given in the IM determination
Opening RIV	means the sum of total opening RAB values plus opening deferred tax
Opening sum of RAB values without revaluations	means the sum of opening RAB values as determined in accordance with the IM determination, calculated as if no amount of revaluation calculated in accordance with the IM determination had been included in the calculation of any of those opening RAB values following the determination of the initial RAB
Opening sum of regulatory tax asset values	means the sum of regulatory tax asset values for assets included in the total opening RAB value plus the regulatory tax asset values of assets referred to in clause 2.3.9(4)(b) of the IM determination
Opening tax losses	has the meaning given in clause 2.3.2(3) of the IM determination
Opening unamortised initial differences in asset values	has the meaning given in clause 2.3.5(2) of the IM determination
Opening value of fully depreciated, disposed and lost assets	means (a) in relation to the unallocated RAB, the sum of unallocated RAB values of assets included in the total opening RAB values that are fully depreciated during the disclosure year, asset disposals and lost assets included in lost and found assets adjustment; (b) in relation to the RAB, the sum of RAB values of assets included in the total opening RAB values of assets that are fully depreciated during the disclosure year, asset disposals and lost assets included in the lost and found assets adjustment

Opening weighted average remaining useful life of relevant assets (years)	has the meaning given in clause 2.3.5(4) of the IM determination
Operating surplus / (deficit)	means total regulatory income less operational expenditure less pass through and recoverable costs excluding financial incentives and wash-ups
Original allocation	means the operational expenditure or regulated service asset values allocated to gas distribution services in accordance with the allocations and line items made in the previous disclosure year
Original allocator or line items	means the allocator or line items that were used prior to the change in allocator or line items
Original tenor	means: <ul style="list-style-type: none"> <li>(a) where the qualifying debt or non-qualifying debt is not issued to a related party, the term of a qualifying debt or non-qualifying debt at the issue date;</li> <li>(b) where the qualifying debt or non-qualifying debt is issued to a related party, the shorter of the- <ul style="list-style-type: none"> <li>(i) the tenor of the qualifying debt; or</li> <li>(ii) the period from the qualifying debt's issue date to the earliest date on which its repayment is or may be required</li> </ul> </li> </ul>
Other adjustments to the RAB tax value	means $q = a - (b + c - d - e + f + g)$ where: <ul style="list-style-type: none"> <li><math>a</math> = closing sum of regulatory tax asset values</li> <li><math>b</math> = opening sum of regulatory tax asset values</li> <li><math>c</math> = regulatory tax asset value of assets commissioned</li> <li><math>d</math> = regulatory tax asset value of asset disposals</li> <li><math>e</math> = tax depreciation</li> <li><math>f</math> = lost and found assets adjustment</li> <li><math>g</math> = adjustment resulting from asset allocation</li> </ul>

Other assets	means other network assets that are not monitoring and control systems or cathodic protection systems
Other network assets	means network assets used by the GDB to provide gas distribution services that are not intermediate pressure main pipe, medium pressure main pipe, low pressure main pipe, service pipe, stations, line valves, or special crossings
Other recoverable costs excluding financial incentives and wash-ups	means recoverable costs specified by the Commission in a CPP determination using an input methodology variation under clause 53V(2)(c) of the Act, excluding financial incentives and other wash-ups
Other regulated income	has the meaning given in the IM determination
Other regulated income (other than gains / (losses) on asset disposals	means other regulated income excluding gains / (losses) on asset disposals
Other related party transactions	means the value of related party transactions that are not disclosed as total regulatory income, operational expenditure, capital expenditure or market value of asset disposals
Other wash-ups	means recoverable costs specified by the Commission in a CPP determination using an input methodology variation under clause 53V(2)(c) of the Act, and classified by the Commission as a 'wash-up' in that CPP determination
OVABAA allocation increase	has the meaning given in the IM determination
Pass through and recoverable costs excluding financial incentives and wash-up costs	means the sum of (a) rates; (b) Commerce Act levies; (c) industry levies; (d) CPP specified pass through costs; <u>and</u> <del>(e) urgent project allowance; and</del> <del>(f)</del> <u>(e)</u> other recoverable costs excluding financial incentives and wash-ups

Pressure system	means a configuration of connected pipes and fittings, at the same nominal operating pressure, used for the conveyance of gas
Price category code	means the relevant code in the schedule published by the GDB that uniquely identifies a consumer group for an ICP
Pricing date	means the day on which a qualifying debt is priced
Proportion of emergencies responded to within 1 hour (%)	means the number of emergencies responded to within 60 minutes / total number of emergencies.
Proportion of emergencies responded to within 3 hours (%)	means the number of emergencies responded to within 180 minutes / total number of emergencies.
Qualifying debt	has the meaning given in paragraph (a) of the defined term in clause 1.1.4(2) of the IM determination
Rates	means a cost specified in clause 3.1.2(2)(a) of the IM determination
Rationale for change	means the rationale for changing the allocator or line items, including whether the change occurred because of change in circumstance or another reason
Reason for non-standard depreciation	means: (a) in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, 'no standard life'; (b) in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets, 'modified life'; (c) in relation to assets or groups of assets where depreciation is included in depreciation - alternative depreciation determined in accordance with CPP, 'CPP amendment'
Recoverable costs	has the meaning set out in the IM determination
Region	means the portions of the network to which each posted standard price schedule applies
Regulated supplier	has the meaning given in the IM determination
Regulatory investment value	means opening RIV

Regulatory net taxable income	has the meaning given in clause 2.3.1(2) of the IM determination
Regulatory period	has the meaning given in the IM determination
Regulatory profit / (loss) before tax	means the value of $q$ calculated using the following formula: $q = a - b + c$ where: $a$ = operating surplus / (deficit) $b$ = total depreciation $c$ = total revaluations
Regulatory profit / (loss) including financial incentives and wash-ups	means the regulatory profit / (loss) before tax less the regulatory tax allowance and less term credit spread differential allowance
Regulatory tax allowance	has the meaning given in clause 2.3.1 of the IM determination
Regulatory tax asset value	has the meaning given in the IM determination
Regulatory tax asset value of asset disposals	means the sum of regulatory tax asset values for assets that have a value in asset disposals
Regulatory tax asset value of assets commissioned	means the sum of regulatory tax asset values for assets that have a value in assets commissioned
Regulatory taxable income	has the meaning given in the IM determination
Reliability, Safety and Environment	in relation to expenditure, means the sum of quality of supply, legislative and regulatory, and other reliability, safety and environment
<u>Reopener event allowance</u>	<u>has the meaning given in the IM determination</u>



<p>Research and development</p>	<p>in relation to expenditure, means expenditure on assets or operational expenditure where the primary driver for the expenditure relates to increasing the efficient provision of gas pipeline services through:</p> <ul style="list-style-type: none"> <li>• implementing an original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge or understanding; or</li> <li>• applying research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.</li> </ul>
<p>Response time to emergencies (RTE)</p>	<p>means the time elapsed from when an emergency is reported to a GDB representative until the GDB's personnel arrives at the location of the emergency.</p>
<p>Revaluation rate</p>	<p>has the meaning given in the IM determination</p>
<p>ROI</p>	<p>means return on investment</p>

ROI – comparable to a post tax WACC	means- <ul style="list-style-type: none"> <li>(a) in relation to the ROI – comparable to a post tax WACC reflecting all revenue earned                         <math display="block">q = a - (d \times e \times f)</math> </li> <li>(b) in relation to the ROI – comparable to a post tax WACC excluding revenue earned from financial incentives                         <math display="block">q = b - (d \times e \times f)</math> </li> <li>(c) in relation to the ROI – comparable to a post tax WACC excluding revenue earned from financial incentives and wash-ups                         <math display="block">q = c - (d \times e \times f)</math> </li> </ul> <p>where</p> <p><i>a</i> = ROI – comparable to a vanilla WACC reflecting all revenue earned</p> <p><i>b</i> = ROI – comparable to a vanilla WACC excluding revenue earned from financial incentives</p> <p><i>c</i> = ROI – comparable to a vanilla WACC excluding revenue earned from financial incentives and wash-ups</p> <p><i>d</i> = cost of debt assumption</p> <p><i>e</i> = leverage</p> <p><i>f</i> = corporate tax rate</p>
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<p>ROI – comparable to a vanilla WACC</p>	<p>means the internal rate of return for a schedule of cash flows that occur according to a schedule of dates where the schedules of cash flows and dates-</p> <p>(a) in relation to the ROI – comparable to a vanilla WACC reflecting all revenue earned, are-</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Cash flows</u></th> <th style="text-align: left;"><u>Dates</u></th> </tr> </thead> <tbody> <tr> <td>- Opening RIV</td> <td>365 days before year-end</td> </tr> <tr> <td>- Mid-year net cash outflows</td> <td>182 days before year-end</td> </tr> <tr> <td>Line charge revenue</td> <td>148 days before year-end</td> </tr> <tr> <td>- Term credit spread differential allowance</td> <td>Year-end</td> </tr> <tr> <td>Closing RIV</td> <td>Year-end</td> </tr> </tbody> </table> <p>(b) in relation to the ROI – comparable to a vanilla WACC excluding revenue earned from financial incentives, are-</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Cash flows</u></th> <th style="text-align: left;"><u>Dates</u></th> </tr> </thead> <tbody> <tr> <td>- Opening RIV</td> <td>365 days before year-end</td> </tr> <tr> <td>- (Mid-year net cash outflows less (financial incentives multiplied by the corporate tax rate))</td> <td>182 days before year-end</td> </tr> <tr> <td>Line charge revenue less financial incentives</td> <td>148 days before year-end</td> </tr> <tr> <td>- Term credit spread differential allowance</td> <td>Year-end</td> </tr> <tr> <td>Closing RIV</td> <td>Year-end</td> </tr> </tbody> </table> <p>(c) in relation to the ROI – comparable to a vanilla WACC excluding revenue earned from financial incentives and wash-ups, are-</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Cash flows</u></th> <th style="text-align: left;"><u>Dates</u></th> </tr> </thead> <tbody> <tr> <td>- Opening RIV</td> <td>365 days before year-end</td> </tr> <tr> <td>- (Mid-year net cash outflows less (financial incentives and wash-ups multiplied by the corporate tax rate))</td> <td>182 days before year-end</td> </tr> <tr> <td>Line charge revenue less financial incentives and wash-up costs</td> <td>148 days before year-end</td> </tr> <tr> <td>- Term credit spread differential allowance</td> <td>Year-end</td> </tr> <tr> <td>Closing RIV</td> <td>Year-end</td> </tr> </tbody> </table>	<u>Cash flows</u>	<u>Dates</u>	- Opening RIV	365 days before year-end	- Mid-year net cash outflows	182 days before year-end	Line charge revenue	148 days before year-end	- Term credit spread differential allowance	Year-end	Closing RIV	Year-end	<u>Cash flows</u>	<u>Dates</u>	- Opening RIV	365 days before year-end	- (Mid-year net cash outflows less (financial incentives multiplied by the corporate tax rate))	182 days before year-end	Line charge revenue less financial incentives	148 days before year-end	- Term credit spread differential allowance	Year-end	Closing RIV	Year-end	<u>Cash flows</u>	<u>Dates</u>	- Opening RIV	365 days before year-end	- (Mid-year net cash outflows less (financial incentives and wash-ups multiplied by the corporate tax rate))	182 days before year-end	Line charge revenue less financial incentives and wash-up costs	148 days before year-end	- Term credit spread differential allowance	Year-end	Closing RIV	Year-end
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<p>Routine expenditure</p>	<p>means expenditure on assets related to non-network assets that is not atypical expenditure</p>																																				

SAIDI (System Average Interruption Duration Index)	means (Sum of (unplanned interruption durations) - Sum of (unplanned interruption durations caused by transmission faults))/ average total ICP numbers x1000
SAIFI (System Average Interruption Frequency Index)	means Sum of (no of ICPs affected by each unplanned interruption not caused by transmission faults)/ average total ICP numbers x 1000
Self-insurance allowance	means any self-insurance allowance allowed by the Commission through a CPP
Service interruptions, incidents and emergencies	In relation to expenditure, means operational expenditure where the primary driver is an unplanned instantaneous event or incident that impairs the normal operation of network assets. This relates to reactive work (either temporary or permanent) undertaken in the immediate or short term in response to an unplanned event. This category also includes the direct cost of providing a service to respond to reported gas escapes, loss of supply and low pressure reports to make safe, including a repair allowance, the cost of rechecks, restoring supply, provision for 24/7 response and any waiting/non-productive time for response teams. Includes back-up assistance required to restore supply, repair leaks or make safe. It also includes operational support used during the outage or emergency response. It also includes any necessary response to events arising upstream. It does not include expenditure on activities performed proactively to mitigate the impact such an event would have should it occur. Planned follow-up activities resulting from an event which were unable to be permanently repaired in the short term are to be included under routine and corrective maintenance and inspection
Special crossings	means a section of main pipe or service pipe and associated assets (i.e., support structures, vents, casings etc.), where the associated assets are installed for the purpose of crossing a road, railway or river etc
Standard consumer	means a consumer of the GDB that has a standard contract with that GDB for the provision of gas pipeline services
System length (km) (at year end)	means the total length of pipeline (in kilometres) that forms the network as at the end of the current disclosure year

<p>System operations and network support</p>	<p>In relation to expenditure, means operational expenditure where the primary driver is the management of the network and includes expenditure relating to control centre and office-based system operations, including-</p> <ul style="list-style-type: none"> <li>• asset management planning including preparation of the AMP, load forecasting, network modelling;</li> <li>• network and engineering design (excluding design costs capitalised for capital projects);</li> <li>• network policy development (including the development of environmental, technical and engineering policies);</li> <li>• standards and manuals for network management;</li> <li>• network record keeping and asset management databases including GIS;</li> <li>• outage recording;</li> <li>• connection and customer records/customer management databases (including embedded generators);</li> <li>• customer queries and call centres (not associated with direct billing);</li> <li>• operational training for network management and field staff;</li> <li>• operational vehicles and transport;</li> <li>• IT &amp; telecoms for network management (including IT support for asset management systems);</li> <li>• day to day customer management including responding to queries on new connections, disconnections and reconnections, embedded generators;</li> <li>• network planning and system studies;</li> <li>• logistics (procurement) and stores;</li> <li>• network asset site expenses; <del>and leases;</del></li> <li>• Route/easement management (including locating pipelines for third parties, mark cuts, stand-overs, obstructions, plans and permits);</li> <li>• surveying of new sites to identify work requirements;</li> <li>• engineering/technical consulting services (excluding costs capitalised);</li> <li>• contractor/contracts management (excluding costs capitalised);</li> <li>• transmission operator liaison and management; and</li> </ul>
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	<ul style="list-style-type: none"> <li>network related research and development</li> </ul>
Tax depreciation	has the meaning given in clause 2.3.8(3) of the IM determination
Tax effect	has the meaning given in the IM determination
Tax effect of adjusted depreciation	means the tax effect of adjusted depreciation, using the definitions of “tax effect” and “adjusted depreciation” in this schedule
Tax effect of amortisation of initial differences in asset values	means the tax effect of amortisation of initial differences in asset values, using the definition of “tax effect” and “amortisation of initial difference in asset values” in this schedule
Tax effect of other temporary differences	means the tax effect of positive temporary differences less negative temporary differences but excluding deferred tax balances relating to assets disposed in the disclosure year. Positive temporary differences and negative temporary differences have the meanings given in clause 2.3.8(4) and (5) of the IM determination
Tax effect of tax depreciation	means the tax effect of tax depreciation using the definitions of “tax effect” and “tax depreciation” in this schedule
Tax payments	means regulatory tax allowance less opening deferred tax plus closing deferred tax
Term credit spread difference	has the meaning given in the IM determination
Term credit spread differential allowance	has the meaning given in the IM determination
Third party damage event	means an event where a third party has caused damage requiring repair to the network or associated equipment <i>(Note: third party damage excludes damage caused by related parties or by contractors in the service of the GDB)</i>

Total attributable to regulated service	means the sum of directly attributable costs or assets and not directly attributable costs or assets that are attributable to gas distribution services
Total book value of interest bearing debt	means the sum of book value of qualifying debt and non-qualifying debt at the date of the latest general purpose financial statements
Total closing RAB value	means: (a) in relation to the unallocated RAB, the sum of unallocated closing RAB values as determined in accordance with the IM determination; (b) in relation to the RAB, the sum of closing RAB values as determined in accordance with the IM determination
Total depreciation	means: (a) in relation to the unallocated RAB, the sum of unallocated depreciation as determined in accordance with the IM determination; (b) in relation to the RAB or regulatory profit, the sum of depreciation as determined in accordance with the IM determination
Total gas conveyed (GJ per annum)	means the amount of gas entering a network, or sub-network, in the disclosure year, measured in GJ
Total opening RAB value subject to revaluation	means: (a) in relation to the unallocated RAB, total opening RAB values - unallocated RAB less opening value of fully depreciated, disposed and lost assets - unallocated RAB; (b) in relation to the RAB, total opening RAB values - RAB less opening value of fully depreciated, disposed and lost assets – RAB
Total regulatory income	means- (a) in relation to the Report on Regulatory Profit, the sum of line charge revenue, gains / (losses) on asset disposals and other regulated income (b) in relation to the Report on Related party transactions, income from related party transactions as determined after applying clause 2.3.6 of this determination

Total revaluations	means: (a) in relation to the unallocated RAB, the sum of unallocated revaluation as determined in accordance with the IM determination; (b) in relation to the RAB or regulatory profit, the sum of revaluations as determined in accordance with the IM determination
Total value of transactions	means the total value of the related party transactions with a related party, as determined in accordance with clause 2.3.6 of this determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the IM determination
Transmission network	has the same meaning as in the IM determination
Urgent project allowance	means a cost specified in clause 3.1.3(1)(g) of the IM determination
Utilised tax losses	has the meaning given paragraph (a) of the defined term in the IM determination
WACC rate used to set regulatory price path	means- (a) in relation to a GDB subject to a section 52P determination setting out the requirements of a default price-quality path, the WACC estimate determined in accordance with clauses <del>4.4.56(1)-(2)</del> of the IM determination for the DPP regulatory period the disclosure year fall within; (b) in relation to a GDB subject to an amendment to a section 52P determination setting out the requirements of a CPP, the WACC estimate used to set that CPP determination for the disclosure year
Wash-up costs	means the sum of- (a) input methodology claw-back; (b) CPP application recoverable costs; (c) <del>catastrophic event allowance</del> <u>reopener event allowance</u> ; (d) <u>capex wash-up adjustment</u> ; <del>(e)</del> <u>(e) urgent project allowance</u> ; and <del>(f)</del> <u>(f) other wash-ups</u>
Weighted average expected total asset life	means the weighted average expected total asset life of assets calculated by using the opening RAB values as weights where opening RAB value has the meaning given in the IM determination



Weighted average pipe diameter (mm)	means the weighted average pipe diameter, expressed in millimetres, based on the length of pipeline that form the network
Weighted average remaining asset life	means the weighted average remaining asset life of assets calculated by using the opening RAB values as weights where remaining asset life and opening RAB value has the meaning given in the IM determination
<u>WUC</u>	<u>means works under construction</u>
<u>WUC assets acquired from a regulated supplier</u>	<u>means, in relation to works under construction, assets acquired from a regulated supplier</u>
<u>WUC capital contributions</u>	<u>means, in relation to works under construction, capital contributions</u>
<u>WUC capital expenditure</u>	<u>has the meaning given in paragraphs (a) and (c) of the defined term capital expenditure in clause 1.4.3 of the principal determination plus the value of WUC capital contributions</u>
<u>WUC other revenue</u>	<u>means, in relation to works under construction, revenue-</u> <u>(a) that is not included in the total regulatory income in the Report on Regulatory Profit set out in Schedule 3(i); and</u> <u>(b) which reduces the cost of an asset by the amount of the revenue where such reduction is not otherwise made under GAAP.</u>  <u>For the avoidance of doubt, this excludes capital contributions.</u>
Year-end ROI – comparable to a post tax WACC	means the year-end ROI – comparable to the vanilla WACC less the product of the cost of debt assumption(%), the leverage and the corporate tax rate

Year-end ROI – comparable to a vanilla WACC	means: $q = \frac{a - (b + c)}{d + (e \times .5)}$ where: <i>a</i> = Regulatory profit / (loss) including financial incentives and wash-ups <i>b</i> = Financial incentives <i>c</i> = Wash-ups <i>d</i> = Opening RIV <i>e</i> = Assets commissioned
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## **Schedule 17: Certification for Year-beginning Disclosures**

### Clause 2.9.1

- 1 We, [insert full names], being directors of [name of GDB] certify that, having made all reasonable enquiry, to the best of our knowledge:
  - (a) the following attached information of [name of GDB] prepared for the purposes of clauses 2.6.1, 2.6.3, 2.6.6 and 2.7.2 of the Gas Distribution Information Disclosure Determination 2012 in all material respects complies with that determination.
  - (b) The prospective financial or non-financial information included in the attached information has been measured on a basis consistent with regulatory requirements or recognised industry standards.
  - (c) The forecasts in Schedules 11a, 11b, 12a, 12b and 12c are based on objective and reasonable assumptions which both align with [name of GDB]'s corporate vision and strategy and are documented in retained records.

[Signatures of 2 directors]

[Date]

## **Schedule 18: Certification for Disclosures at the Beginning of a Pricing Year**

### Clause 2.9.2

- 1 We, [insert full names], being directors of [name of GDB] certify that, having made all reasonable enquiry, to the best of our knowledge:
  - (a) the following attached information of [name of GDB] prepared for the purposes of clause 2.4.1 of the Gas Distribution Information Disclosure Determination 2012 in all material respects complies with that determination.
  - (b) The prospective financial or non-financial information included in the attached information has been forecast on a basis consistent with regulatory requirements or recognised industry standards.

[Signatures of 2 directors]

[Date]

## **Schedule 19: Certification for Year-end Disclosures**

### Clause 2.9.3

- 1 We, [insert full names], being directors of [name of GDB] certify that, having made all reasonable enquiry, to the best of our knowledge:
- a) the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2 and 2.7.1 of the Gas Distribution Information Disclosure Determination 2012 in all material respects complies with that determination; and
  - b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from the [name of GDB]'s accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained [and if not, what records and systems were used].
  - c) \*[In respect of information concerning assets, costs and revenues valued or disclosed in accordance with clause 2.3.6 of the Gas Distribution Information Disclosure Determination 2012 and clauses 2.2.11(1)(g) and 2.2.11(5) of the Gas Distribution Services Input Methodologies Determination 2012, we are satisfied that
    - 
    - i. the costs and values of assets or goods or services acquired from a related party comply, in all material respects, with clauses 2.3.6(1) and 2.3.6(3) of the Gas Distribution Information Disclosure Determination 2012 and clauses 2.2.11(1)(g) and 2.2.11(5)(a)-2.2.11(5)(b) of the Gas Distribution Services Input Methodologies Determination 2012; and
    - ii. the value of assets or goods or services sold or supplied to a related party comply, in all material respects, with clause 2.3.6(2) of the Gas Distribution Information Disclosure Determination 2012.]
  - d) \* [in respect of the application of OVABAA in the allocation of costs or assets in accordance with clause 2.1.4 of the Gas Distribution Services Input Methodologies Determination 2012, we are satisfied that the unregulated service would be unduly deterred if the OVABAA allocation was less than that disclosed.]

\*Delete if inapplicable

[Signatures of 2 directors]

[Date]