Decision No. [XXX]

Draft Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012

Draft Electricity Distribution Services Information Disclosure Determination under Part 4 of the Commerce Act 1986.

**The Commerce Commission: Dr M Berry**

**S Begg**

**P Duignan**

**S Gale**

**Summary of the determination**: Under Part 4 of the Commerce Act 1986, the Commerce Commission has determined information disclosure requirements that apply to electricity distribution businesses.

**This determination is currently in draft form and is intended for consultation purposes only. Following submissions on this draft determination, a final determination will be made****. This is expected to occur by the end of May 2012.**

Date of Decision: [xx xxxxxxx 2012]

# COMMERCE ACT (ELECTRICITY DISTRIBUTION SERVICES INFORMATION DISCLOSURE) DETERMINATION 2012

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

# PART 1 GENERAL PROVISIONS

# 1.1 Title

## 1. This determination is the Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012.

# 1.2 Commencement DATE

## 1. This determination comes into force on [ ].

# 1.3 Application

## 1. This determination applies to electricity distribution businesses as suppliers of regulated goods and services under Part 4 of the Act.

# Interpretation

1. In this determination, unless the context otherwise requires—
   1. Terms in bold type have the meaning given to those terms in this section 1.4;
   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 determinations** but not in this determination have the same meanings as in the **IM determinations**;
   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 in this Determination;
   7. non-financial items must be measured and disclosed in accordance with standard industry practice unless otherwise required in this Determination.
2. If there is any inconsistency between the main body of this determination (this includes the appendices) and any schedule to this determination, the main body of this determination prevails.
3. In this determination, including in the schedules, the words or phrases in bold type bear the following meanings:

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| --- | --- |
| **% Variance** | means:  =  where:  = **actual expenditure**  = **forecast expenditure** |
| **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 2.4.7 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 2.4.7 of the **IM determination** |
| **2008 requirements** | means the Electricity Distribution (Information Disclosure) Requirements 2008 issued 31 October 2008 |
| **2009 disclosed asset** | has the meaning set out in the **IM determination** |

## A

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| **Act** | means the Commerce Act 1986 |
| **Actual controllable opex** | has the meaning set out in the **IM determination** |
| **Actual expenditure** | means, in relation to:   * + - * 1. any **disclosure year**, expenditure for the that **disclosure year**         2. **regulatory period**, expenditure for the **disclosure years** from the start of the **regulatory period** to the current **disclosure year** |
| **Adjusted depreciation** | has the meaning set out 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 methodologiesapplying 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 **disclosure year** |
| **Adjustment resulting from asset allocation** | means   1. 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 2. in all other instances, the value of *q* calculated using the following formula:   =  where:  = **total closing RAB value**  = **total opening RAB value**  = **total depreciation**  = **total CPI revaluations**  = **assets commissioned**  = **asset disposals**  = **lost and found assets adjustment**  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**; |
| **Adjustment to reinstate 2009 modified asset values to unallocated amounts** | means the value of the adjustment required to the **2009 modified asset values** so the resultant value represents the **unallocated** **2009 modified asset values** |
| **Allocated works under construction** | means, for the components of the works under construction roll-forward, the works under construction values after the application of clause 2.1.1 of the **IM determination** |
| **Allocation methodology type** | has the meaning set out in the **IM determination** |
| **Allocator** | means the measure used to allocate **operating costs** or **regulated service asset values** that are **not directly attributable** as set out in clause 2.1.3 or clause 2.1.5 of the **IM determination** |
| **Allocator type** | has the meaning set out in the **IM determination** |
| **Allocator metric** | has the meaning set out in the **IM determination** |
| **Allowed controllable opex** | has the meaning set out in the **IM determination** |
| **Alternative closing RIV** | means **total closing RAB value** less **adjustment resulting from cost allocation** less **lost and found assets adjustment** plus **closing deferred tax** plus **revenue related working capital** |
| **Alternative opening RIV** | means the sum of **total opening RAB value** plus **opening deferred tax** plus **revenue related working capital** |
| **Alternative ROI – comparable to a post-tax WACC** | means the **alternative** **ROI comparable to the vanilla WACC** less the product of the **cost of debt (%),** the **leverage** and the **corporate tax rate** |
| **Alternative ROI – comparable to a vanilla WACC** | means:  *q = (1 + monthly IRR)12 – 1*  where:  *monthly IRR* = **IRR** (13 monthly amounts)  where the 13 monthly amounts are:   * the negative of **alternative** **opening RIV** * the 11 end-of-month **notional net cash flows** for April to February of the assessment period * **notional net cash flows** for March for the assessment period plus **alternative** **closing RIV** less **term credit spread differential allowance**. |
| **Amortisation of initial differences in asset values** | has the meaning set out in paragraph (a) of the defined term in the **IM determination** |
| **Amortisation of revaluations** | has the meaning set out in paragraph (a) of the defined term in the **IM determination** |
| AMP | means asset management plan |
| AMP planning period | has the meaning specified in clause 3.4 of Appendix A to this determination |
| AMP update | has the meaning specified in clause 4 of section 2.5 of this determination |
| **Arm’s-length deduction** | has the meaning set out in the **IM determination** |
| **Asset category** | means any of the following: **subtransmission**, **zone substation**, **distribution and LV lines**, **distribution and LV cables**, **distribution substations and transformers**, **distribution switch gear**, **other system fixed** **assets** or **other assets** |
| **Asset category transfers** | means the value of an asset transferred between asset categories |
| **Asset disposals** | means:   1. in relation to the **unallocated RAB**, the sum of unallocated opening RAB values less regulatory depreciation of **disposed assets,** as determined in accordance with the input methodologies identified as applicable to that asset in the **IM determination**; 2. in relation to the **RAB**, the value (as determined in accordance with paragraph (a)) which was allocated to **electricity distribution services** in accordance with clause 2.1.1 of the **IM determination** |
| **Asset disposals (other)** | means **asset disposals** other than **asset disposals to a regulated supplier** and **asset disposals to a related party** |
| **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 management plan | has the meaning specified in clause 1 of section 2.5 of this determination |
| **Asset or assets with non-standard depreciation** | means a description of assets or groups of assets where depreciation is not included in **Depreciation – standard** |
| **Asset relocations** | means **gross capital expenditure** where the **primary driver** is the need to relocate assets due to third party requests, such as for the purpose of allowing road widening or similar needs. This may include the undergrounding of previously over ground assets at the request of a third party |
| **Asset replacement and renewal** | means **gross capital expenditure** where the **primary driver** is maintaining asset integrity to maintain the existing asset performance experienced by **consumers**. This category includes activities to replace or refurbish/renew assets as a result of the obsolescence of network assets or as a result of their economic, physical, safety or environmental performance (i.e., to meet prudent operator standards). This includes preventative replacement expenditure (consistent with asset life cycle management policies). It also includes expenditure associated with the ongoing physical security of the assets, supervisory control and data acquisition (SCADA) and telecommunications. |
| **Assets acquired from a regulated supplier** | means:   1. in relation to the **unallocated RAB**, 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**; 2. in relation to the **RAB,** the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the **electricity distribution services** in accordance with clause 2.1.1 of the **IM determination** |
| **Assets acquired from a related party** | means:   1. 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**; 2. in relation to the **RAB,** means the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the **electricity distribution services** in accordance with clause 2.1.1 of the **IM determination** |
| **Assets commissioned** | means:   1. in relation to the **unallocated RAB** or **works under construction**, the sum of value of **commissioned** assets as determined in accordance with clause 2.2.11 of the **IM determination**; 2. in relation to the **RAB,** the value of the assets (as determined in accordance with paragraph (a)) which is allocated to the **electricity distribution services** in accordance with clause 2.1.1 of the **IM determination**; 3. 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** |
| **Assets not used to supply electricity distribution services** | means the value of assets identified in sub-clause (a) of the definition of **excluded asset** in the **IM determination** |
| **Associates** | in relation to the definition of **involved in**, has the meaning set out in the Electricity Industry Act 2010 |
| **Attribution rate** | means: =  where:  = **average opening and closing RAB values**  = a leverage rate of 44%  = **total book value of interest bearing debt** |
| **Atypical** | means ‘one-off’ or ‘exceptional’ costs incurred as a result of events outside management control |
| **Audited disclosure information** | means information disclosed under any of subclauses 1.1, 10.1, 10.2 of section 2.3, clauses 19 and 20 of section 2.4, subclauses 6.1.1 and 6.1.2 of section 2.5 and subclauses 1.1 and 1.2 of section 2.10 of this determination |
| **Average opening and closing RAB values** | means;  =  where:  = **Total opening RAB values**  = **Total closing RAB values** |
| **Avoided transmission charge** | means a cost specified in clause 3.1.3(1)(e) or (f) of the **IM determination** |

## B

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| **Basis for determining Value** | means the basis for determining the value of the **related party** **transaction** in accordance with clause 7 of section 2.3 of this determination |
| **Book value** | means:   1. 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** 2. 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 **EDB**’s latest general purpose financial statements |
| **Business support** | means **operational expenditure** associated with the following corporate activities:   * HR and training (other than operational training) * finance and regulation including compliance activities, valuations and auditing * CEO and director costs * legal services * consulting services (excl. engineering/technical consulting) * property management * corporate communications * corporate IT * industry liaison and participation * commercial activities including pricing, marketing, liaison with **customers** and **electricity retailers** * revenue collection (excluding **direct billing**) |

## C

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| CAIDI (Customer (Connection Point) Average Interruption Duration Index) | means the average forced sustained interruption duration per Interruption per year (measured in minutes). **Connection point** numbers are to be the average for the **disclosure year** |
| **Capital contributions** | has the meaning set out in the **IM determination** |
| **Capital expenditure** | means:   1. in relation to the **unallocated** **works under construction**, costs:    1. incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned;** and    2. that are included or are intended to be included in the value of **assets commissioned** relating to the **unallocated RAB**; 2. 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**;   1. in all other instances, costs:    1. 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    2. that are included or are intended to be included in the value of **assets commissioned** relating to the **RAB** |
| Circuit length | includes all lines and cables with the exception of services, street lighting, and private lines (and, when a pole or tower carries multiple circuits, the length of each of the circuits is to be calculated individually). |
| Circuit length by operating line voltage | means the cumulative length of overhead and/or underground circuit that is operating at the nominated voltage. Where a circuit is operating at a voltage that is not listed in schedule 18, the associated length of circuit kilometres should be allocated to the nearest operating voltage. Communications and dedicated street lighting circuits should not be included unless explicitly identified |
| **Circuit peak demand** | means the peak demand on the circuit during the disclosure year measured in MVA (apparent power expressed in million volt-amps) |
| Circuit rating | means the expected maximum capacity of the circuit measured in MVA |
| **Closing deferred tax** | has the meaning set out in clause 2.3.7(2) of the **IM determination** |
| **Closing RAB (tax value)** | means the sum of **regulatory tax asset value** for assets that have a value included in **total closing RAB value** |
| **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(e)(iii) or (f) 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 cost allocation** less **lost and found assets adjustment** plus **closing deferred tax** |
| **Closing tax losses** | has the meaning given to that term 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** |
| **Commission** | means the Commerce Commission |
| **Commissioned** | has the meaning set out in the **IM determination** |
| **Community trust** | has the meaning set out in s 54D(2) of the **Act** |
| Connection point | see the definition of **ICP** |
| **Consumer** | has the meaning set out in the **Act** |
| **Consumer-controlled** | means an **EDB** that is a **community trust**, **customer co-operative**, or **customer trust** or is controlled by 1 or more such **community trust**, **customer co-operative**, or **customer trust**; and, for the purposes of this definition, a **EDB** is controlled by 1 or more such **community trust**, **customer co-operative**, or **customer trust** if it or they together directly or indirectly—  (a) control the composition of the board or other governing body of the **EDB**; or  (b) are in a position to exercise, or control the exercise of, more than one-half the maximum number of votes that can be exercised at a meeting of the shareholders or members or beneficiaries of the **EDB**; or  (c) hold more than one-half of the issued capital of the **EDB**; or  (d) are entitled to receive more than one-half of every dividend or other distribution paid by the **EDB** |
| **Consumer group** | means the category of **consumers** used by the **EDB** for the purposes of setting **prices** |
| **Contract** | means a contract for the supply of goods or services (or both) whether or not the contract, or any part of the contract, is in writing and, for the avoidance of doubt, includes:   * + - 1. 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       2. any operating agreement, side letter, or documentation that influences, adjusts or amends the terms and conditions of the contract |
| **Control rights** | has the meaning set out in the Electricity Industry Act 2010 |
| **Controlling consumers** | in relation to a **consumer-controlled** **EDB**, means all the income beneficiaries or shareholders, as the case may be, of the **community trusts**, **customer co-operatives**, or **customer trusts** that constitute or control that **EDB** |
| **Corporate tax rate** | has the meaning set out in the **IM determination** |
| **Correct asset register errors for 2004 ODV assets** | means the value of corrections to the 2004 ODV asset values determined in accordance with clause 2.2.1(1)(b) of the **IM determination** |
| **Correct asset register errors for 2005 – 2009 assets** | means the value of corrections to assets that were commissioned in 2005 – 2009 determined in accordance with clause 2.2.1(2)(b) of the **IM determination** |
| **Cost of debt assumption** | means the sum of the risk free rate and debt premium estimates as published by the **Commission** in accordance with clauses 5.3.22 to 5.3.32 of the **IM determination** for each **disclosure year** |
| **Cost of executing an interest rate swap** | has the meaning set out in the **IM determination** |
| **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** |
| **CPI4** | has the meaning set out in clause 2.2.9(4) of the **IM determination** |
| **CPI4-4** | has the meaning set out in clause 2.2.9(4) of the **IM determination** |
| **CPP** | means customised price-quality path |
| **Current period tax losses** | has the meaning given to that term in clause 2.3.2(5) of the **IM determination** |
| **Customer connection** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is the connection of new connection points to the **network** or alterations to the connection of existing **connection points** where the expenditure relates to connection assets. This includes distribution transformer and connections for distributed generators |
| **Customer co-operative** | has the meaning set out in s 54D(2) of the **Act** |
| **Customer trust** | has the meaning set out in s 54D(2) of the **Act** |
| **CY, CY-X or CY+X** | means  (a) the **disclosure year** or  (b) where a '-' precedes 'X', the Xth year preceding the **disclosure year** or  (c) where a '+' precedes the 'X', the Xth year following the **disclosure year** |

## D

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| **Data accuracy** | in relation to disclosures of asset register quantities, asset register additions, disposals and relocations, asset health, and asset life, means an estimate of the accuracy of the data and is expressed as a whole number between 1 and 4  where ‘4’ means ‘accurate’ and ‘1’ means ‘unreliable’ |
| **Debt issue cost readjustment** | has the meaning set out in clause 2.4.11(4) of the **IM determination** |
| Dedicated street lighting circuit length | means the length in kilometres of electrical lines or cables where the primary purpose of the lines or cables is the provision of street lighting services. 5-wire circuits and circuits where the primary purpose is the distribution of electricity for non-street lighting purposes must not be included |
| **Deferred tax balance relating to assets acquired in the disclosure year** | has the meaning set out 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 the assets disposed of by the **EDB** |
| **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 or 2.2.8(4) of the **IM determination** |
| **Depreciation - modified life assets** | means:   1. in relation to the **unallocated RAB**, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the **IM determination**; 2. 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)(e)(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:   1. in relation to the **unallocated RAB**, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the **IM determination**; 2. 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)(e)(iv)-(v) or 2.2.8(1)(g) of the **IM determination** or where clauses2.2.8(1)(d) and 2.2.8(1)(e)(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)(e)(iv)-(v) or 2.2.8(1)(g) of the **IM determination** |
| **Depreciation - standard** | means:   1. in relation to the **unallocated RAB**, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the **IM determination**; 2. 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** |
| **Description of transaction** | means a brief description of the transaction with a **related party**, including the goods or services provided to or by the **EDB** as part of that transaction |
| **Direct billing** | means **operating expenditure** associated with providing a direct billing service direct to the end **consumer**. This includes billing services, associated customer call centres, and customer account management |
| **Directly attributable** | has the meaning set out in the **IM determination** |
| **Director** | has the meaning set out in the **IM determination** |
| **Disclosure year** | means the 12 month period ending on 31 March of the year the disclosure relates or if the term disclosure year is proceeded by a year, the 12 month period ended on 31 March of that year |
| **Discretionary discounts and customer rebates** | means the sum of the value of:   1. any discounts of **prices**, including any forgiveness of charges, given to **controlling consumers** during the **disclosure year**; 2. payments or credits calculated in respect of **electricity distribution services** already supplied, or other payment or credit in recognition of the customer relationship but excluding any amounts included in (a); and 3. any exemption from payment of **prices** assigned to **controlling consumers** during the **disclosure year,**  but excluding:   (i) any amounts included in (a) or (b);and  (ii) any discounts to **price** payable for **electricity distribution services** where those discounts are offered by way of published tariff schedules, whose take-up value is determined by **consumers** |
| **Disposed asset** | has the meaning set out in paragraph (a) of the defined term in the **IM determination** |
| **Distribution and LV cables** | means all power cables operated at **distribution voltage** or **low voltage**, excluding any pilot or communications cables associated with **subtransmission** assets |
| **Distribution and LV lines** | means all overhead power lines operated at **distribution voltage** or **low voltage** |
| **Distribution line charge revenue** | means **gross line charge revenue** that is not **transmission line charge revenue** |
| **Distribution substations and transformers** | means   1. transformers used to convert **distribution voltage** to **low voltage**; and 2. distribution substations, including all poles, ground pads and covers, and kiosks and components used to install the transformers referred to in (a)   For the purpose of **RAB** disclosure this excludes **distribution switchgear** installed at distribution substations but includes surge arrestors |
| **Distribution switchgear** | means all switchgear operated at **distribution voltage**. This includes disconnectors, fuses (including drop outs and fuse switches), circuit breakers, reclosers, sectionalises, ring main units and voltage regulators. For the purpose of **RAB**, the value of the switchgear includes the value of protection and controls equipment installed on the switchgear |
| Distribution transformer capacity (EDB owned) | means the sum of the name-plate ratings (kVA capacity) of **EDB**-owned distribution transformers connected to the **EDB**’s **network**, divided by 1000 (meaning that the sum is disclosed in MVA). Transformer capacity should represent the long-term operating capacity of the transformer as it is installed, not the emergency or short-term ratings. Ratings uplift due to oil, air or other installed and operating cooling mechanisms should be included in this measure. Transformers that are not energised (e.g. spares) must not be included. Transformers that supply **connection points** that are directly connected to the **subtransmission** system of the **EDB**’s **network** should not be included |
| Distribution transformer capacity (non-EDB owned, estimated) | means the **EDB**'s estimate of the sum of the name-plate ratings (kVA capacity) of non-EDB owned distribution transformers connected to the **EDB**’s **network**, divided by 1000 (meaning that the sum is disclosed in MVA). This should include the transformer capacity of embedded **networks**. Transformer capacity should represent the long-term operating capacity of the transformer as it is installed, not the emergency or short-term ratings. Ratings uplift due to oil, air or other installed and operating cooling mechanisms should be included in this measure. Transformers that are not energised (e.g. spares) must not be included. Transformers that supply **connection points** that are directly connected to the **subtransmission** system of the **EDB**’s **network** should not be included  *(Note: EDBs should make reasonable enquiries in order to obtain this estimate, where it is not already known)* |
| **Distribution voltage** | means the nominal voltages greater than 1 kV and up to and including 22kV. Distribution voltage also includes **SWER** voltage systems. |

## E

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| **Easement land** | has the meaning set out in the **IM determination** |
| **EDB** | means a supplier of **electricity distribution services** |
| **Electricity distribution services** | has the meaning set out in the **IM determination** |
| Electricity exports to GXPs | the volume of electricity (measured over the **disclosure year**) that is exported from the **EDB**'s network into the **transmission system** through a GXP |
| **Electricity lines services** | has the meaning set out in s 54C of the **Act** |
| Electricity losses (loss ratio) | means (for electricity losses) electricity entering system for supply to customers' connection points less **electricity supplied to customers' connection points** and (for the loss ratio) is electricity losses divided by electricity entering system for supply to customers' connection, expressed as a percentage. Non-metered energy supplied should be estimated.  *(Note: the resulting loss ratio will comprise both technical and non-technical losses)* |
| **Electricity retailer** | means a **person** who supplies electricity to another **person**(s) for any purpose other than for re-supply by the other **person**(s) |
| Electricity supplied from embedded generat**ors** | means the net volume of electricity supplied into the **EDB**’s **network** from embedded generators, excluding any energy generated and consumed at the same site |
| Electricity supplied from GXPs | means the volume of electricity supplied into the **EDB**’s **network** through transmission grid exit points |
| Electricity supplied to customers' connection points | the volume of electricity supplied through the **EDB**’s network to **connection points**, as measured at **connection points** |
| **Embedded distribution network** | means a **network** that is connected to the disclosing **EDB**'s **network**, is not directly connected to the national grid, and is owned by an **EDB** that is not the disclosing **EDB** |
| **Embedded generation output at HV and above** | means the numerical sum of the maximum output of all directly connected generation including embedded, distributed and cogeneration facilities on the **EDB**'s **network** (measured in megawatts (MW) where there is a positive injection of energy into the **network**), but includes only generation that is metered with half-hourly metering and which is connected at the HV level and above (that is, which is connected to the HV or **subtransmission** system, and is not connected through distribution transformers) |
| **Embedded generation output—connected to subtransmission system** | means the numerical sum of the maximum output of all directly connected generation including embedded, distributed and cogeneration facilities on the **EDB**’s **network** (measured in megawatts (MW) where there is a positive injection of energy into the network), but includes only generation that is metered with half-hourly metering and which is connected at the **subtransmission** level. (For the avoidance of doubt, this amount is included in the disclosure of **embedded generation output at HV and above**) |
| Equity return rights | has the meaning set out in the Electricity Industry Act 2010 |
| Estimated controlled load shed at time of maximum system demand | means an estimate, to be determined by the **EDB** based on controlled load analysis and records of dispatch instructions for load control, of the amount (in MW) of load that was shed at the time of the **maximum** **system demand** |
| **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** | means **operational expenditure** and **pass-through and recoverable costs** accrued in each of the months of the **disclosure year**. Where costs are notional they should be recognised evenly over the months of the **disclosure year** |

## F

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| Fault | [TBC – technical consultation] |
| **FDC allowance of 2.45%** | means the increase in value in assets resulting from assets being multiplied by 1.0245 in accordance with clause 2.2.3 of the **IM determination** |
| Five-year system maximum demand growth forecast | means the most recent geometric yearly average projected growth rate for **maximum system demand** for the next 5 years (this projection is to be consistent with the **AMP**) |
| **Forecast expenditure** | means, in relation to:   1. current **disclosure year**, the forecast expenditure for the current **disclosure year** disclosed under section 2.5 of this determination (asset management information) immediately prior to the start of the current **disclosure year** 2. **regulatory period**, the forecast expenditure for the **disclosure years** from the start of the **regulatory period** to the current **disclosure year** disclosed under Part 5 of the **IM determination** where a **CPP** is in place for the current **disclosure year** or disclosed under section 2.5 of this determination (asset management information) prior to the start of the **disclosure year** preceding the **regulatory period** where a **CPP** is not in place for the current **disclosure year** |

## G

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| **GAAP** | means generally accepted accounting practice in New Zealand |
| **Gains / (losses) on asset sales** | means, in respect of:  (a) **assets disposals to a related party**, nil;  (b) **assets disposals to a regulated supplier**, nil;  (c) **asset disposals (other)**, the values determined in accordance with:  sale price of an asset - **assets disposals (other)**  where each component has the value allocated to **electricity distribution services** in accordance with clause 2.1.1 of the **IM determination** |
| **Gross capital expenditure** | means **capital expenditure** plus **capital contributions** and **net value of vested assets** |
| **Gross capital expenditure on distribution network** | means the sum of:  **customer connection** plus **system growth** plus **quality of supply** plus **asset replacement and renewal** plus **asset relocations** plus **legislative and regulatory** |
| **Gross line charge revenue** | means **net line charge revenue** plus **discretionary discounts and customer rebates** |
| **Gross term credit spread differential** | means the sum of **term credit spread difference**, **cost of executing an interest rate swap** and **debt issue cost readjustment** for **qualifying debt** |
| **GXP** | means grid exit point |
| **GXP demand** | means the maximum numerical sum (demand) of all transmission **GXP** supplies to the **EDB**’s **network** measured in megawatts (MW). In the case of an export from a **GXP** at the time of measurement, this demand should be subtracted from the total GXP demand  *(Note that both the* ***maximum coincident system demand*** *and the* ***non-coincident sum of maximum demands*** *for* ***GXP****s must be disclosed)* |
| **GXP demand not supplied at subtransmission level** | means the same as **GXP demand**, but applies only to supplies from those transmission **GXP**s that are not considered to be at the **EDB**’s **subtransmision** level (*for the avoidance of doubt this means demand supplied from* ***GXP****s at voltage lower than 33kV)* |

## H

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| **High voltage (HV)** | means, a nominal AC voltage of 1000 volts and more, or the assets of the **EDB** that are directly associated with the transport or delivery of electricity at those voltages |
| **Highest rate of capitalised finance applied** | means the highest rate of finance used as the cost of financing capitalised in **works under construction** |

## I

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| **ICP (or connection point)** | means a point of connection on a local **network** or embedded **network** which the **EDB** nominates as the point at which an **electricity retailer** will be deemed to supply electricity to a **consumer** |
| **IM determination** | means the Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010 |
| **Include load control relays** | means the value of load control relay asset of ‘included’ type as determined in accordance with clause 2.2.1(2)(a) of the **IM determination** |
| **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** |
| **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** |
| **Increase/(decrease) in value from adjusting the asset adjustment to 31 March 2009** | means the adjustment to the value of included or value modified assets resulting from applying clauses 2.2.1(4)(c) and (5)(c) of the **IM determination.** Included and value modified have the meanings as set out in clause 2.2.1 of the **IM determination** |
| **Incremental gain/(loss) in year** | means the incremental change or incremental adjustment term for the **disclosure year** determined in accordance with clause 3.3.1 of the **IM determination** |
| **Independent auditor** | means a person who:   1. is qualified for appointment as auditor of a company under the Companies Act 1993 or, where the **EDB** is a public entity (as defined in s 4 of the Public Audit Act 2001), is the Auditor-General; 2. has no relationship with, or interest in, the **EDB** that is likely to involve a conflict of interest; 3. 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 4. is not associated with nor directed by any person who has provided any such assistance, advice, or opinion |
| **Input methodology claw-back** | means a cost specified in clause 3.1.3(1)(g) of the **IM determination** |
| **Interruption** | means, in relation to the supply of electricity to a **connection point**, the cessation of supply of electricity to that **connection point** for a period of 1 minute or longer, other than by reason of disconnection of that **connection point** for breach of the **contract** under which the electricity is supplied and includes all **subtransmission** and high voltage **faults** irrespective of cause and includes the capture of partial restorations (areas not initially restored) and includes the capture of affected **connection points** due to instances when the electrical **network** is an abnormal configuration but excludes all **low voltage** outages and all single phase high voltage (non-**SWER**) outages |
| **Interruption class** | **[TBC – technical consultation]** |
| **Involved in** | has the meaning set out in section 74 of the Electricity Industry Act 2010, as if the references to distributor, generator or retailer in s 74(1) were read as references to an **EDB** or any other **person** |
| **IRR** | means internal rate of return |
| **Issue date** | means the day on which a **qualifying debt** or **non-qualifying debt** is issued |

## L

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| **Legislative and regulatory** | means **gross capital expenditure** where the **primary driver** is new regulatory or legal requirements. This category includes any step changes in **gross capital expenditure** as a result of a new requirement (for example a new earthquake code or requirement to provide Ultra-Fast Broadband access and meet electrical safe distance rules). This does not include assets replaced because of condition assessment or ongoing work to improve or maintain the safety or environmental impact of the **network** |
| **Leverage** | has the meaning set out in the **IM determination** |
| **Levies** | means a cost specified in clause 3.1.2(2)(b) of the **IM determination** |
| **Line item** | has the meaning set out in the **IM determination** |
| Load factor | means  *a*  *b* x *c*  where  *a =* electricity entering the system for supply to customers’ **connection points**  *b* = demand on the system for supply to customers’ **connection points**  *c* = number of hours in the **disclosure year** |
| **Lost and found assets adjustment** | means:   1. 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 determined in accordance with the **IM determination**; 2. in relation to the **RAB,** the value of the asset (as determined in accordance with paragraph (a)) which is allocated to **electricity distribution services** in accordance with clause 2.1.1 of the **IM determination** |
| **Low voltage** (LV) | means the nominal AC voltage of less than 1000 volts, or the assets of the **EDB** that are directly associated with the transport or delivery of electricity at those voltages |

## M

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| **Market value of asset disposals** | means the market value of **disposed assets** sold or transferred to a **related party** |
| **Maintenance and service delivery** **levels** | means, in relation to **electricity lines services**, the scope of maintenance and service levels provided to **consumers** in that **consumer group** by an **EDB** |
| Material influence | has the meaning set out in the Electricity Industry Act 2010 |
| Maximum coincident system demand | means the simultaneous demand of a group of assets or customers taken as a whole, which may be determined by direct measurement or by the addition of the load curves of the individual assets or connection points in the group. *(Note this is sometimes referred to as “diversified demand”)* The maximum coincident system demand is the simultaneous demand at the time of the **maximum system demand** |
| Maximum distribution transformer demand | means the **GXP demand** less (plus) **net transfers to (from) other distribution businesses at HV and above** plus **embedded generation output at HV and above** less **subtransmission customers' connection point demand**, where values are taken at the time of the **maximum system demand** and represent the average such demand over the half-hour in which the **maximum system demand** occurs |
| Maximum system demand | means the aggregate peak demand for the **EDB**’s **network**, being the coincident maximum sum of **GXP demand** and **embedded generation output at HV** **and above**, measured in kilowatts (kW) |
| **Merger and acquisition expenses** | 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 **electricity distribution services**, wherethe expected benefits to **electricity distribution services** from themerger or acquisition have been disclosed |
| **Mid-point estimate of post tax WACC** | means the mid-point estimate of vanilla WACC for the 5 year period commencing on the first day of the **disclosure year** determined by the **Commission** in accordance with subpart 4 of part 2 of the **IM determination** |
| **Mid-point estimate of post tax WACC** | means the mid-point estimate of post tax WACC for the 5 year period commencing on the first day of the **disclosure year** determined by the **Commission** in accordance with subpart 4 of part 2 of the **IM determination** |

## N

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| **Name of related party** | means either the legal name of the **related party** that has entered into a transaction with the **EDB** or 'inter-company' where the transaction is between the regulated and un-regulated parts of the **EDB** |
| Net electricity supplied to (from) other EDBs | means the volume of electricity supplied from (to) the disclosing **EDB**'s network to (from) other **EDB**s. *(Note that where electricity is "carried through" the disclosing EDB's network to another EDB's network, then these transfers will offset (except for losses))* |
| **Net incremental rolling incentive scheme** | means the sum of **previous years incremental gain/loss** from the 5 **disclosure years** preceding the current **disclosure year** |
| **Net line charge revenue** | means revenue from **prices** |
| **Net recoverable costs allowed under incremental rolling incentive scheme** | means, where:  (a) **net incremental rolling incentive scheme** is positive, **net incremental rolling incentive scheme**;  (b) **net incremental rolling incentive scheme** is nil or negative, nil |
| Net transfers to (from) other EDBs at HV and above | means the net transfer (at time of system peak) to (positive sign) or from (negative sign) another **EDB**, in MW, where these transfers occur through the HV or **subtransmission** system of the **EDB** (that is, where they do not occur at the LV level) |
| **Net transfers to (from) other EDBs at sub-transmission level only** | means the net transfer (at time of system peak) to (positive sign) or from (negative sign) another **EDB**, in MW, where these transfers occur through the **subtransmission** system of the **EDB**  *(for the avoidance of doubt, this amount is included in the disclosure of embedded generation output at HV and above)* |
| **Net value of vested assets** | means the fair value of assets whose ownership is vested in a **EDB** (whether or not for some consideration) less any consideration paid for those assets |
| **Network** | means the fixed assets used by a **EDB** to provide **electricity lines services** |
| **Network drivers** | means measures that can be used by interested persons to assess required expenditure by reflecting gaps between the **consumer** or mandated requirements of the **network** and the actual performance of the **network** |
| **Network support** | means **operational expenditure** where the **primary driver** is the management of the **network** including:   * asset management planning including preparation of the **AMP**, load forecasting, **network** modelling * **network** and engineering design (excluding design costs capitalised for capital projects) * **network** policy development (including the development of environmental, technical and engineering policies) * standards and manuals for **network** management * **network record** keeping and asset management databases including GIS * outage recording * connection and customer records/customer management databases (including embedded generators) * customer queries and call centres (not associated with **direct billing**) * operational training for **network** management and field staff * operational vehicles and transport * IT & telecoms for network management (including IT support for asset management systems) * day to day customer management including responding to queries on new connections, disconnections and reconnections, embedded generators * engineering and technical consulting * **network** planning and system studies * logistics (procurement) and stores * **network** asset site expenses and leases * Route/easement management (including locating cables and pipelines for third parties, mark cuts, stand-overs, high-load escorts, obstructions, plans and permits) * surveying of new sites to identify work requirements * engineering/technical consulting services (excluding costs capitalised for capital projects) * contractor/contracts management (excluding costs capitalised for capital projects) * transmission operator liaison and management * **network** related research and development |
| **New allocation** | means the **operating costs** or **regulated service asset value** allocated to **electricity 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** |
| Nominal New Zealand dollars | in relation to an expenditure or revenue forecast, means the New Zealand dollar prices expected to apply at the time of transaction |
| Non-coincident sum of maximum demands | means the sum of the anytime maximum demands (that is, the diversified demands) of a group of assets or **connection points** which may be determined by adding directly measured system metered demands and **connection point** metered demands at different times |
| **Non-electricity distribution services** | means services of the **EDB** that are not **electricity distribution services** |
| **Non-exempt EDB electricity lines service charge payable to Transpower** | means a cost specified in clause 3.1.3(b) of the **IM determination** |
| **Non-qualifying debt** | means interest bearing debt that is not a **qualifying debt** |
| **Non-qualifying intangible assets** | means the value of assets identified in clause 2.2.2(d) of the **IM determination** |
| **Non-standard contract** | means a contract that is not a **standard contract** |
| **Non-system fixed assets** | means **gross capital expenditure** that is not directly incurred on the distribution system. This includes expenditure on information and technology systems, IT software upgrade costs, asset management systems, customer management systems, office buildings, depots and workshops, office furniture and equipment, motor vehicles, tools, plant and machinery. |
| **Not directly attributable** | means:   1. in relation to **operating costs**, **operating costs** that are not **directly attributable**; 2. in relation to **regulated service asset values**, **regulated service asset values** that are not **directly attributable** |
| **Notional interest tax shield** | means the product of **notional deductable interest** and the **corporate tax rate** applicable to the current **disclosure year** |
| **Notional net cash flows** | means, in relation to the:   1. **ROI, operating surplus / (deficit)** less **regulatory tax allowance** less **assets commissioned** plus **asset disposals** 2. alternative **ROI, revenue** less **expenses** less **tax** less **assets commissioned** plus **asset disposals** |
| Number of connection points (or **connection point numbers**) | means the number of metered and unmetered **connection points**, as represented by unique **ICP**s |

## O

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| **Opening deferred tax** | has the meaning set out in the **IM determination** |
| **Opening RAB (tax value)** | means the sum of **regulatory tax asset value** for assets included in **total opening RAB values** |
| **Opening RIV** | means the sum of **total opening RAB values** plus **opening deferred tax** |
| **Opening tax losses** | has the meaning given to that term in clause 2.3.2(3) of the **IM determination** |
| **Opening value of fully depreciated, disposed and lost assets** | means   1. in relation to the **unallocated RAB**, the sum of **unallocated** **RAB** included in the **total opening RAB values**, values of assets that are fully depreciated during the **disclosure year, asset disposals** andlost assets included in **lost and found assets adjustment;** 2. in relation to the **RAB,** the sum of **RAB opening RAB values** of assets that are fully depreciated during the **disclosure year, asset disposals** and lost assets includedinthe **lost and found assets adjustment** |
| **Opening unamortised initial differences in asset values** | means **closing unamortised initial differences in asset values** for the preceding **disclosure year** |
| **Operating cost** | has the meaning set out in the **IM determination** |
| **Operational expenditure** | means operating costsafter applying clause 2.1.1 of the **IM determination**, except in relation to the report on **related party transactions** where it means operating costs from **related party transactions** as determined after applying clause 2.1.1 of the **IM determination** |
| **Operational expenditure on distribution network** | means the sum of **service interruptions, incidents and emergencies** plus **vegetation management** plus **routine and corrective maintenance and inspection** plus **system operations** plus **network support** |
| **Operating surplus / (deficit)** | means **total regulatory income** less **operational expenditure** less **pass through and recoverable costs** |
| **Original allocation** | means the **operating costs** or **regulated service asset values** allocated to **electricity distribution services** in accordance with the original **allocator** and **line items** for each of the relevant **disclosure years** |
| **Original allocator or line items** | means the **allocator** or **line items** used prior to the change in **allocator** or **line items** |
| **Original tenor** | means:   1. 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**; 2. where the **qualifying debt** or **non-qualifying debt** is issued to a **related party**, the shorter of the-    1. the tenor of the **qualifying debt**; or    2. the period from the **qualifying debt**'s **issue date** to the earliest date on which its repayment is or may be required |
| **Other adjustments to the RAB tax value** | means  =  where:  = **closing RAB (tax value)**  = **opening RAB (tax value)**  = **regulatory tax asset value of assets commissioned**  = **regulatory tax asset value of asset disposals**  = **tax depreciation** |
| **Other assets** | means assets used by the **EDB** to provide **electricity lines services** and which are not **subtransmission**, **zone substation**, **distribution and LV lines**, **distribution and LV cables**, **distribution substations and transformers**, **distribution switchgear** or **other system fixed assets** |
| **Other regulated income** | has the meaning set out in the **IM determination**; |
| **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 specified pass-through costs** | means costs identified in clause 3.1.2(1)(b) of the **IM determination** |
| **Other system fixed assets** | for the purpose of the **RAB**, means assets used by the **EDB** for the conveyance of electricity or supply of electricity that are not **subtransmission**, **zone substation**, **distribution and LV lines**, **distribution and LV cables**, **distribution substations and transformers** or **distribution switchgear** and includes central facilities for SCADA and telecommunications systems |
| **Outage** | **[TBC – technical consultation]** |
| **Outage in SAIDI assessed value** | is given the value 'Yes' if the **EDB** is subject to price-quality regulation and the **fault** described gave cause to an interruption that contributed to the **EDB**'s **SAIDI** assessed value for the assessment period in which the **fault** occurred; otherwise 'No' |
| **OVABAA allocation increase** | has the meaning set out in the **IM determination** |
| **Overhead circuit length by terrain** | means the sum of the lengths (in kilometres) of each overhead circuit categorised by the nature of the terrain in which they are sited, being urban, rural, remote, rugged, rural & rugged or remote & rugged terrain.  Remote areas are those which are situated more than 75km from the **EDB**’s or the **EDB**’s contractor’s nearest works depot. Rugged terrain includes those areas where normal line construction vehicles and plant cannot be used and where it is necessary to use helicopters, tracked vehicles, boats, or other specialised plant.  *(Note: the categories are mutually exclusive and the sum of these categories should equal the total kilometres of overhead circuit. Any overhead circuits that are not allocated to one of the terrain categories should be disclosed as "unallocated”)* |
| **Overhead to underground conversion expenditure** | means **gross** **capital expenditure** or **operational expenditure** incurred in developing an underground reticulation **network** in circumstances where this primarily replaces an existing overhead service.  *(Note: for clarification, this is not an additional category of* ***gross******capital expenditure*** *or* ***operational expenditure*** *and therefore will be included in the other categories of* ***gross******capital expenditure*** *and* ***operational expenditure****)* |

## P

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| **Pass-through and recoverable costs** | means a cost specified in clause 3.1.2 or 3.1.3 of the **IM determination** |
| **Person** | includes a natural person, a corporation sole, a body corporate, and an unincorporated body |
| Planned interruptio**n** | means any interruption in respect of which not less than 24 hours' notice was given, either to the public or to all **consumers** affected by the interruption |
| **Prescribed contract** | in relation to an **EDB**, means -  a **contract** under which the **EDB** carries out **electricity lines services**:  a **contract** for **related services**, if goods or services are to be supplied under the contract by—  the **EDB**; or  a **person** that is **involved** **in** the **EDB**; or  a **person** that supplies **electricity lines services** by means of works owned by the **EDB**; or  a **person** that is **involved** **in** a **person** of the kind referred to in subparagraph (iii ) |
| **Prescribed terms and conditions** | means, in relation to a **contract** for the carrying out of **electricity lines services** or for **related services**, the terms and conditions of the **contract** that—  describe the goods or services to be supplied under the **contract**  determine, or provide for the determination of, the quantity or amount of those goods or services  specify, determine, or provide for the determination of the:  **price** at which those goods or services are to be supplied  timing of payment for those goods or services  security for payment for those goods or services  **EDB**’s obligations and responsibilities (if any) to **consumers** in the event that the supply of **electricity lines services** to **consumers** is interrupted. |
| **Previous years’ incremental gain/(loss)** | means the incremental change or incremental adjustment term for the **disclosure year** in question determined in accordance with clause 3.3.1 of the **IM determination** |
| **Previous years’ incremental gain/(loss) adjusted for inflation** | means the **previous years’ incremental gain/(loss)** carried forward by applying the inflation rate in accordance with clause 3.3.2(1) of the **IM determination** |
| **Prices** | has the meaning set out in the **IM determination**; |
| **Pricing date** | means the day on which a **qualifying debt** is priced |
| **Pricing principles** | means, in relation to the supply of **electricity distribution services**, means the principles as published by the Electricity Authority, a copy of which appears in Appendix C to this determination |
| **Pricing strategy** | means a strategy on the approach to setting **prices** whether in writing or not |
| **Primary driver** | means the primary reason for a decision to incur a cost in the year the cost was incurred or forecast to be incurred.  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 **gross capital expenditure** would be allocated to **asset relocation**. 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 **gross capital expenditure** would be allocated to **system growth**.  Where there is more than one driver for a cost, and the cost is a significant proportion of **operational expenditure** or **gross capital expenditure**, expenditure may be apportioned between expenditure categories according to the relative importance of each driver to the decision, or the project divided into cost categories |
| **Publicly disclose** | in relation to any information, means to:   * + - 1. disclose the information to the public on the Internet at the **EDB**’s usual publicly accessible website;       2. make copies of the information available for inspection by any person during ordinary office hours, at the principal office of the **EDB** making the public disclosure and       3. within 10 working days of being requested to do so by any person, provide that person with a copy of the information, either by post or for collection (during ordinary office hours) from that principal office, whichever the person prefers; and       4. within 5 working days after the information is disclosed to the public, provide a copy of the information to the **Commission** 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),   and **public disclosure** and **publicly disclosing** have corresponding meanings |

## Q

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| **Qualifying debt** | has the meaning set out in paragraph (a) of the defined term in clause 1.1.4(2) in the **IM determination** |
| **Quality of supply** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is to improve the asset performance experienced by **consumers**. This may include expenditure to:   * reduce the overall outage/**fault** rate of the **network** * reduce the average time that **consumer** are affected by **planned interruptions**/ **unplanned interruptions** * reduce the average number of **consumers** affected by **planned interruptions**/ **unplanned interruptions** |

## R

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| **RAB** | means regulatory asset base and for the components of the RAB roll-forward, the values after applying clause 2.1.1 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 |
| Real New Zealand dollars | means, in relation to the prospective disclosures made under clauses 1, 4 and 5 of section 2.5, New Zealand dollars denominated in real terms as at the mid-point of the **disclosure year** |
| **Re-apply a modified multiplier to 2004 ODV assets** | means the change in value of assets after applying clause 2.2.1(2)(d) of the **IM determination** |
| **Re-apply an existing multiplier to 2004 ODV assets** | means the change in value of assets after applying clause 2.2.1(2)(c) of the **IM determination** |
| **Re-apply optimisation of EV tests to 2004 ODV assets** | means the change in value of assets after applying clause 2.2.1(2)(e) of the **IM determination** |
| **Reason for non-standard depreciation** | means:   * + - 1. in relation to assets or groups of assets where depreciation is included in **depreciation - no standard life asset**, 'no standard life';       2. in relation to assets or groups of assets where depreciation is included in **depreciation - modified life assets**, 'modified life';       3. in relation to assets or groups of assets where depreciation is included in **depreciation - alternative depreciation determined in accordance with CPP,** 'CPP amendment' |
| **Record** | has the meaning set out in section 4 of the Public Records Act 2005 |
| **Recoverable costs** | has the meaning set out in the **IM determination** |
| **Recoverable customised price-quality path costs** | means a cost specified in clause 3.1.3(1)(h),(i),(j),(k) or (l) of the **IM determination** |
| **Regulated service asset values** | has the meaning set out in the **IM determination** |
| **Regulated supplier** | has the meaning set out in the **IM determination** |
| **Regulatory net taxable income** | has the meaning specified in clause 2.3.1(2) of the **IM determination** |
| **Regulatory period** | has the meaning set out in the **IM determination** |
| **Regulatory profit / (loss)** | means the **regulatory profit / (loss) before tax** less the **regulatory tax allowance** |
| **Regulatory profit / (loss) before tax** | means the value of calculated using the following formula:   =  where: = **operating surplus / (deficit)**  = **total depreciation**  = **total** **CPI** **revaluations** |
| **Regulatory tax allowance** | has the meaning set out in clause 2.3.1 of the **IM determination** |
| **Regulatory tax asset value** | has the meaning set out 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 set out in the **IM determination** |
| **Related party** | has the meaning set out in the **IM determination** |
| **Related services** | means goods or services (other than the supply of electrical appliances) supplied or to be supplied under a **contract** in any case where-   * + - * 1. there is a linkage between that **contract** for the supply of the goods and services and another **contract** for the conveyance of electricity by reason that the consideration for the supply of those goods or services is linked to, or combined with, payment for the conveyance of that electricity; and         2. the monetary value of the goods or services supplied, or to be supplied, amounts to or (as the case may be) will amount to more than 1% of the monetary value or projected monetary value (as the case may be) of the **contract** for the conveyance of electricity, in respect of either the period of 12 months immediately before, or the period of 12 months immediately after, the **public disclosure** of the information relating to the **contract** for the conveyance of electricity as required by either of clauses 9 or 10 of section 2.4 |
| **Related party transaction** | means a transaction with a **related party** |
| **Revaluation rate** | has the meaning set out in the **IM determination** |
| **Revenue** | means **total regulatory income** accrued in each of the months of the **disclosure year** |
| **Revenue related working capital** | means for the **opening RIV** and **closing RIV**, the **revenue** for the last month of the **disclosure year** |
| **ROI** | means return on investment |
| **ROI comparable to a vanilla WACC** | means:  *q = (1 + half-yearly* ***IRR****)2 – 1*  where:  *half-yearly* ***IRR*** = **IRR** (3 half-yearly amounts)  where the 3 half-yearly amounts are:   * the negative of **opening RIV** (year-start) * **notional net cash flows** (mid-year) * the **closing RIV** less **term credit spread differential allowance** (year-end). |
| **ROI comparable to a post-tax WACC** | means the **ROI comparable to the vanilla WACC** less the product of the **cost of debt (%),** the **leverage** and the **corporate tax rate** |
| **Routine and corrective maintenance and inspection** | means **operational expenditure** where the **primary driver** is pre-planned or programmed inspection, testing and maintenance work schedules. This includes visual checking of the external condition of system assets including any associated civil constructions (eg, substations) and activity relating to the invasive examination of system assets, and the undertaking of any subsequent works to repair defects or replace components of those assets, where the expenditure is not capitalised. This includes the costs of land owner negotiation and arrangements associated with these activities. Examples of activities classified as routine and corrective maintenance and inspection include:   * helicopter, vehicle and foot patrols * asset surveys * non capitalised renewal, replacement and refurbishment of network assets and/or components thereof * environmental response * painting of network assets * outdoor and indoor maintenance of substations, including weed clearance, lawn mowing and fencing, * functional and intrusive testing of assets, plant & equipment including critical spares and equipment |

## S

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| **SAIDI** (System Average Interruption Duration Index) | means the average forced sustained Interruption duration per **connection point** served per year (measured in minutes). **Connection point** numbers are to be the average for the **disclosure year** |
| **SAIFI** (System Average Interruption Frequency Index) | means the average forced sustained Interruption frequency per **connection point** served per year (measured in frequency per year). **Connection point** numbers are to be the average for the **disclosure year** |
| **Secondary assets** | means system fixed assets, including ripple injection systems, SCADA, protection and telecommunications systems, that do not carry the energy that is distributed to **consumers** |
| **Self-insurance allowance** | means any self-insurance allowance allowed by the **Commission** through a **CPP** |
| **Service interruptions, incidents and emergencies** | means **operational expenditure** where the **primary driver** is caused by 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. Includes back-up assistance required to restore supply, repair leaks or make safe. It also includes operational support such as mobile generation used during the outage or emergency response. It also includes any necessary response to events arising in the transmission system. 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** |
| **Shared asset** | means an asset used by more than 1 **consumer** in order to receive **electricity lines services** |
| **Sole use assets** | meansassets installed as part of a new connection project used by only 1 connecting **consumer** in order to receive **electricity line services** |
| **Standard contract** | means any **contract** (being a **contract** for the carrying out of **electricity line services**) between an **EDB** any other **person** where –  the **price** at which the **electricity line services** are to be carried out under the **contract** is determined solely by reference to a schedule of **prescribed terms and conditions**, being a schedule that is **publicly disclosed**; and  at least 4 other **persons** have such **contracts** with the **EDB**, and none of those other **persons** is **involved in** the **EDB**, or with any of those other **persons** |
| **Standard connection configuration** | means, in relation to **electricity lines services**, the scope of supply, installation and assetstypically used by an **EDB** to provide **electricity line services** to **consumers** in each **consumer group** with sufficient detail that the difference between the standard and non-standard connection configurations can be clearly identified |
| Sub-network | means, in relation to network assets of a supplier that is—   1. **consumer-controlled** and the number of **controlling consumers** is less than 90% of the total number of **consumers** of the services provided by the **EDB**; the part of the **network** assets owned by the **EDB** that is substantially used to provide services to—   **consumers** that are controlling consumers; or  **consumers** that are not **controlling consumers**; or   1. Aurora, either the assets located in the Dunedin geographic region or the assets located outside that region; or 2. Powerco, either the assets located in the Eastern geographic region or the assets located outside that region |
| **Subtransmission** | means   * + - * 1. In relation to **AMP**s, the transport or delivery of electricity at the following voltages: 110kV, 66kV, 33kV and other voltages within this range *(note: whilst voltages outside this range (eg, 22kV) may be used for the purposes of subtransmission, they are not to be included in the subtransmission reporting category)*         2. For any other purpose, any of the electric lines, cables, plant and equipment operated at the **subtransmission voltage** that are not installed in **zone substations**. The assets include associated pilot and communication cables, switches and surge arrestors or other overhead lines and cable components installed outside the **zone substations**. Subtransmission assets exclude all EHV transformers, circuit breakers and switches and associated protection, monitoring and control equipment installed in **zone substations** |
| Subtransmission customers' Connection Point demand | means the numerical maximum sum (demand), measured in megawatts (MW), of all supplies to **connection points** directly connected to the **subtransmission** system of **EDB**'s **network** |
| **Subtransmission voltage** | means 3 phase nominal voltage over 30 kV and up to and including 110 kV. In this determination EHV is used to denote a subtransmission voltage |
| **SWER** | means single wire earth return |
| **System growth** | means **gross capital expenditure** where the **primary driver** is a change in demand (either load or number of connections) on the existing **network** asset which results in a requirement for either additional capacity to meet this demand or additional investment to maintain current security and **quality of supply** standards due to the increased demand. This includes **gross capital expenditure** associated with SCADA and telecommunications |
| **System operations** | means **operational expenditure** relating to office based system operations, including:   * control centre costs * interruptionplanning and notification * planning and co-ordinating **network** switching including fault switching * system operator liaison and management |
| **System operator services** | means a cost specified in clause 3.1.3(1)(d) of the **IM determination** |

## T

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| **Target revenue** | means the revenue that the **EDB** expects to obtain from **prices** |
| **Tax payments** | means **regulatory tax allowance** recognised proportionally to how the **EDB** has paid (or would have paid tax) over the tax year preceding the end of the **disclosure year** |
| **Tax depreciation** | has the meaning set out in clause 2.3.8(3) of the **IM determination** |
| **Tax effect** | has the meaning set out in the **IM determination** |
| **Tax effect of amortisation of initial differences in asset values** | means the **tax effect** of **amortisation of initial differences in asset values** |
| **Tax effect of other temporary differences** | means the **tax effect** of **positive temporary differences** less **negative temporary differences**. **Positive temporary differences** and **negative temporary differences** have the meanings set out in clause 2.3.8(4) and (5) of the **IM determination** |
| **Tax effect of adjusted depreciation** | means the **tax effect** of **adjusted depreciation** |
| **Tax effect of total tax depreciation** | means the **tax effect** of **tax depreciation** |
| **Term credit spread difference** | has the meaning set out in the **IM determination** |
| **Term credit spread differential allowance** | has the same meaning as the 'term credit spread differential' as set out in clause 2.4.11(3) of the **IM determination** |
| **Total attributable to regulated service** | means the sum of **directly attributable** and **not directly attributable** that is attributable to **electricity 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 values** | 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 CPI 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 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 distribution transformer capacity** | means the sum of **distribution transformer capacity (EDB-owned)** and **distribution transformer capacity (non-EDB owned, estimated)** |
| **Total expenditure on distribution network** | means the sum of **gross** **capital expenditure on distribution network** and **operational expenditure on distribution network** |
| **Total expenditure on distribution network business** | means the sum of **non-system fixed assets** plus **business support** plus **direct billing** |
| **Total opening RAB values** | 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** |
| **Total opening RAB values subject to revaluations** | means:   * + - * 1. in relation to the **unallocated RAB**, **total opening RAB values** - **unallocated RAB** less **opening value of fully depreciated, disposed and lost assets** - **unallocated RAB**;         2. 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:   1. in relation to the Report on Regulatory Profit, the sum of **gross line charge revenue** and **other regulatory income** 2. in relation to the report on **related party transactions**, total regulatory income (as determined in accordance with paragraph (a)) from **related party transactions** |
| **Transmission charge** | means any payment made in respect of the use of the **transmission system** |
| **Transmission line charge revenue** | means **gross line charge revenue** relating to **transmission charges** |
| **Transmission system** | means the national grid |
| **Transpower** | has the meaning as defined in s 54B of the **Act** |
| **Transpower new investment contract charges** | means a cost specified in clause 3.1.3(1)(c) of the **IM determination** |

## U

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| **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** |
| **Unallocated 2009 modified asset values** | means the value of the **2009 modified asset values** before any allocation of asset value relevant to the regulatory disclosures been undertaken |
| **Unallocated initial RAB value** | means the values of assets as determined in accordance with clause 2.2.3(1) of the **IM determination** |
| **Unplanned interruption** | means any interruption in respect of which less than 24 hours' notice, or no notice, was given, either to the public generally or specifically to the **consumers** affected by the interruption |
| **Unregulated service** | has the meaning set out in the **IM determination** |
| **Utilised tax losses** | has the meaning set out in paragraph (a) of the defined term in the **IM determination** |

## V

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| **Value of transaction** | means the value of the **related party transaction** as determined in accordance with clause of section 2.3 of this determination |
| **Vegetation management** | means **operational expenditure** where the **primary driver** is caused by the activity of physically felling, removing or trimming vegetation (including root management) in proximity to overhead lines or cables. Expenditure arising from the following activities is included in this category:   * inspection of affected lines and cables where the inspection is substantially or wholly directed to vegetation management (e.g., as part of a vegetation management contract). Includes pre-trim inspections as well as well as inspections of vegetation cut for the primary purpose of ensuring the work has been undertaken in an appropriate manner * liaison with **consumers** including the issue of trim/cut notices, and follow up calls on notices * the felling or trimming of vegetation to meet externally imposed requirements or internal policy, including operational support such as mobile generation used during the activity   The following activities and related costs are excluded from this category:   * general inspection costs of assets subject to vegetation where this is not substantially directed to vegetation management (include in **routine and corrective maintenance and inspection**) * costs of assessing and reviewing the vegetation management policy (included in **network support**) * data collection relating to vegetation (included in **network support**) * the cost of managing a vegetation management **contract**, except as stated above (included in **network support**) * emergency work (included in **service interruptions and emergencies**) |

## W

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| **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 set out in the **IM Determination** |
| **Weighted average remaining asset life** | means the weighted average remaining asset life of assets calculated by using the opening RAB valuesas weights where remaining asset life and opening RAB values has the meaning set out in the **IM Determination** |
| **Weighted average remaining useful life of relevant assets (years)** | means the weighted average remaining useful life of assets included in **opening unamortised initial differences in asset values** calculated by using the **opening unamortised initial difference in asset values** as weights |
| **Works under construction** | means:   1. in relation to **unallocated works under construction**, the value of *q* calculated using the following formula:   where:  = **unallocated** **works under construction** - preceding disclosure year  = **unallocated** **capital expenditure**  = **unallocated** **assets commissioned**  = **adjustment resulting from cost allocation**  (b) in relation to **allocated works under construction**, the value (as determined in accordance with paragraph (a)) which was allocated to **electricity distribution services** in accordance with clause 2.1.1 of the **IM determination**  (c) in relation to the establishment of the initial **RAB** value, the value of works under construction included in **unallocated 2009 modified asset values** as works under construction is defined in the **IM determination** |

## Y

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| **Year change made** | means:  (a) in relation to assets or groups of assets where depreciation is included in **depreciation - no standard life asset**, the year the asset was acquired;  (b) in relation to assets or groups of assets where depreciation is included in **depreciation - modified life assets**, the year the asset life was modified;  (c) in relation to assets or groups of assets where depreciation is included in **depreciation - alternative depreciation determined in accordance with CPP**, the start of the **CPP** period |

## Z

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| **Zone substation** | means the transformers, switchgear, protection and control and SCADA equipment, **low voltage** and station direct current systems, other secondary systems, ripple injection plant and outdoor structure installed in an electrical power substation primarily used to convert **subtransmission voltages** to **distribution voltages**. Zone substation assets include the land, building and the value of site developments |
| Zone substation transformer capacity | means the sum of the name-plate ratings (MVA capacity) of all **zone substation** transformers in use on the **EDB**’s **network** and must represent the long-term operating capacity of the transformer as it is installed, not the emergency or short-term ratings  *(Note: Ratings uplift due to oil, air or other installed and operating cooling mechanisms should be captured in this measure. This measure does not include transformers that are not energised, e.g. spares)* |

# PART 2 DISCLOSURE REQUIREMENTS

## 2.1 INFORMATION DISCLOSURE

1. Subject to sections 2.9 and 2.10, from the **commencement date** every **EDB** must comply with the information disclosure requirements set out in this determination and, in particular, must comply with:
   1. The requirements to disclose financial information in section 2.3
   2. The requirement to disclose pricing and related information in section 2.4
   3. The requirement to disclose asset management information in section 2.5
   4. The audit, certification and verification requirements in sections 2.6 and 2.7
   5. The retention and continuous disclosure requirements in section 2.8
   6. The transitional provisions in section 2.10

## 2.2 APPLICABLE INPUT METHODOLOGIES

1. Every **EDB** must apply the following **IMs** as applicable, when complying with this determination:
   1. asset valuation
   2. cost allocation
   3. treatment of taxation.

## 2.3 FINANCIAL INFORMATION

### Annual Disclosure Relating to Financial Information

1. Subject to subclauses 4, 5, 6 and 7 of this section and section 2.10, within 5 **months** after the end of each **disclosure year**, every **EDB** must disclose information relating to its financial position by:
   1. Subject to subclauses 2 and 3 below, completing each of the following reports by inserting all information relating to the electricity lines services supplied by the EDB for that disclosure year:
      1. the Report on Return on Investment set out in Schedule 1;
      2. the Report on Regulatory Profit set out in Schedule 2;
      3. the Report on Regulatory Tax Allowance set out in Schedule 3
      4. the Report on Term Credit Spread Differential Allowance set out in Schedule 4;
      5. the Report on Regulatory Asset Base Roll Forward set out in Schedule 5;
      6. the Report on Expenditure set out in Schedule 6;
      7. the Report on Expenditure Forecasts set out in Schedule 7;
      8. the Report on Related Party Transactions set out in Schedule 8;
      9. the Report on Asset Allocations set out in Schedule 9;
      10. the Report on Cost Allocations set out in Schedule 10; and
   2. **Publicly disclosing** each of those reports;
2. Subject to section 2.10, in completing Schedule 1, an **EDB** can elect to disclose information in accordance with part 1c of Schedule 1;
3. Schedule 4 is only required to be completed by qualifying suppliers as qualifying suppliers is defined in the **IM determination**.
4. Where an item disclosed in accordance with subclause above is classified differently from the previous year an **EDB** must disclose as notes to the relevant disclosure the:
   1. Nature of the item reclassified
   2. Value of the item in the current **disclosure year** and in the previous **disclosure year**
   3. Classification of the item in the previous **disclosure year**
   4. Classification of the item in the current **disclosure year**
   5. Reason why the item has been reclassified
5. In completing Schedule 6:
   1. For each material **quality of supply** project:
      1. separately disclose a description of the project and its value in note 6a(iii) of Schedule 6;
      2. disclose the purpose of the project and a description of the assets created for each project in the commentary in note 6a of Schedule 6
   2. For each material **legislative and regulatory** project
      1. separately disclose a description of the **legislative or regulatory** requirement and its value in note 6a(v) of Schedule 6;
      2. disclose a description of the assets created in the commentary to note 6a of Schedule 6;
   3. For each material **atypical** **non-system fixed assets** project:
      1. separately disclose a description of the project and its value in note 6a(vi) of Schedule 6;
      2. disclose the purpose of the project and a description of the assets created for each in the commentary note 6a of Schedule 6
   4. For each material **atypical** expenditure included in **operational expenditure** separately disclose a description of the project, the purpose of the project, and the **operational expenditure** categories the expenditure relates to in the commentary to note 6b of Schedule 6
6. In completing Schedules 9 and 10:
   1. **Publicly disclosing**, for each asset category in Schedule 9 and each **operational expenditure** category in Schedule 10 that has **not directly attributable** costs:
      1. a description of the **not directly attributable** costs or assets;
      2. the **allocation methodology types** used to allocate the **not directly attributable** costs or assets;
      3. where more than one allocation method is used, the percentage of **not directly attributable** costs or assets allocated using each method;
      4. where ABAA or OVABAA methodologies are used, whether the **allocators** are proxy asset allocators, proxy cost allocators or causal allocators, as ABAA, OVABAA, proxy assets allocator, proxy cost allocator and causal are defined in the **IM determination**; and
      5. the **allocators** used and the rationale for using each **allocator**.
7. For the purpose of subclause 1 above, **transactions with related parties** must be accounted for:
   1. Where the transaction is for **assets acquired from a related party**, in accordance with clause 2.2.11(1)(g) of the **IM Determination**;
   2. For any transaction between related parties (other than a transaction for **assets acquired from a related party**), a **EDB** must elect to disclose the transaction in accordance with one of the following approaches:
      1. subject to clause 8 below, at the cost incurred by the **related party** providing the service; or
      2. subject to clause 8 below, where the transaction involves the provision of electrical contracting services to maintain and/or develop the **network**, at the cost directly incurred by the **related party** in providing the good or service in question plus a mark-up which does not exceed 17.2% (on those directly incurred costs); or
      3. at the transaction value, where the **related party** makes at least 75% of its sales to unrelated parties and the **prices** charged to the **EDB** are demonstrably the same as those charged to unrelated parties; or
      4. at the transaction value, where the services in question had previously been outsourced and the **EDB** can demonstrate that the cost of supply from the **related party** was the same or less than the costs incurred under the previous outsourced arrangement; or
      5. at the transaction value, where the value of all transactions with that **related party** is less than 1% of the **EDB**’s total revenue from the **regulated service** for that year (and the total value of all **related party transactions** is less than 5% of the **EDB**’s total revenue from the **regulated service**); or
      6. subject to clause 9 below, at the transaction value, where a certified tender has been undertaken; or
      7. in all other cases, the transaction should be disclosed at a nil value.
8. For the purpose of subclauses 7.2.1 and 7.2.2 above, where a **related party transaction** is disclosed at a cost directly incurred by, or a value based partly on the cost directly incurred by, the **related party**, then the **directors** of the **EDB** must certify that, having made all reasonable enquiries, including enquiries of the **related party**:
   1. The cost incurred by the **related party** in providing the service to the **EDB** is fair and reasonable to the **EDB**; and
   2. The cost incurred by the **related party** in providing the service to the **EDB** is proportionate to the cost incurred by the **related party** in providing the same type of services to other parties, including unrelated parties.
9. For the purpose of subclause 7.2.6 above, a tender is a certified tender when:
   1. The **directors** of the **EDB** have certified:
      1. that an open competitive tender was used to determine the transaction value;
      2. that the tender has been run in a manner intended to ensure there were multiple credible competing tender proposals from parties unrelated to the **EDB**;
      3. that all actual and potential tenderers were provided with the same information and there was no information or communication relevant to the tender that was provided only to the **related party**;
      4. that other tender proposals were received, and 1 or more such tenders is willing to discuss their tender proposal with the **Commission** (if the **Commission** wishes);
      5. that the lowest qualifying tender proposal was accepted.
   2. The **EDB** holds documentation identifying:
      1. how many tender proposals were received, and how many tender proposals met any qualifying criteria and were considered for acceptance;
      2. why any tender proposal lodged was not considered by the **EDB** for acceptance (if any).
10. Subject to section 2.10, within 5 months after the end of each **disclosure year**, every **EDB** must disclose to the **Commission** information supporting the information disclosed in accordance with subclause 1.1 above by completing each of the following reports by inserting all information relating to the information supplied by the **EDB** in Schedules 9 and 10 for that **disclosure year**:
    1. the Report Supporting Asset Allocation set out in Schedule 11;
    2. the Report Supporting Cost Allocation set out in Schedule 12

# 2.4 PRICING and related INFORMATION

### Disclosure of pricing methodologies

1. Every **EDB** must **publicly disclose**, prior to the beginning of each **disclosure year**, a pricing methodology which:
   1. Describes the methodology, in accordance with clause 3 below, used to calculate the **prices** payable or to be payable
   2. Explains, in accordance with clause 4 below, any changes in **prices** and **target revenues**
   3. Indicates, in accordance with clause 5 below, any implications of the **pricing strategy** for future **prices**
   4. Explains, in accordance with clause 6 below, the approach taken with respect to pricing in **non-standard contracts** and distributed generation (if any)
   5. Explains whether, and if so how, the **EDB** has sought the view 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 EDB has not sought the views of consumers, the reasons for not doing so must be disclosed.
2. Any change in the methodology or adoption of a different methodology, must be **publicly disclosed** 1 month before prices determined in accordance with the change or the different methodology take effect.
3. Every disclosure under clause above must:
   1. Describe the methodology used to calculate **prices** payable or to be payable
   2. Include 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**
   3. Demonstrate the extent to which the pricing methodology is consistent with the **pricing principles** in Appendix C to this determination and explain the reasons for any inconsistency between the pricing methodology and the **pricing principles**
   4. Where applicable, identify the key components of **target revenue** required to cover the costs and profits of the **EDB**’s provision of **electricity lines services**, including the **cost of capital**. Disclosure must include the numerical value of each of the components
   5. State the **consumer groups** for whom **prices** have been set, and describe:
      1. the rationale for grouping **consumers** in this way
      2. the method and the criteria used by the **EDB** to allocate **consumers** to each of the **consumer groups**.
   6. Provide for each **consumer group**, the proportion of **prices** (as applicable) which are:
      1. fixed
      2. kWh consumption-based
      3. peak demand-based
      4. connection capacity-based
      5. location-based
      6. time-based elements of the above
      7. imposed in any other manner

and describe the rationale for determining the proportions of **prices** in this manner.

* 1. Where applicable, describe the method used by the **EDB** to allocate the components of **target revenue** among **consumer groups**, including the numerical values of the different components allocated to each **consumer group** and the rationale for allocating them in this way.

1. Every disclosure under clause 1 above must:
   1. To the extent **prices** have changed from **prices** disclosed for the immediately preceding **disclosure year**, explain the reasons for changes, and quantify the difference for each of those reasons
   2. State the **target revenue** to be collected for the current **disclosure year**
   3. Subject to section 2.10, state the **target revenue** collected for the **disclosure year** immediately preceding the current **disclosure year** as specified in the pricing methodology for that **disclosure year**
   4. Explain the reasons for any differences between the **target revenue** for the current **disclosure year** and the **target revenue** disclosed for the immediately preceding **disclosure year**, and quantify the difference for each of those reasons.
2. Every disclosure under clause 1 above must, if the **EDB** has a **pricing strategy**:
   1. Explain the **pricing strategy** for the next 5 **disclosure years** (or as close to 5 years as the **pricing strategy** allows), including the current **disclosure year** for which **prices** are set
   2. Explain how and why **prices** for each **consumer group** will change as a result of the **pricing strategy**
   3. If the **pricing strategy** has changed from the preceding **disclosure year**, identify the changes and explain the reasons for the changes.
3. Every disclosure under clause 1 above must
   1. Describe the approach to setting **prices** for **non-standard contracts**, including:
      1. the extent of **non-standard contract** use, including the number of **ICP**s represented by **non-standard contracts** and the value of **target revenue** anticipated from **non-standard contracts**
      2. how the **EDB** determines whether to use a **non-standard contract**, including any criteria used
      3. any specific criteria or methodology used for determining **prices** for **non-standard contracts** and how these criteria or that methodology is consistent with the **pricing principles** in Appendix C to this determination
   2. Describe the **EDB**’s obligations and responsibilities (if any) to customers on **non-standard contracts** in the event that the supply of **electricity lines services** to the customer is interrupted. Disclosure must explain:
      1. the extent of the differences in these terms within **standard contracts** and **non-standard contracts**
      2. any implications of this approach for determining **prices** for **non-standard contracts**
   3. In relation to payments made to and by providers of distributed generation, include the:
      1. amount of the payments
      2. structure of the payments
      3. rationale for the payments.

### Disclosure of capital contributions

1. Every **EDB** must at all times **publicly disclose**:
   1. A description of its current policy or methodology for determining **capital contributions**, including:
      1. the circumstances (or how to determine the circumstances) under which the **EDB** may require a **capital contribution** from **consumers**;
      2. how the amount payable by a **consumer** of any **capital contribution** is determined. Disclosure must include a description of how the costs of any **shared assets** (if applicable) and any **sole use assets** that are included in the amount of the **capital contribution**,are calculated
      3. the extent to which any policy or methodology is consistent with principles 1, 3 and 4 ofthe **pricing principles** in Appendix C to this determination.
   2. A statement of whether a **consumer** can use an independent contractor to undertake some or all of the work covered by the **capital contribution** sought by the **EDB**, as an alternative to paying the full amount of the **capital contribution** to the **EDB**
   3. If the **EDB** has a standard schedule of **capital contribution** charges, the current version of that standard schedule.
2. When a **consumer** from whom a **capital contribution** is sought queries the **capital contribution** charge, (and when the charge is not covered in the schedule of standard **capital contribution** charges, or no such schedule exists) the **EDB** must, within 10 working days of receiving the request, provide reasonable explanation to any reasonable query from that **consumer** of the components of that charge and how these were determined.

### Disclosure of prescribed terms and conditions of contracts

1. Every **EDB** must, not later than 1 month after entering into a **prescribed contract**, that is a **standard contract**, **publicly disclose**:
   1. If the other party to the contract is an **electricity retailer**, the name of that **electricity retailer**
   2. In any other case, the **prescribed terms and conditions** of the **prescribed contract**.
2. Every **EDB** must, not later than 1 month after entering into a **prescribed** **contract** that is a **non-standard contract**, **publicly disclose**:
   1. If the other party to the contract is an **electricity retailer**, the name of that **electricity retailer**
   2. In any other case:
      1. a description of the goods or services to be supplied under the **contract**
      2. the estimated value of the goods and services to be supplied under the **contract.**
3. Every **EDB** must disclose to any **person**, within 1 month of a request by that **person**, the **prescribed terms and conditions** of a **prescribed contract** that is a **non-standard contract**.
4. 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 date on which this determination came into force) are modified, the **EDB** must, no later than 1 month after those modifications take effect, **publicly disclose**:
   1. The **prescribed contract** concerned
   2. The modifications made to the **prescribed terms and conditions**.
5. If any **prescribed terms and conditions** of a **prescribed contract** that is a **non-standard contract** entered into before the date on which this determination came into force are modified, the **EDB** must disclose to any **person**, within 1 month of a request by that **person**, the modifications made to the **prescribed terms and conditions**.
6. Every **EDB** must, when **publicly disclosing** or disclosing on request, some or all (as the case may be) ofthe **prescribed terms and conditions** of a **non-standard contract** under clauses 11 or above, include the following information:
   1. The electricity supply capacity (in kilovolt amperes) of the assets used for the purposes of conveying electricity under the **contract**:
      1. at the point of supply, if the electricity is conveyed to a **consumer**; or
      2. at the point at which the electricity is supplied to any **person** other than a **consumer**.
   2. The voltage at which the electricity is to be supplied or conveyed under the **non-standard** **contract**
   3. Where the other party to the **non-standard contract** is a **consumer**, the 2-digit ANZSIC Classification Code 2006 (if any) applicable to that **consumer**.
7. For the purposes of this section, **public disclosure** by an **EDB** of the **prescribed terms and conditions** of a **standard contract** is to be regarded as **public disclosure** by that **EDB** in relation to all of its **standard contracts** with the same **prescribed terms and conditions**.

### Disclosure of Prices

1. Every **EDB** must at all times **publicly disclose**:
   1. Each current **price** expressed in a manner that enables **consumers** to determine:
      1. the **consumer group** or groups applicable to them, including the capacity of the **consumer group**
      2. the total **price** for **electricity lines services** applicable to them
      3. of the total **price**, the **prices** represented by each type of chargeapplicable to them
   2. The amount of each current **price** that is attributable to **transmission charges** or other chargesof any other **regulated supplier**
   3. The number (or estimated number) of **consumers** by whom each **price** is payable
   4. The date at which each **price** was or will be first introduced
   5. The **price** that was payable immediately before each current **price** (if any) expressed in the manner referred to in subclause above.
2. Every **EDB** must, at least 20 working days before changing a **price** or introducing a new **price** that is payable by 5 or more **consumers**,
   1. **Publicly disclose**:
      1. the information specified in subclauses to above in respect of that **price**
      2. an explanation of the reasons for the new **price** or the changed **price**.
   2. Give written notice to each **consumer** by whom that **price** is payable, including the information specified in clause above in respect of that **price**
   3. Notify in the news section of 2 separate editions of each newspaper that is widely read by **consumers** connected to lines of that **EDB**, details of the **price**, including:
      1. the changed **price** alongside the immediately preceding **price** applicable
      2. contact details where further details of the new or changed **price** can be found including the URL of the **EDB**’s publicly accessible website.
3. Every **EDB** must, in respect of all new **prices** payable by 4 or fewer **consumers**:
   1. Within 5 months after the end of each **disclosure year**, **publicly disclose** the information specified in clause above in respect of those **prices** introduced in the **disclosure year**
   2. 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 above in respect of that **price.**

### Disclosure of Pricing Statistics

1. Within 5 months after the end of each **disclosure year**, every **EDB** must **publicly disclose** the information specified in Schedule 13, disclosing information for each **consumer group**.
2. If **prices** differ between **sub-networks**, a separate Schedule 13 must be completed for each **sub-network**.

### Disclosure of financial distributions arising from ownership interest

1. At the time an **EDB** makes a financial distribution, including **discretionary discounts and rebates** to **consumers** in respect of the current **disclosure year**, the **EDB** must **publicly disclose** its methodology for calculating the **discretionary discounts and rebates** to **consumers**, so that **consumers** can accurately determine their entitlement.

# 2.5 ASSET MANAGEMENT INFORMATION

### Disclosure relating to asset management information

1. Subject to clause 3 below, before the start of each **disclosure year** commencing with the **disclosure year** 2013, every **EDB** must complete and **publicly disclose** an **AMP** that—
   1. Relates to the **electricity distribution services** supplied by the **EDB**;
   2. Meets the purposes of **AMP** disclosure set out in clause 2 below;
   3. Has been prepared in accordance with Appendix A to this determination;
   4. Is consistent with the reports disclosed in the same **disclosure year** under subclause 5.1 below.
2. The purposes of **AMP** disclosure referred to in subclause 1.2 above are that the **AMP**—
   1. Must provide sufficient information for an interested person to assess whether:
      1. assets are being managed for the long term;
      2. the required level of performance is being delivered; and
      3. costs are efficient and performance efficiencies are being achieved;
   2. Must be capable of being understood by an interested person 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.
3. If a **EDB** has **publicly disclosed** an **AMP** under clause 1 above in the previous **disclosure year**, then the **EDB** may—
   1. Elect to not comply with clause 1 above in the current **disclosure year**; and
   2. Complete and **publicly disclose** an **AMP update** under clause 4 below.
4. For the purpose of subclause above, the **AMP update** must—
   1. Relate to the **electricity distribution services** supplied by the **EDB**;
   2. Identify any major changes to the **network development plans** disclosed in the last **AMP** under clauses 15 to 18 of Appendix A;
   3. Identify any major changes to the lifecycle (maintenance and renewal) plans disclosed in the last **AMP** under clause 19 of Appendix A;
   4. Be consistent with the reports disclosed in the same disclosure year under subclause 5.1 below
   5. Provide the reasons for any material changes since the previous disclosure year in the Network Expenditure AMP Report set out in Schedule 14.
5. Before the start of each **disclosure year**, every **EDB** must—
   1. Complete each of the following reports by inserting all information relating to the **electricity distribution services** supplied by the **EDB** for the **disclosure years** provided for in the following reports—
      1. the Network Expenditure AMP Report set out in Schedule 14;
      2. the Network Driver AMP Report set out in Schedule 15;
      3. the Network Asset AMP Report set out in Schedule 16;
      4. the AMMAT Report set out in Schedule 17, under clauses 21 and 22 of Appendix A; and
   2. **Publicly disclose** these reports.
6. Within 5 months after the end of each **disclosure year**, every **EDB** must—
   1. Complete each of the following reports by inserting all information relating to the **electricity distribution services** supplied by the **EDB** for the **disclosure years** provided for in the following reports:
      1. the Network Driver Report set out in Schedule 18;
      2. the Network Performance Report set out in Schedule 19; and
      3. **publicly disclose** these reports.
7. If a **EDB** has **sub-networks**, complete each of the following reports by inserting all information relating to the **electricity distribution services** supplied by the **EDB** in relation to each **sub-network** for the **disclosure years** provided for in the report—
   1. The Network Driver Report set out in Schedule 18;
   2. The Network Performance Report set out in Schedule 19; and
   3. **Publicly disclose** these reports.

# 2.6 AUDITOR’S REPORTS

1. Where an **EDB** is required to **publicly disclose** any **audited disclosure information**, the **EDB** must:
   1. Procure a report by an **independent auditor** in respect of that **audited disclosure information** signed by the **independent auditor** (either in his or her own name or that of his or her firm), stating:
      1. A duty of care to the **Commission**; and
      2. the work done by the **independent auditor**; and
      3. the scope and limitations of the audit; and
      4. 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 **EDB** or any of its subsidiaries; and
      5. whether the **independent auditor** has obtained all information and explanations that he or she required and, if not, the information and explanations not obtained; and
      6. 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 required information have been kept by the **EDB**; and, if not, the **records** not so kept; and
      7. subject to clause 1.2, whether (and, if not, the respects in which it does not), in the **independent auditor**’s opinion, the **audited disclosure information** complies with this determination; and
      8. in respect of historical financial information contained in Schedules 1 to 12, 20 and 21 whether (and, if not, the respects in which it does not), in the **independent auditor**’s opinion, that information has been prepared in all material respects in accordance with this determination; and
   2. For the purpose of subclause above, ‘complies with this determination’ means:
      1. in respect of historical non-financial information contained in Schedules 13, 18, and 19 whether (and, if not, the respects in which it does not), in the **independent auditor**’s opinion, the **EDB** has complied in all material respects with the requirements, including guidance (if any) issued by the **Commission**, and the information is based on the **records** examined under subclause above; and
      2. in respect of the prospective financial or non-financial information included in Schedule 7 are (where applicable and except to the extent that amendments to those requirements have changed that basis) presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the current **disclosure year** and the immediately preceding **disclosure year**, and are calculated based on source data provided by the **EDB**; and
   3. **Publicly disclose** the **independent auditor**’s report prepared in accordance with subclause above at the same time as the **EDB** **publicly discloses** the **audited disclosure information**.

# 2.7 CERTIFICATES

1. Where an **EDB** is required to **publicly disclose** any information under clause 1 of section 2.4; and clause 1 and subclauses 3.2 and 5.1 of section 2.5, the **EDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 22 in respect of that information, duly signed by 2 **directors** of the **EDB**.
2. Where an **EDB** is required to **publicly disclose** any information under any of subclause 1.1 and clause 10 of section 2.3; and clauses 19 and 20 of section 2.4, and clauses 6 and 7 of section 2.5 the **EDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 23 in respect of that information, duly signed by 2 **directors** of the **EDB**.
3. Where an **EDB** is required to **publicly disclose** any information under any of subclauses 1.1, 1.2 of section 2.10, the **EDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 24 in respect of that information, duly signed by 2 **directors** of the **EDB**.

# 2.8 RETENTION AND CONTINUING DISCLOSURES

1. An **EDB** 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**.

# 2.9 EXEMPTIONS

1. The **Commission** may at any time, by written notice to an **EDB**-
   1. Exempt the **EDB** 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.

# 2.10 TRANSITIONAL PROVISIONS

1. Subject to clause 2 below, within 7 months after the end of the **disclosure year** 2012, the **EDB** must:
   1. Complete the Report on Transitional Financial Information set out in Schedule 21;
   2. Complete the Report on Asset Allocations set out in Schedule 9 by inserting all information relating to the asset allocation for the **total opening RAB value** disclosed in Schedule 5; and
   3. **Publicly disclose** those reports.
2. Subject to clause 3 of section 2.10, where an **EDB** elects to undertake an adjustment in accordance with clause 2.2.1 of the **IM Determination**, within 7 months after the **disclosure year** 2012 the **EDB** must:
   1. Complete the Asset Adjustment Process set out in Schedule 20;
   2. Procure a written engineer’s report that complies with the requirements specified in Appendix B; and
   3. **Publicly disclose** those reports.
3. Where an **EDB** has disclosed information to the **Commission** on the **initial RAB** and asset adjustment process as provided for under clauses 2.2.1 to 2.2.3 of the **IM Determination**, the information disclosed in accordance with subclause above must be consistent with that disclosure.
4. Despite any requirements set out in subclauses 1.1, 10.1 and 10.2 of section 2.3; clause 19 of section 2.4 and subclauses 1.1 and 1.2 of section 2.10, but subject to clause of this section, any information that would otherwise be required to be **publicly disclosed** under subclauses 1.1, 10.1 and 10.2 of section 2.3; clause 19 of section 2.4 and subclauses 1.1 and 1.2 of section 2.10 in respect of the **disclosure year** 2012 is required to be **publicly disclosed** within 7 months after the end of the **disclosure year** 2012;
5. Notwithstanding any requirements set out in section 2.3 of this determination, the following transitional provisions apply in respect of the **disclosure year** 2012:
   1. Information in 1a of the Report on Return on Investment set out in Schedule 1 relating to **CY**-2 and **CY**-1 is not required to be disclosed
   2. Information in 5a of The Report on Regulatory Asset Base Roll Forward set out in Schedule 5 relating to **CY**-3 and **CY**-4 is not required to be disclosed
   3. In 6a of the Report on Expenditure set out in Schedule 6 and the Report on Expenditure Forecasts set out in Schedule 7,
      1. ‘reliability, safety and environment’ (as defined in the **2008 requirements**), must be disclosed as **quality of supply**
      2. Legislative and regulatory is not required to be separately disclosed
   4. In 6a of the Report on Expenditure set out in Schedule 6, 6a(i)-(vi) is not required to be disclosed
   5. In 6b of the Report on Expenditure set out in Schedule 6 and the Report on Expenditure Forecasts set out in Schedule 7,
      1. ‘fault and emergency maintenance ‘ (as defined in the 2008 requirements), must be disclosed as **service interruptions, incidents and emergencies**
      2. **Vegetation management** is not required to be separately disclosed
      3. ‘routine and preventative maintenance’and ‘refurbishment and renewal maintenance’ (as defined in the **2008 requirements**), must be disclosed as **routine and corrective maintenance and inspection**
      4. ‘system management and operations’(as defined in the **2008 requirements**), must be disclosed as **system operations**
      5. **Network support** is not required to be separately disclosed
      6. ‘general management, administration and overheads’(as defined in the **2008 requirements**), must be disclosed as **business support**
      7. **Direct billing** is not required to be separately disclosed
   6. In completing the Report on Expenditure Forecast as set out in Schedule 7, references to **forecast expenditure** is to be to the forecast expenditure for the current disclosure year disclosed under clause 7 of the **2008 requirements**
   7. In completing the Report on Asset Allocations set out in Schedule 9 and the Report Supporting Asset Allocations set out in Schedule 11, allocation disclosures must be made aligned to the categories outlined in subclause 5.3 above.
   8. In completing the Report on Cost Allocations set out in Schedule 10 and the Reporting Supporting Cost Allocations set out in Schedule 12, allocation disclosures must be made aligned to the categories outlined in subclause 5.5 above.
6. Notwithstanding any requirements set out in section 2.3 of this determination, the following transitional provisions apply in respect of the **disclosure year** 2013:
   1. Information in 1a of the Report on Return on Investment set out in Schedule 1 relating to **CY**-2 is not required to be disclosed
   2. Information in 5a of the Report on Regulatory Asset Base Roll Forward set out in Schedule 5 relating to **CY**-3 and **CY**-4 is not required to be disclosed
   3. In completing the Report on Expenditure Forecast as set out in Schedule 7, references to **forecast expenditure** is to be to the forecast expenditure for the current disclosure year disclosed under clause 7 of the **2008 requirements**, recast to align with the **operational expenditure** and **capital expenditure** categories of this **determination**
7. For the **disclosure year** 2013 in relation to subclauses 4.3 and 4.4 of section 2.4, every **EDB** must (if applicable) explain any difference between the **target revenue** for the current **disclosure year**, and the revenue required to be disclosed in accordance with Requirement 23(b) of the **2008 requirements**.
8. The information required under clause 7 of section 2.4 above is not required to be **publicly disclosed** for the first time until 5 months after this determination is determined.

|  |  |
| --- | --- |
| Dr Mark Berry, *Chair* | Sue Begg, *Deputy Chair* |
| Pat Duignan | Stephen Gale |

Dated at Wellington this day of 2012.

COMMERCE COMMISSION

# Appendix A Asset Management Plans

This Appendix sets out the mandatory disclosure requirements with respect to **AMP**s. 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 **AMP**s. The commentary has been prepared on the basis that **EDB**s will implement best practice asset management processes.

## AMP design

1. The core elements of asset management—
   1. A focus on performance measurement, monitoring and continuous improvement of asset management practices;
   2. Close alignment with corporate vision and strategy;
   3. That asset management is driven by clearly defined strategies, business objectives and service level targets;
   4. That responsibilities and accountabilities for asset management are clearly assigned;
   5. An emphasis on knowledge of what assets are owned and why, the location of the assets and the condition of the assets;
   6. An emphasis on optimising asset utilisation and performance;
   7. That a total life cycle approach should be taken to asset management;
   8. 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 **AMP**s that—
   1. Are based on, but are not limited to, the core elements of asset management identified in clause 1;
   2. Are clearly documented and communicated to all stakeholders;
   3. Contain sufficient information to allow interested persons to make an informed judgement about the extent to which the **EDB**’s asset management processes meet best practice criteria consistent with outcomes produced in competitive markets;
   4. Specifically support the achievement of disclosed service level targets;
   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;
   6. Consider the mechanics of delivery including resourcing;
   7. Consider the organisational structure and capability necessary to deliver the **AMP**;
   8. Consider the organisational and contractor competencies and any training requirements;
   9. Consider the systems, integration and information management necessary to deliver the plans;
   10. Use unambiguous and consistent definitions of asset management processes to enhance comparability of asset management practices over time and between **EDBs**;
   11. Promote continual improvements to asset management practices.

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

### Contents of the AMP

1. The **AMP** must include the following:
   1. A summary that provides a brief overview of the contents and highlights information that the **EDB** considers significant
   2. Details of the background and objectives of the **EDB**’s asset management and planning processes including the purpose statement in clause 3.3 of this appendix.
   3. A purpose statement which:
      1. makes clear the purpose and status of the **AMP** in the **EDB**’s asset management practices. The purpose statement must also include a statement of the objectives of the asset management and planning processes
      2. states the corporate mission or vision as it relates to asset management
      3. identifies the documented plans produced as outputs of the annual business planning process adopted by the **EDB**
      4. states how the different documented plans relate to one another, with particular reference to any plans specifically dealing with asset management
      5. 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 **EDB**’s vision and mission statements, and show a clear recognition of stakeholder interest.

* 1. 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 required to be disclosed

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

* 1. The date that it was approved by the **directors**
  2. A description of stakeholder interests (owners, **consumers** etc) which identifies important stakeholders and indicates:
     1. how the interests of stakeholders are identified
     2. what these interests are
     3. how these interests are accommodated in asset management practices
     4. how conflicting interests are managed
  3. A description of the accountabilities and responsibilities for asset management on at least 3 levels, including:
     1. 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**
     2. executive—an indication of how the in-house asset management and planning organisation is structured
     3. 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
  4. All significant assumptions
     1. quantified where possible
     2. clearly identified in a manner that makes their significance understandable to interested persons
     3. a description of changes proposed where the information is not based on the **EDB**’s existing business
     4. set out the sources of uncertainty and the potential effect of the uncertainty on the prospective information
     5. include the price inflator assumptions used to prepare the financial information disclosed in **nominal New Zealand dollars** in the Network Expenditure AMP Report set out in Schedule 14.
  5. 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
  6. An overview of asset management strategy and delivery

To support the AMMAT disclosure and assist interested persons to assess the maturity of asset management strategy and delivery, the **AMP** should identify:

* *how the asset management strategy is consistent with the supplier’s other strategy and policies;*
* *how the asset strategy takes into account the life cycle of the assets;*
* *the link between the asset management strategy and the* ***AMP****;*
* *processes that ensure costs, risks and system performance will be effectively controlled when the* ***AMP*** *is implemented.*
  1. An overview of systems and information management data

To support the AMMAT disclosure and assist interested persons to assess the maturity of systems and information management, the **AMP** should describe:

* *the processes used to identify asset management data requirements that cover the whole of life cycle of the assets;*
* *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;*
* *the systems and controls to ensure the quality and accuracy of asset management information;* *and*
* *the extent to which these systems, processes and controls are integrated.*
  1. 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.

* 1. A description of the processes used within the **EDB** for:
     1. managing routine asset inspections and **network** maintenance
     2. planning and implementing **network** development projects
     3. measuring **network** performance.
  2. an overview of asset management documentation, controls and review processes

To support the AMMAT disclosure and assist interested persons to assess the maturity of asset management documentation, controls and review processes, the **AMP** should:

* identify the documentation that describes the key components of the asset management system and the links between the key components;
* describe the processes developed around documentation, control and review of key components of the asset management system;
* where the **EDB** outsources components of the asset management system, the processes and controls that the **EDB** uses to ensure efficient and cost effective delivery of its asset management strategy;
* where the **EDB** outsources components of the asset management system, the systems it uses to retain core asset knowledge in-house; and
* audit or review procedures undertaken in respect of the asset management system.
  1. An overview of communication and participation processes

To support the AMMAT disclosure and assist interested persons to assess the maturity of asset management documentation, controls and review processes, the **AMP** should:

* communicate asset management strategies, objectives, policies and plans to stakeholders involved in the delivery of the asset management requirements, including contractors and consultants;
* incentivise staff engagement in the efficient and cost effective delivery of the asset management requirements.
  1. The **AMP** must present all financial values in **nominal New Zealand dollars**;
  2. The **AMP** must be structured and presented in a way that the **EDB** considers will support the purposes of **AMP disclosure** set out in clause 2 above.

Assets covered

1. The **AMP** must provide details of the assets covered, including:
   1. a high-level description of the service areas covered by the **EDB** and the degree to which these are interlinked, including:
      1. the region(s) covered
      2. identification of large **consumers** that have a significant impact on network operations or asset management priorities
      3. description of the load characteristics for different parts of the **network**
      4. peak demand and total energy delivered in the previous year, broken down by **sub-network**, if any.
   2. a description of the **network** configuration, including:
      1. identifying bulk electricity supply points and any embedded generation with a capacity greater than 1 MW. State the existing firm supply capacity and current peak load of each bulk electricity supply point;
      2. a description of the **subtransmission** system fed from the bulk electricity supply points, including the capacity of **zone substations** and the voltage(s) of the **subtransmission** **network**(s). The **AMP** must identify the extent to which individual **zone substations** have n-x **subtransmission** security;
      3. a description of the distribution system, including the extent to which it is underground;
      4. a brief description of the **network**’s distribution substation arrangements;
      5. a description of the **low voltage network** including the extent to which it is underground; and
      6. an overview of secondary assets such as protection relays, ripple injection systems, SCADA and telecommunications systems.

To help clarify the network descriptions, the **AMP** should contain **network** maps and a single line diagram of the **subtransmission** **network**.

* 1. If **sub-networks** exist, the **network** configuration information referred to in subclause 4.2 above must be disclosed for each **sub-network**.

### Network assets by category

* 1. The **AMP** must describe the **network** assets by providing the following information for each **asset category**:
     1. voltage levels;
     2. description and quantity of assets;
     3. age profiles;
     4. value of the assets in the category; and
     5. a discussion of the condition of the assets, further broken down into more detailed categories as considered appropriate. Systemic issues leading to the premature replacement of assets or parts of assets should be discussed.
  2. The **asset categories** discussed in subclause 4.4 above should include at least the following:
     1. the categories listed in the Network Asset AMP Report set out in Schedule 16;
     2. assets owned by the **EDB** but installed at bulk supply points owned by others;
     3. **EDB** owned mobile substations and generators whose function is to increase supply reliability or reduce peak demand; and
     4. other generation plant owned by the **EDB**.

### Service Levels

1. 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**.
2. For non-exempt **EDB**s, performance indicators for which targets have been defined in clause 5 above must include the **SAIDI** assessed value and the **SAIFI** assessed value required under the price quality path determination applying to the regulatory assessment period in which the next **disclosure year** falls.
3. Performance indicators for which targets have been defined in clause 5 above should also include:
   1. **Consumer** oriented indicators that preferably differentiate between different categories of **consumer**;
   2. 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.
4. 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.
5. Targets should be compared to historic values where available to provide context and scale to the reader.
6. Where forecast expenditure is expected to materially affect performance against a target defined in clause 5 above, the target should be consistent with the expected change in the level of performance.

### Network Development Planning

1. **AMP**s must provide a detailed description of **network** development plans, including—
   1. A description of the planning criteria and assumptions for **network** development;
   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.
   3. A description of strategies or processes (if any) used by the supplier that promote cost efficiency through the use of standardised assets and designs;
   4. The use of standardised designs may lead to improved cost efficiencies. This section should discuss:
      1. the categories of assets and designs that are standardised;
      2. the approach used to identify standard designs.
   5. A description of strategies or processes (if any) used by the **EDB** that promote the energy efficient operation of the **network**.

The energy efficient operation of the **network** could be promoted, for example, though **network** design strategies, demand side management strategies and asset purchasing strategies.

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

The criteria described should relate to the **EDB**’s philosophy in managing planning risks.

* 1. 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.
  2. 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;
     1. explain the load forecasting methodology and indicate all the factors used in preparing the load estimates;
     2. provide separate forecasts to at least the **zone substation** level covering at least a minimum 5 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;
     3. identify any **network** or equipment constraints that may arise due to the anticipated growth in demand during the **AMP planning period**; and
     4. discuss the impact on the load forecasts of any embedded generation or anticipated levels of distributed generation in a **network**, and the projected impact of any demand management initiatives.
  3. Analysis of the significant **network** level development options available and details of the decisions made to satisfy and meet target levels of service, including:
     1. the reasons for choosing a selected option for projects where decisions have been made;
     2. the alternative options proposed for projects that are planned to start in the next 5 years and the potential for non-network solutions described;
     3. a consideration of planned innovations that improve efficiencies within the **network**, such as improved utilisation, extended asset lives, and deferred investment.

1. **AMP**s must include a description and identification of the **network** development programme including distributed generation and non-network solutions and actions to be taken, including associated expenditure projections. The **network** development plan must include:
   1. A detailed description of the projects currently underway or planned to start within the next 12 months;
   2. A summary description of the projects planned for the next 4 years; and
   3. An overview of the 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 5 years, alternative options should be discussed, including the potential for non-network approaches to be more cost effective than **network** augmentations.

1. **AMP**s must describe the **EDB**’s policies on distributed generation, including the policies for connecting embedded generation. The impact of such generation on network development plans must also be stated.
2. **AMP**s must discuss the **EDB**’s policies on non-network solutions, including:
   1. Economically feasible and practical alternatives to conventional **network** augmentation. These are typically approaches that would reduce **network** demand and/or improve asset utilisation; and
   2. The potential for non-network solutions to address **network** problems or constraints.

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

1. The **AMP** must provide a detailed description of the lifecycle asset management processes, including—
   1. The key drivers for maintenance planning and assumptions;
   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:
      1. the approach to inspecting and maintaining each **asset category**, including a description of the types of inspections, tests and condition monitoring carried out and the intervals at which this is done;
      2. any systemic problems identified with any particular asset types and the proposed actions to address these problems; and
      3. budgets for maintenance activities broken down by **asset category** for the **AMP planning period**.
   3. Identification of asset refurbishment and renewal policies and programmes and actions to be taken for each **asset category**, including associated expenditure projections. This must include:
      1. 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;
      2. a description of the projects currently underway or planned for the next 12 months;
      3. a summary of the projects planned for the following 4 years; and
      4. an overview of other work being considered for the remainder of the **AMP planning period**.

### Risk Management

1. **AMP**s must provide details of risk policies, assessment, and mitigation, including—
   1. Methods, details and conclusions of risk analysis;
   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;
   3. A description of the policies to mitigate or manage the risks of events identified in subclause 16.2 above;
2. Details of emergency response and contingency plans.

Asset risk management forms a component of an **EDB**’s overall risk management plan or policy, focusing on the risks to assets and maintaining service levels. **AMP**s should demonstrate how the **EDB** 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.

1. Details of any insurance cover for the assets, including:
   1. The **EDB**’s approaches and practices in regard to the insurance of assets, including the level of insurance;
   2. In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

### Evaluation of performance

1. **AMP**s must provide details of performance measurement, evaluation, and improvement, including—
   1. A review of progress against plan, both physical and financial;
      * referring to the most recent disclosures made under *clause 5 of section 2.5*, discussing any significant differences and highlighting reasons for substantial variances;
      * 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;
      * commenting on progress against maintenance initiatives and programmes and discuss the effectiveness of these programmes noted.
   2. An evaluation and comparison of actual service level performance against targeted performance;
      * in particular, comparing the actual and target service level performance for all the targets discussed under the Service Levels section of the **AMP** over the previous 5 years and explain any significant variances;
   3. An evaluation and comparison of the results of the asset management maturity assessment disclosed in the AMMAT Report set out in Schedule 17 against relevant objectives of the **EDB**’s asset management and planning processes.
   4. An analysis of gaps identified in subclauses and above. Where significant gaps exist (not caused by one-off factors), the **AMP** must describe any planned initiatives to address the situation.

### Capability to deliver

1. **AMPs** must describe the processes used by the **EDB** to ensure that
   1. The **AMP** is realistic and the objectives set out in the plan can be achieved;
   2. The organisation structure and the processes for authorisation and business capabilities will support the implementation of the **AMP** plans.

## AMMAT Report

1. Each supplier must complete the AMMAT Report set out in Schedule 17. The **EDB** must ensure that the person responsible for managing network assets (or a similar level individual) in the organisation takes responsibility for completing and maintaining the AMMAT, including:
   1. Organising people within the organisation to answer the questions;
   2. Arranging for all information to be captured within the AMMAT;
   3. Reporting to the organisation on the results of the assessment;
   4. Planning the assessment process, including:
      1. 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;
      2. arranging for appropriate outsourced service providers and stakeholders to act as respondents during the assessment exercise;
      3. providing appropriate pre-assessment communication (and training where appropriate) to ensure that, as a minimum, the proposed respondents are aware of the AMMAT process and the part within it that they are being asked to play;
      4. identifying which questions are to be asked of which respondents.

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 **EDB**. In particular, it helps employees and **EDBs** to understand and improve asset management concepts and processes.

The AMMAT will not provide an effective assessment of the maturity of the supplier’s asset management capability and processes unless the preparation of the AMMAT is supported by senior management of the **EDB**.

The level of effort required to complete the AMMAT should be consistent with a gap analysis exercise rather than the level typically involved with an audit for certification.

An audit involves a systematic, independent process for the collection and analysis of evidence to support a rating whereas the AMMAT is intended to be used by providing a reference to supporting evidence or an explanation of the self-assessment.

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.

The definitions provided in the AMMAT for each maturity rating should provide sufficient information for an **EDB** to objectively identify the level currently being achieved by the organisation.

1. Cells in the following columns in the AMMAT Report set out in Schedule 17 must be filled out:

‘User guidance’: guidance (if required) on completing each question of the AMMAT.

This column can be used by the person responsible for completing and maintaining the AMMAT to provide guidance to the persons coordinating responses to each question.

‘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.

Each EDB must specify in the AMMAT Report the standard of asset management practice that the EDB has used as the reference standard.

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

‘Score’: the appropriate maturity rating (this must be a whole number between 0 and 4).

# Appendix B Information Requirements for Engineer’s Report

1. The report must be completed by an ‘engineer’ as defined in clause 1.1.4 of the **IM determination** in respect of the ‘asset adjustment process’ for setting the initial **RAB** for an **EDB** as set out in clause 2.2.1 of the **IM determination**.
2. The report must:
3. be in writing and be accessible in electronic (PDF file-type) format;
4. include a copy of the written instructions provided to the engineer by the **EDB**, including any subsequent variations or modifications;
5. include a table summarising the various asset value adjustments and corresponding to Schedule A4 of the Information Disclosure Notice Templates;
6. provide the minimum information for each category of asset adjustment outlined in Table 1 below, together with such additional information sufficient to allow a reader of the report:
7. to understand the data, information, calculations and assumptions employed in respect of each category of asset adjustment;
8. to understand the extent to which professional judgement was exercised by the engineer and the effect of that judgement in deriving the resultant asset values; and
9. to verify the arithmetical accuracy of the asset adjustment calculations.
10. include a signed statement by the engineer that:
11. the ODV rules have been properly applied for assets which had not had an ODV valuation calculated originally as required by clause 2.2.1 of the **IM determination**;
12. where values under **GAAP** have been relied on, those values have been supplied or reviewed by an appropriately qualified party (e.g. accounting practitioner); and
13. the report meets the requirements of this Appendix B.

Table 1: Minimum Information Requirements for Adjustments to Assets

| **Category of adjustment** | **EDB IM cl. ref** | Designated asset type | **Minimum information requirements** |
| --- | --- | --- | --- |
| Include load control relay | 2.2.1(2)(a) | Included | Number and description of load control relays  Relevant depreciated historic cost of each asset or where sufficient **records** do not exist to establish this cost, their depreciated carrying value in the general purpose financial statements of the EDB |
| Correct asset register errors | 2.2.1(2)(b) | Included | Description of each asset (or asset type where assets are substantially similar)  Value of the asset (or sum value of each similar asset type) as of the day the asset enters the regulatory asset register, being the value that would have resulted from applying the Electricity Information Disclosure Requirements 2004 for assets commissioned prior to 1 April 2004 and from applying the Electricity Distribution (Information Disclosure) Requirements for assets commissioned from 1 April 2004 to 31 March 2009 |
| Excluded | Description of each asset (or asset type where assets are substantially similar)  Value of each asset (or asset type where assets are substantially similar) as of the day the asset entered the regulatory asset register |
| Value modified | Description of each asset (or asset type where assets are substantially similar) and type of error (incorrect asset category, incorrect estimation of quantity, age, category or location now known to be incorrect)  Value of each asset (or asset type where assets are substantially similar) as of the day the asset entered the regulatory asset register  Calculation of relevant adjustment to value in order to correct for the error  Resultant ‘modified value’ for each asset (or sum value of each similar asset type) as of the day the asset entered the regulatory asset register |
| Re-apply existing multiplier | 2.2.1(2)(c) | Value modified | Description of each asset (or asset type where assets are substantially similar)  ODV valuation for each asset (or asset type where assets are substantially similar) and multiplier originally applied  Description of the more accurate information relating to the application of a multiplier, including supporting facts, data, calculations and assumptions where relevant  Calculation of relevant modification to ODV valuation in order to be consistent with the more accurate information  Resultant ‘modified value’ at 2004 ODV value for each asset (or sum value of each similar asset type) |
| Re-apply a modified multiplier | 2.2.1(2)(d) | Value modified | Description of each asset (or asset type where assets are substantially similar)  ODV valuation for each asset (or asset type where assets are substantially similar) and multiplier originally applied  Specification of the alternative multiplier (rugged terrain, business district, rocky ground) and the reason for selecting the value of the multiplier within the range specified in clause 2.2.1(2)(d) of the IM Determination  Details of supporting facts, data, calculations and assumptions where relevant to support the reason  Calculation of relevant modification to ODV valuation in order to be consistent with the modified multiplier  Resultant ‘modified value’ at 2004 ODV value for each asset (or sum value of each similar asset type) |
| Re-apply optimisation or economic value test | 2.2.1(2)(e) | Included | Description of each asset (or asset type where assets are substantially similar)  Value of each asset in the 2004 ODV Valuation (or asset type where assets are substantially similar)  Value of each asset (or asset type where assets are substantially similar) in the ODV Valuation had the assets not been-  optimised in accordance with paragraphs 2.18 – 2.47 and Appendix B of the ODV Handbook; or  subject to the economic value test in accordance with paragraphs 2.59 – 2.65 of the ODV Handbook  Value of each asset (or asset type where assets are substantially similar) after reapplying the optimisation or economic value test in light of more up-to-date information that has subsequently become available  Details of supporting facts, data, calculations and assumptions where relevant to support the reapplication of the optimisation or economic value test  Resultant ‘included value’ at 2004 ODV value for each asset (or sum value of each similar asset type) |
| Excluded | Description of each asset (or asset type where assets are substantially similar)  Value of each asset at 2004 ODV value (or asset type where assets are substantially similar) |
| Value modified | Description of each asset (or asset type where assets are substantially similar)  Value of each asset in the 2004 ODV Valuation (or asset type where assets are substantially similar)  Value of each asset (or asset type where assets are substantially similar) had the assets not been-  optimised in accordance with paragraphs 2.18 – 2.47 and Appendix B of the ODV Handbook; or  subject to the economic value test in accordance with paragraphs 2.59 – 2.65 of the ODV Handbook  Value of each asset (or asset type where assets are substantially similar) after reapplying the optimisation or economic value test in light of more up-to-date information that has subsequently become available  Details of supporting facts, data, calculations and assumptions where relevant to support the reapplication of the optimisation or economic value test  Resultant ‘modified value’ at 2004 ODV value for each asset (or sum value of each similar asset type) |

# Appendix C Pricing Principles (as published by the Electricity Commission[[1]](#footnote-1) and adopted by the Electricity Authority)

1. **Prices** are to signal the economic cost of service provision, by:
   1. Being subsidy free (equal to or greater than incremental costs, and less than or equal to standalone costs), except where subsidise arise from compliance with legislation and/or other regulation
   2. Having regard, to the extent practicable, to the level of available service capacity
   3. Signalling, to the extent practicable, the impact of additional usage on future investment costs.
2. Where **prices** based on ‘efficient’ incremental costs would under-recover allowed revenues, the shortfall should be made up by setting **prices** in a manner that has regard to **consumers**’ demand responsiveness, to the extent practicable.
3. Provided that **prices** satisfy clause above, **prices** should be responsive to the requirements and circumstances of stakeholders in order to:
   1. Discourage uneconomic bypass
   2. Allow for negotiation to better reflect the economic value of services and enable stakeholders to make price/quality trade-offs or non-standard arrangements for services
   3. Where **network** economics warrant, and to the extent practicable, encourage investment in transmission distribution alternatives (e.g. distributed generation or demand response) and technology innovation.
4. Development of **prices** should be transparent, promote price stability and certainty for stakeholders, and changes to **prices** should have regard to the impact on stakeholders.
5. Development of **prices** should have regard to the impact of transmission costs on retailers, **consumers** and other stakeholders and should be economically equivalent across retailers.

# Schedule 1 Report on Return on Investment

# Schedule 2 Report on Regulatory Profit

# Schedule 3 Report on Regulatory Tax Allowance

# Schedule 4 Report on Term Credit Spread Differential Allowance

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# Schedule 5 Report on Regulatory Asset Base Roll Forward

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# Schedule 6 Report on Expenditure

# Schedule 7 Report on Expenditure Forecasts

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# Schedule 8 Report on Related Party Transactions

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# Schedule 9 Report on Asset Allocations

# Schedule 10 Report on Cost Allocations

# Schedule 11 Report Supporting Asset Allocation

# 

# Schedule 12 Report Supporting Cost Allocation

# 

# Schedule 13 Pricing Statistics



# Schedule 14 Network Expenditure AMP Report





# Schedule 15 Network Driver AMP Report







# Schedule 16 Network Asset AMP Report





# Schedule 17 AMMAT Report

















# Schedule 18 Network Driver Report





# Schedule 19 Network Performance Report





# Schedule 20 Asset Adjustment Process

# 

# Schedule 21 Report on Transitional Financial Information

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# Schedule 22 Certification for Year-beginning Disclosures

Clause 1 of section 2.7

We, [insert full names], being directors of [name of EDB] certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached information of [name of EDB] prepared for the purposes of clause 1 of section 2.4; clause 1 and subclauses 3.2 and 5.1 of section 2.5 of the Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

[Signatures of 2 directors]

[Date]

# Schedule 23 Certification for Year-end Disclosures

Clause 2 of section 2.7

We, [insert full names], being directors of [name of EDB] certify that, having made all reasonable enquiry, to the best of our knowledge, the information prepared for the purposes of subclause 1.1 and clause 10 of section 2.3, clauses 19 and 20 of section 2.4, and clauses 6 and 7 of section 2.5 of the Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

\* [In respect of related party costs used in the disclosure of related party transactions, we certify that, having made all reasonable enquiry, including enquiries of the related party:

* the costs incurred by the related party in providing the service to [name of EDB] is fair and reasonable to [name of EDB]; and
* the costs incurred by the related party in providing the service to [name of EDB] is proportionate to the costs incurred by the related party in providing services to other parties, including unrelated parties]

\* [In respect of tender information used in the disclosure of related party transactions, we certify that:

* an open competitive tender was used to determine the transaction value;
* the tender has been run in a manner intended to ensure there were multiple credible competing tender proposals from parties unrelated to [name of EDB];
* all actual and potential tenderers were provided with the same information and there was no information or communication relevant to the tender that was provided only to the related party;
* other tender proposals were received and 1 or more such tenderers is willing to discuss their tender with the Commission (if the Commission wishes);
* that the lowest qualifying tender proposal was accepted; and
* [name of EDB] holds documents supporting:
  + How many tender proposals were received and how many tender proposals met any qualifying criteria and were considered for acceptance;
  + Why any tender proposal lodged was not considered by [name of EDB] for acceptance]

\* Delete if inapplicable

[Signatures of 2 directors]

[Date]

Schedule 24 Certification for Transitional Disclosures

Clause 3 of section 2.7

We, [insert full names], being directors of [name of EDB] certify that, having made all reasonable enquiry, to the best of our knowledge the information, prepared for the purposes of subclauses 1.1 and 1.2 of section 2.10 of the Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

[Signatures of 2 directors]

[Date]

1. Electricity Commission, *Distribution Pricing Principles and Information Disclosure Guidelines*, February 2010. [↑](#footnote-ref-1)