Decision No. [XXX]

# Draft Commerce Act (Gas Distribution Services Information Disclosure) Determination 2012

**The Commerce Commission: Dr M Berry**

**S Begg**

**P Duignan**

**S Gale**

**Summary of the determination**: Pursuant to Part 4 of the Commerce Act 1986, the Commerce Commission has determined information disclosure requirements that apply to gas 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 (GAS DISTRIBUTION SERVICES INFORMATION DISCLOSURE) DETERMINATION 2012

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

# Part 1 General Provisions

# 1.1 Title

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

# 1.2 Commencement DATE

## This determination comes into force on [ ] May 2012.

# 1.3 Application

## This determination applies to gas 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 determination** but not in this determination have the same meanings as in the **IM determination**;
   4. A word which denotes the singular also denotes the plural and vice versa;
   5. An obligation to do something is deemed to include an obligation to cause that thing to be done;
   6. Financial items must be measured and disclosed in accordance with **GAAP** unless otherwise required 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 (including 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** |
| **2009 authorisation assets** | has the meaning set out in the **IM determination** |
| **2009 disclosed assets** | has the meaning set out in the **IM determination** |
| **2009 part year** | means amounts determined in accordance with the **IM determination** for the period 1 July 2009 to 30 September 2009 |

## 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 that **disclosure year**         2. the **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 methodologies that applies to the regulated goods or services supplied by that **regulated supplier** |
| **Adjustment for unamortised initial differences in assets disposed** | means the value of **opening unamortised initial differences in asset values** for assets that are disposed of during the year |
| **Adjustment resulting from asset allocation** | 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 inputs 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 October to August of the assessment period * **notional net cash flows** for September 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 subclause 4 of section 2.5 of this determination |
| **Arm’s-length deduction** | has the meaning set out in the **IM determination** |
| **Asset category** | means   * + - 1. in relation to Schedule 5, any of the following: **mains pipelines**, **service pipelines**, **stations**, **valve**, **special crossings**, **other system fixed assets** or **other assets**       2. in all other instances, **mains pipelines**, **service pipelines**, **stations**, **valve**, **special crossings**, monitoring & control systems or cathodic protections systems |
| **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 **gas 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 |
| **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, 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 **gas 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 **gas 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 **gas 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** |
| **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 often as a result of events outside management control |
| **Audited disclosure information** | means information disclosed pursuant to any of subclauses 1.1 and clause 8 of section 2.3, clauses 19 and 20 of section 2.4, subclause 6.1 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 value**  = **total closing RAB value** |
| **Average total number of distribution customers** | means the average of customer numbers measured at the start of the **disclosure year** and at the end of the **disclosure year** |

## 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 5 of section 2.3 |
| **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 **GDB**’s latest general purpose financial statements |
| **Business support** | means **operational expenditure** associated with the following corporate activities:   * HR and non-operational training * finance and regulation including compliance activities, valuations and auditing * CEO and director costs * legal services * consulting services (excluding engineering/technical consulting) * property management * corporate communications * corporate IT * industry liaison and participation * commercial activities including pricing, marketing, liaison with **consumers** and **gas retailers** * revenue collection (excluding **direct billing**) |

## C

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| CAIDI (Customer (Connection Point) Average Interruption Duration Index) | means the sum of the duration of each interruption during the **disclosure year**, divided by the total number of interruptions  *(Note: this definition means that CAIDI = SAIDI / SAIFI)* |
| **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** |
| **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 values** 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** |
| **Complaint** | means any separate complaint received from either a retailer or a customer |
| **Confirmed public reported escapes of gas (PRE)** | means any escape of gas confirmed by the **GDB** excluding **third party damage events**, routine survey find and no traces events |
| **Consumer** | has the meaning set out in the **Act** |
| **Consumer group** | means the category of **consumer** used by the **GDB** 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 that contract |
| **Control rights** | has the meaning set out in the Electricity Industry Act 2010 |
| **Corporate tax rate** | has the meaning set out in the **IM determination** |
| **Cost of debt assumption** | means the sum of the risk free rate and debt premium estimates as determined by the **Commission** in accordance with clauses 2.4.3 and 2.4.4 of the **IM determination** and published under clause 2.4.8 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. |
| **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** |
| **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 **GDB** |
| **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 **GDB** 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** |
| **Disclosure year** | means the 12 month period ending on 30 September of the year the disclosure relates or if the term **disclosure year** is proceeded by a year, the 12 month period ended on 30 September of that year |
| **Disposed asset** | has the meaning set out in paragraph (a) of the defined term in the **IM determination** |

## E

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| **Easement land** | has the meaning set out in the **IM determination** |
| Emergency | [TBC] (a definition has been proposed in the Draft Initial Default Price-Quality Paths for Gas Pipelines Businesses Draft Reasons Paper and Draft Determinations, which will also be adopted here)[[1]](#footnote-1) |
| Equity return rights | has the meaning set out in the Electricity Industry Act 2010 |
| **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 | means TBC [technical consultation] |
| **Forecast expenditure** | means, in relation to:   1. current **disclosure year**, the forecast expenditure for the current **disclosure year** disclosed pursuant to section 2.5 of this determination 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 pursuant to Part 5 of the **IM determination** where a **CPP** is in place for the current **disclosure year** or disclosed pursuant to section 2.5 of this determination prior to the start of the **disclosure year** preceding the **regulatory period** where a **CPP** is not in place for the current **disclosure year** |

## G

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| **GAAP** | means generally accepted accounting practice in New Zealand |
| **Gains / (losses) on asset sales** | means, in relation to:  (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 **gas distribution services** in accordance with clause 2.1.1 of the **IM determination** |
| GDB | means gas distribution business as that term is defined in the **IM determination** |
| GPB | means gas pipeline businesses, and includes **GDB**s and **GTB**s |
| GTB | has the meaning set out in the Commerce Act (Gas Transmission Services Input Methodologies) Determination 2010 |
| Gas distribution services | has the meaning set out in the **IM determination** |
| Gas pipeline services | has the meaning set out in s 55 of the Act |
| **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 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** |

## H

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| **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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| **IM determination** | means the Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010 |
| **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 resulting from rolling forward the asset adjustment process adjustments** | means the adjustment to the value of included or value modified assets resulting from applying clause 2.2.1(6)(c) of the **IM determination**. Included and value modified have the meanings as set out in clause 2.2.1 of the **IM determination** |
| **Increase in value resulting from revaluations in accordance with 2.2.1(3)(b)** | means the value of revaluations as determined in accordance with clause 2.2.1(3)(b) 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 **GPB** 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 **GPB** 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 |
| **Initial disclosure year** | means the **disclosure year** 2012 |
| **Input methodology claw-back** | means a cost specified in clause 3.1.3(1)(b) of the **IM determination** |
| **Interruption** | means, in relation to the supply of gas to a connection point, the cessation of supply of gas to that connection point for a period of 1 minute or longer, including the short time taken to replace a defective regulator |
| **Interruption class** | means any of the following classes of **interruptions**:  Class A, being a **planned interruption** by a **GTB**  Class B, being a **planned interruption** by a **GDB**  Class C, being an **unplanned interruption** on the **GDB**’s network, excluding **interruptions** cause by third party damage and excluding any occurrence of insufficient system capability to provide the required quantity of gas to a supply point due to a failure on the **transmission network**  Class D, being an **unplanned interruption** by a **GTB**  Class I, being an **unplanned interruption** on the **GDB**’s network cause by third party damage |
| **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 a **GDB** 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 charge income** | means revenue from **prices** |
| **Line item** | has the meaning set out in the **IM determination** |
| Load factor | means  *a*  *\_\_\_\_\_\_\_\_ x*  *12 x b*  where  *a =* the amount of gas (in gigajoules) entering the system or systems  *b =* the maximum monthly amount of gas (in gigajoules) entering the system or systems |
| **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 **gas distribution services** in accordance with clause 2.1.1 of the **IM determination** |

## M

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| **Mains pipelines** | means a pipe installed to convey gas to individual services or other distribution facilities |
| **Market value of asset disposals** | means the market value of **disposed assets** sold or transferred to a **related party** |
| Material influence | has the meaning set out in the Electricity Industry Act 2010 |
| **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 **gas distribution services** where the expected benefits to **gas distribution services** from the merger 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 **GDB** or 'inter-company' where the transaction is between the regulated and unregulated parts of the **GDB** |
| **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 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 value of vested assets** | means the fair value of assets whose ownership is vested in a **GDB** (whether or not for some consideration) less any consideration paid for those assets |
| **Network** | has the meaning set out in the **IM determination** |
| **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 * 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 * engineering and technical consulting * **network** planning and system studies * logistics (procurement) and stores * **network** asset site expenses and leases * Route/easement management (including locating pipelines for third parties, mark cuts, stand-overs, 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 **gas distribution services** in accordance with the new **allocator** and **line items** for each of the relevant **disclosure years** |
| **New allocator or line item** | means the **allocator** or **line items** that are used subsequent to the change in **allocator** or **line items** |
| 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-gas distribution services** | means services of the **GDB** that are not **gas distribution services** |
| **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 deductible interest** | has the meaning set out in clause 2.3.4(2) of the **IM determination** |
| **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** |

## 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** values of assets included in the **total opening RAB values** 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 costs** after 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**, **routine and corrective maintenance and inspection**, **system operations** and **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 **gas 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** that were used prior to the change in **allocator** or **line items** |
| **Original requirements** | means the Gas (Information Disclosure) Requirements 1997 |
| **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 **GDB** to provide **gas distribution services** and which are not **mains pipelines**, **service pipelines**, **stations**, **value**, **special crossings** 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** | means TBC [technical consultation] |
| **Outage event** | means any **unplanned interruption** that affects more than 5 customers |
| **Outage in SAIDI assessed value** | is given the value ‘Yes’ if the **GDB** is subject to price-quality regulation and the fault described gave cause to an interruption that contributed to the **GDB**’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** |

## 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** | means a natural person, a corporation sole, a body corporate or an unincorporated body |
| Peak day | means the day of the **peak week** where the throughput of gas (in gigajoules) in a system, or at a given point in a system, is at its highest |
| Peak demand | means maximum daily demand (in gigajoules) |
| Peak hour | means the hour of the day where the throughput of gas (in gigajoules) in a system, or at a given point in a system, is at its highest |
| Peak week | means the week in a **disclosure year** where the throughput of gas (in gigajoules) in a system, or at a given point in a system, is at its highest |
| Planned interruption | means, in relation to any **interruptions** that have been planned by a **GPB** in respect of which not less than 10 working days’ notice was given to the end customer  *(Note: planned interruptions occur when a* ***GPB*** *needs to disconnect supply either for its own reasons (eg, to undertake maintenance or construction work) or on the initiative of another party (eg, customer, local council, other utilities providers)* |
| **Poor pressure event** | means a confirmed unplanned incident where delivery pressure drops below target levels within a pressure system. Third party damage events to the **network** should be included, but incidents cause by low gate pressure should be excluded. |
| **Prescribed contract** | in relation to a **GDB**, means -  a contract under which the **GDB** carries out **gas pipelines services**:  a contract for **related services**, if goods or services are to be supplied under the **contract** by—  the **GDB**; or  a **person** that is **involved** **in** the **GDB**; or  a **person** that carries out gas pipeline services by means of a **system** that is owned by the **GDB**; 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 **gas pipelines services**, the terms and conditions of the contract that—  describe the goods or services to be supplied under the **contract**  describe 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  **GDB**’s obligations and responsibilities (if any) to **consumers** in the event that the supply of **gas pipelines services** to **consumers** is interrupted. |
| **Pressure regulating stations** | means an installation that automatically regulates the pressure into a downstream piping system |
| **Pressure systems** | means a configuration of connected pipes and fittings, at the same nominal operating pressure, used for the conveyance of gas |
| **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 **gas pipeline services**, the principles as defined in clause 2.5.2 of the **IM 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 **GDB**’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 **GDB** 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) of 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 **consumers** 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** |
| **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(c),(d),(e),(f) or (g) of the **IM determination** |
| Regions | means the portions of the **network** to which each posted standard price schedule applies |
| Regulated services | has the meaning set out in the **IM determination** |
| **Regulated service asset value** | 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 *q* 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 party transaction** | means a transaction with a **related party** |
| Related services | means any **contract** for the supply of goods or services (other than a **contract** for the supply or conveyance of gas or the supply of gas appliances) in any case where-   * + - * 1. there is a linkage between:   1. that **contract**; and   2. a **contract** for the supply or conveyance of gas   by reason that the consideration for the supply of those goods or services is linked to, or combined with, payment for the supply or conveyance of that gas; and   * + - * 1. the monetary value of the goods or services supplied, or to be supplied, under the **contract** referred to in (a)(i) above, in respect of:   1. the period of 12 months immediately before the information relating to the **contract** for thesupply or conveyance of gas that is **publicly disclosed** as required by clauses 9 or 10 of section 2.4; or   2. the period of 12 months immediately after that information is **publicly disclosed**-   amounts to or will amount to more than 1% of the monetary value or projected monetary value of the **contract** for the supply or conveyance of gas |
| **Response time to emergencies** | [TBC] (a definition has been proposed in the Draft Initial Default Price-Quality Paths for Gas Pipelines Businesses Draft Reasons Paper and Draft Determinations, which will also be adopted here)[[2]](#footnote-2) |
| **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, **pressure regulating stations**) and activity relating to the invasive (hands on) examination of, and the undertaking of any subsequent works to repair defects or replace components of **network** assets, where the expenditure is not capitalised. Includes land owner negotiation and arrangements associated with these activities. Examples of activities classified as routine and corrective maintenance and inspection include:   * vehicle and foot patrols * asset surveys including intelligent pigging * **network** pressure monitoring and reading gauges * non capitalised renewal, replacement and refurbishment of **network** assets and/or components thereof * environmental response * painting of **network** assets * outdoor and indoor maintenance of stations, 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 sum of the **duration** of each **interruption** during the **disclosure year** divided by the **average total number of distribution customers** |
| **SAIFI (System Average Interruption Frequency Index)** | means the total number of **interruptions** during the **disclosure year** divided by the **average total number of distribution customers** |
| **Secondary assets** | means system fixed assets that support the conveyance of gas.  Secondary assets include monitoring & control systems and cathodic protection systems |
| **Self-insurance allowance** | means any self-insurance allowance allowed by the **Commission** through a **CPP** |
| **Service pipeline** | means a pipe that carries gas from a **mains pipeline** to a meter that measures gas delivered to a **consumer** or equivalent point of supply |
| **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. This category also includes the direct cost of providing a service to respond to reported gas escapes, loss of supply and low pressure reports to make safe, including a repair allowance, the cost of rechecks, restoring supply, provision for 24/7 response and any waiting/non-productive time for response teams. Includes back-up assistance required to restore supply, repair leaks or make safe. It also includes operational support used during the outage or emergency response. It also includes any necessary response to events arising 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 one **consumer** in order to receive **gas pipelines services** |
| **Sole use assets** | meansassets installed as part of a new connection project used by only one connecting **consumer** in order to receive **gas pipeline services** |
| **Special crossings** | means TBC [technical consultation] |
| **Standard contract** | means, any **contract** (being a **contract** for the carrying out of **gas pipeline services**) between a **GDB**, and any other **person**, where –  the price at which the **gas pipeline 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 **GDB**, and none of those other **persons** is **involved** **in** the **GDB**, or with any of those other **persons** |
| Sub-network | means, in relation to **network** assets of—   1. Vector, either the assets located in the Auckland geographic region or the assets located outside that region; and 2. Powerco, either the assets located in the Wellington and the Hutt Valley & Porirua geographic regions or the assets located outside those regions |
| **System** | in relation to a pipeline owner, means a configuration of connected pipes and other fittings that are used or intended to be used for the conveyance or supply of gas |
| **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:   * call centre costs * **interruption** planning and notification |

## T

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| **Target revenue** | means the revenue that the **GDB** expects to obtainfrom **prices** |
| **Tax payments** | means **regulatory tax allowance** recognised proportionally to how the **GDB** 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 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** |
| **Third party damage event** | means an event whereby damage to the **GDB**’s **network** (both mains and services) by a third party has resulted in an **interruption**  *(Note: third party damage excludes damage caused by* ***related parties*** *or by contractors in the service of the* ***GDB****)* |
| **Total attributable to regulated service** | means the sum of **directly attributable** and **not directly attributable** that is attributable to **gas pipeline 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 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 RAB value of fully depreciated, disposed and lost assets** - **unallocated RAB**;         2. in relation to the **RAB**, **total opening RAB values** - **RAB** less **opening RAB value of fully depreciated, disposed and lost assets** – **RAB** |
| **Total regulatory income** | means:   1. in relation to the Report on Regulatory Profit, sum of **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** |
| **Total unadjusted asset values** | means the sum of **2009 authorisation assets** and **2009 disclosed assets** |
| **Transmission system** | means that part of the **system** that conveys gas from the point where the gas leaves a gas processing facility to the boundary of the gasworks or gate station outlet flange supplying gas-   * + - 1. for distribution; or       2. to a gas customer, where the gas does not enter a distribution system |

## 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 that was not a **planned interruption** |
| **Unregulated services** | 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 5 of section 2.3 of this determination |
| **Valve** | means a fitting installed in a pipeline designed to control the flow of gas |

## 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 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 **gas pipeline 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 |

# Part 2 Disclosure Requirements

## 2.1 INFORMATION DISCLOSURE

1. Subject to sections 2.9 and 2.10, from the commencement date every **GDB** must comply with the information disclosure requirements set out in this determination and, in particular, must comply with:
   1. The requirements to disclose financial and other 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 section 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 **GDB** must apply the following input methodologies as applicable, when complying with this determination:
   1. asset valuation
   2. cost allocation
   3. treatment of taxation
   4. pricing methodologies

## 2.3 FINANCIAL INFORMATION

### Annual Disclosure Relating to Financial Information

1. Subject to clauses 2, 3, 4 and 5 of this section and section 2.10, within 5 **months** after the end of each **disclosure year**, every **GDB** must disclose information relating to its financial position by:
   1. Subject to subclauses 1.3 and 1.4 of this section, completing each of the following reports by inserting all information relating to the **gas pipeline services** supplied by the **GDB** 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;
   3. In completing Schedule 1, a **GDB** can elect to disclose information in accordance with section 1c of Schedule 1;
   4. Schedule 4 is only required to be completed by qualifying suppliers as qualifying suppliers is defined in the **IM determination**.
2. Where an item disclosed in accordance with clause 1 and section 2.10 is classified differently from the previous year a **GDB** 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
3. Subject to section 2.10, in completing Schedule 6:
   1. For **customer connections** in note 6a(i) of Schedule 6, disclose **customer connections** expenditure by **consumer groups** consistent with the pricing statistics disclosure
   2. For each material **asset relocation** project:
      1. separately disclose a description of the project and its value in note 6a(iv) of Schedule 6
      2. disclose the purpose of the project and a description of the assets created for each project in the commentary to note 6a in Schedule 6.
   3. For each material **quality of supply** project:
      1. separately disclose a description of the project and its value in note 6a(iii) in Schedule 6;
      2. disclose the purpose of the project and a description of the assets created for each project in the commentary note 6a in Schedule 6
   4. For each material **legislative and regulatory** project:
      1. separately disclose a description of the project and its value in note 6a(v) in Schedule 6;
      2. disclose the purpose of the projects and a description of the assets created for each project in the commentary to note 6a in Schedule 6;
   5. For each material **atypical** **non-system fixed assets** project:
      1. separately disclose a description of the project and its value in note 6a(vi) in Schedule 6
      2. disclose the purpose of the projects and a description of the assets created for each project in the commentary to note 6a in Schedule 6
   6. For each material **atypical** expenditure included in **operational expenditure** separately disclose a description of the project, the purpose of the project, a description of the assets, the asset’s value and the **operating expenditure** categories the expenditure relates to in the commentary to note 6b in Schedule 6
4. In completing Schedules 9 and 10 every **GDB** must **publicly disclose**, 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**
5. For the purpose of clause 1 of this section, transactions with **related parties** must be accounted for:
   1. Where the transaction is for an asset 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 **GDB** must elect to disclose the transaction in accordance with one of the following approaches:
      1. subject to clause 6 of this section, at the cost incurred by the **related party** providing the service; or
      2. subject to clause 6 of this section, where the transaction involves the provision of contracting services to maintain and/or develop the **network** or part of that **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 **GDB** are demonstrably the same as those charged to unrelated parties;
      4. at the transaction value, where the services in question had previously been outsourced and the **GDB** 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;
      5. at the transaction value, where the value of all transactions with that **related party** is less than 1% of the **GDB**’s total revenue from the supply of **gas distribution services** for that year, (and the total value of all **related party transactions** is less than 5% of the **GDB**’s total revenue from the supply of **gas distribution services**) or
      6. subject to clause of this section, at the transaction value, where a certified tender has been undertaken;
      7. in all other cases, the transaction should be disclosed at a nil value.
6. For the purpose of subclauses 5.2.1 and 5.2.2 of this section, 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 **GDB** 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 **GDB** is fair and reasonable to the **GDB**; and
   2. The cost incurred by the **related party** in providing the service to the **GDB** is proportionate to the cost incurred by the **related party** in providing services to other parties, including unrelated parties.
7. For the purpose of subclause of this section, a tender is a certified tender when:
   1. The **directors** of the **GDB** 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 **GDB**;
      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 one 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 **GDB** 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 **GDB** for acceptance (if any).
8. Subject to section 2.10, within 5 months after the end of each **disclosure year**, every **GDB** must disclose to the **Commission** information supporting the information disclosed in accordance with subclause 1.1 of this section above by:
   1. Completing each of the following reports by inserting all information relating to the information supplied by the **GDB** 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 **GDB** must **publicly disclose**, prior to the beginning of each **disclosure year**, a pricing methodology which:
   1. Describes the methodology, in accordance with clause 3 of this section, used to calculate the **prices** payable or to be payable
   2. Explains, in accordance with clause 4 of this section, any changes in **prices** and **target revenues**
   3. Indicates, in accordance with clause 5 of this section, any implications of the **pricing strategy** (if any) for future **prices**
   4. Explains, in accordance with clause 6 of this section, the approach taken with respect to pricing in **non-standard contracts**
   5. Explains whether, and if so how, the **GDB** 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 GDB has not sought the views of consumers, the reasons for not doing so must be disclosed.
2. Any change in the pricing methodology or adoption of a different pricing methodology, must be **publicly disclosed** one month before the change or the adoption of a different pricing methodology takes effect.
3. Every disclosure under clause 1 of this section 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** 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 **GDB**’s provision of **gas pipeline 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 **GDB** 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. variable
      3. 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 **GDB** 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 of this section 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** for the current **disclosure year**
   3. Subject to subclause 7 of section 2.10 below, state the **target revenue** for the disclosure year immediately preceding the current **disclosure year** as disclosed in the pricing methodology for that immediately preceding **disclosure year**
   4. Subject to subclause 7 of section 2.10 below, 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 of this section must, if the **GDB** has a **pricing strategy**:
   1. Explain the **pricing strategy** for the next five **disclosure years** (or as close to five 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** are expected to 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 of this section 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 ICPs represented by **non-standard contracts** and the value of **target revenue** anticipated from **non-standard contracts**
      2. how the **GDB** 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 that criteria or methodology is consistent with the **pricing principles**
   2. Describe the **GDB**’s obligations and responsibilities (if any) to customers on **non-standard contracts** in the event that the supply of **gas pipeline services** to the customer is interrupted. Disclosure must explain:
      1. the extent of the differences in these terms between **standard** and **non-standard contracts**
      2. any implications of this approach for determining **prices** for **non-standard contracts**

### Disclosure of capital contributions

1. Every **GDB** 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 **GDB** 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 applied is consistent with principles (1), (3) and (4) of the **pricing principles**
   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 **GDB**,as an alternative to paying the full amount of the **capital contribution** to the **GDB**
   3. If the **GDB** has a standard schedule of **capital contributions** 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) a **GDB** 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 **GDB** must, not later than 1 month after entering into a **prescribed contract** that is a **standard contract**, **publicly disclose** the **prescribed terms and conditions** of the **prescribed contract**.
2. Every **GDB** must, not later than 1 month after entering into a **prescribed contract** that is a **non-standard contract**, **publicly disclose**:
   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 **GDB** must disclose to any person, within one 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** (where it is also a **standard contract**, including a **prescribed contract** that was entered into before the date on which this determination comes into force) are modified, the **GDB** must, not 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** (including a **prescribed contract** that was entered into before the date on which this determination comes into force) are modified, the **GDB** must disclose to any **person**, within 1 month of receiving a request from that **person**, the modifications made to the **prescribed terms and conditions**.
6. Every **GDB** must, when **publicly disclosing** or disclosing on request to any **person** (as the case may be) the **prescribed terms and conditions** of a **non-standard contract** under either of clauses 11 or of this section, include the following information:
   1. The maximum daily amount of gas (in gigajoules) to be conveyed to the **consumer** under the **contract**, or (if the amount is not quantified in the **contract**) a reasonable estimate of that amount based on the duration of the **contract**
   2. The pressure or pressures at which the gas is to be supplied or conveyed under that **contract**, or (if the pressure is not specified in the **contract**) a reasonable estimate of that pressure
   3. Where the other party to the **contract** is a **consumer**:
      1. the 2-digit ANZSIC Classification Code 2006 (if any) applicable to that other party
      2. if there is no such code, the **consumer group** of that other party
7. For the purposes of this section, **public disclosure** by a **GDB** of the **prescribed terms and conditions** of a **standard contract** is to be regarded as **public disclosure** by that **GDB** in relation to all of its **standard contracts** with the same **prescribed terms and conditions**.

### Disclosure of prices

1. Every **GDB** must at all times **publicly disclose**:
   1. Each current **price** expressed in a manner that enables individual **consumers** to determine:
      1. the **consumer group** or groups applicable to them, including the capacity of the **consumer group**
      2. the total **price** for **gas pipeline services** applicable to them
      3. of the total **price**, the **prices** represented by each type of chargeapplicable to them
   2. The number (or estimated number) of **consumers** by whom each **price** is payable
   3. The date at which each **price** was or will be first introduced
   4. The **price** that was payable previously.
2. Every **GDB** 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 clause 16 of this section 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 the information specified in clause 16 of this section 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 **GDB**, details of the changed **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 **GDB**’s publicly accessible website.
3. Every **GDB** 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 16 of this section 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 16 of this section in respect of that **price**

### Disclosure of Pricing Statistics

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

# 2.5 ASSET MANAGEMENT information

### Disclosure relating to asset management information

1. Subject to clause 3 of this section, before the start of each **disclosure year** except **disclosure year** 2012, every **GDB** must complete and **publicly disclose** an **AMP** that—
   1. Relates to the **gas distribution services** supplied by the **GDB**;
   2. Meets the purposes of **AMP** disclosure set out in clause of this section;
   3. Has been prepared in accordance with Appendix A;
   4. Is consistent with the reports disclosed in the same **disclosure year** under subclause of this section.
2. The purposes of **AMP** disclosure referred to in subclause 1.2 of this section are that the **AMP**—
   1. Must provide sufficient information for interested persons 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 fully understood by interested persons with a reasonable understanding of the management of infrastructure assets;
   3. Should provide a sound basis for the ongoing assessment of asset-related risks, particularly high impact asset-related risks.
3. If a **GDB** has **publicly disclosed** an **AMP** pursuant to clause of this section in the previous **disclosure year**, then the **GDB** may—
   1. Elect to not comply with clause of this section in the current **disclosure year**; and
   2. Complete and **publicly disclose** an **AMP update** pursuant to clause of this section.
4. For the purpose of subclause of this section, the **AMP update** must—
   1. Relate to the **gas distribution services** supplied by the **GDB**;
   2. Identify any major changes to the network development plans disclosed in the last **AMP** pursuant to clause 15 to 18 of Appendix A;
   3. Identify any major changes to the lifecycle (maintenance and renewal) plans disclosed in the last **AMP** pursuant to clause 19 of Appendix A;
   4. Be consistent with the reports disclosed in the same **disclosure year** under subclause of this section.
   5. Provide the reasons for any material changes since the previous **disclosure year** in Network Expenditure AMP Report set out in Schedule 14.
5. Before the start of each **disclosure year** except **the disclosure year** 2012, every **GDB** must—
   1. Complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** for the **disclosure year** 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 Network Performance Report set out in Schedule 19
      5. the AMMAT Report set out in Schedule 17 under clauses 21 and 22 of Appendix A; and

**publicly disclose** these reports

1. Within 5 months after the end of each **disclosure year**, every **GDB** must—
   1. Complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** for the **disclosure year(s)** provided for in the reports;
      1. the Network Driver Report set out in Schedule 18;
      2. the Network Performance Report set out in Schedule 19;
      3. the Pipeline Peak Off-Take Report set out in Appendix B; and

**publicly disclose** these reports.

* 1. If a **GDB** is the owner of **sub-networks**, complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** in relation to each **sub-network** for the **disclosure year(s)** 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

**publicly disclose** these reports.

# 2.6 AUDITOR’S REPORTS

1. Where a **GDB** is required to **publicly disclose** any **audited disclosure information**, the **GDB** must:
   1. Procure a report by an **independent auditor** in respect of that **audited disclosure information** that is addressed to interested persons and 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**
      2. the work done by the **independent auditor**
      3. the scope and limitations of the audit
      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 **GDB** or any of its subsidiaries
      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
      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 **GDB** and, if not, the **records** not so kept
      7. subject to clause 1.2 of this section, 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 and 20, 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.
   2. For the purposes of subclause of this section, ‘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 **GDB** has complied in all material respects with this determination, and the information is based on the **records** examined under subclause of this section
      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 **GDB**.
   3. **Publicly disclose** the **independent auditor**’s report prepared in accordance with subclause of this section at the same time as the **GDB publicly discloses** the **audited disclosure information**.

# 2.7 CERTIFICATES

1. Where a **GDB** is required to **publicly disclose** any information under clause 1 of section 2.4, clause 1 and subclauses 3.1 and 5.1 of section 2.5, the **GDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 21 in respect of that information, duly signed by 2 **directors** of the **GDB**.
2. Where a **GDB** is required to **publicly disclose** any information under any of subclause 1.1, 8.1.1 and 8.1.2 of section 2.3 and clauses 19 and 20 of section 2.4 and clauses 6 and 7 of section 2.5, the **GDB** 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 **GDB**.
3. Where a **GDB** is required to **publicly disclose** any information under subclauses 1.1 and 1.2 of section 2.10, the **GDB** 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 **GDB**.

# 2.8 RETENTION AND CONTINUING DISCLOSURES

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

# 2.9 EXEMPTIONS

1. The **Commission** may at any time, by written notice to a **GDB**,-
   1. Exempt the **GDB** from any or all of the requirements of this determination, for a period and on such terms and conditions as the **Commission** specifies in the notice; and
   2. Amend or revoke any such exemption

# 2.10 TRANSITIONAL PROVISIONS

1. Subject to clause 2, within 5 months after the end of the **disclosure year** 2012, each **GDB** must:
   1. Complete the Report on Transitional Financial Information set out in Schedule 20;
   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, where a **GDB** has previously elected to undertake an adjustment in accordance with clause 2.2.1 of the **IM Determination**, within 5 months after the **disclosure year** 2012 the **GDB** must **publicly disclose** the asset adjustment schedule and engineer’s report that had previously been disclosed to the **Commission** under the relevant Notice to Supply Information to the **Commission** issued under section 53ZD of the Act.
3. Where a **GDB** 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 subclauses 1.1 and 1.2 of section 2.10 must be consistent with that previous disclosure to the **Commission**.
4. Notwithstanding any requirements set out in section 2.3, 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. Information in the Report on Expenditure set out in Schedule 6 is not required to be disclosed
   4. Information in the Report on Expenditure Forecasts set out in Schedule 7 is not required to be disclosed.
   5. In completing the Report on Asset Allocation set out in Schedule 9 and the Report Supporting Asset Allocations set out in Schedule 11, all allocations may be disclosed under **other assets**
   6. In completing the Report on Cost Allocations set out in Schedule 10 and the Report Supporting Cost Allocations set out in Schedule 12, all allocations may be disclosed under **direct billing**.
5. Notwithstanding any requirements set out in section 2.3, 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**-4 is not required to be disclosed
6. The information required under subclauses 4.3 and 4.4 of section 2.4 is not required to be **publicly disclosed** in respect of the **disclosure year** 2013.
7. The information required under subclauses 7 of section 2.4 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 **GDB**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 of this Appendix
   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 **GDB**’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 **GDB**s
   11. Promote continual improvements to asset management practices.

Disclosing an **AMP** does not constrain a **GDB** from managing its assets in a way that differs from the **AMP** if circumstances change after preparing the plan or if the **GDB** 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 **GDB** considers significant
   2. Details of the background and objectives of the **GDB**’s asset management and planning processes including a purpose statement that addresses the matters referred to in clause 3.3 of this Appendix
   3. The purpose statement must:
      1. make clear the purpose and status of the **AMP** in the **GDB**’s asset management practices. The purpose statement must also include a statement of the objectives of the asset management and planning processes
      2. state the corporate mission or vision as it relates to asset management
      3. identify the documented plans produced as outputs of the annual business planning process adopted by the **GDB**
      4. state how the different documented plans relate to one another, with particular reference to any plans specifically dealing with asset management
      5. include a description of the interaction between the objectives of the **AMP** and other corporate goals, business planning processes and plans.

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

* 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**, 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.
  5. A description of changes proposed where the information is not based on the **GDB**’s existing business
  6. Set out the sources of uncertainty and the potential effect of the uncertainty on the prospective information
  7. 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
  8. 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
  9. 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* ***GDB****’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 the systems, processes and controls are integrated.*
  1. A statement covering any limitations in the availability or completeness of asset management data and disclosure of 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 **GDB** for:
     1. managing routine asset inspections and **network** maintenance;
     2. planning and implementing **network** development projects; and
     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 **GDB** outsources components of the asset management system, the processes and controls that the **GDB** uses to ensure efficient and cost effective delivery of its asset management strategy;
* where the **GDB** 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 **GDB** considers will support the purposes of **AMP** disclosure set out in clause 2 of this Appendix.

### 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 **GDB** 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:

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

* + 1. if **sub-networks** exist, the **network** configuration information referred to in clause 4.2 of section 2.5 must be disclosed for each **sub-network**.

1. In addition to the details of the assets covered, the **AMP** must provide:
   1. A map, with any cross-referenced information contained in an accompanying schedule, of each distribution system of the pipeline owner showing the following details:
      1. the physical location of—
         1. that part of the system conveying gas to offtake points with a throughput of gas of 20 000 gigajoules or more in the most recent **disclosure year**
         2. all offtake points with a throughput of gas of 20 000 gigajoules or more in the most recent **disclosure yea**
         3. all intake points
         4. all pressure regulating stations (other than those at offtake points) on that part of the system conveying gas to offtake points with a throughput of gas of 20 000 gigajoules or more in the most recent **disclosure year**
         5. all mixing stations (other than those at offtake points) on that part of the system conveying gas to offtake points with a throughput of gas of 20 000 gigajoules or more in the most recent **disclosure year**.
      2. notations showing—
         1. a unique identifier for each offtake point with a throughput of gas in the most recent **disclosure year** of 20 000 gigajoules or more
         2. internal, external, or nominal pipe diameters used (identifying whether internal, external, or nominal pipe diameters are used)
         3. the maximum design working pressures (without changes to the system)
         4. operating pressures:
      3. if applicable, the locations where a significant change has occurred since the last disclosure pursuant to subclauses 7.1.1 and 7.1.2 of this Appendix, including—
         1. a clear description of every location on the pipeline system that is affected by the change
         2. a statement as to whether the capacity of the pipeline, in the locations where the change has occurred, or in other locations, as the case may be, has increased or decreased or is not affected
         3. a description of the nature of the change.
   2. A map, with any cross-referenced information contained in an accompanying schedule, of each distribution system of the pipeline owner showing the following details:
      1. the physical location of—
         1. the whole distribution system (other than service pipelines)
         2. all intake points
         3. all pressure regulating stations
         4. all mixing stations other than those at offtake points.
      2. notations showing internal, external, or nominal pipe diameters used
      3. if applicable, the locations where a significant change (other than a change to service pipelines) has occurred since the previous disclosure of the information referred to in subclauses 11.1 and 11.2 of this Appendix, including—
         1. a clear description of every location on the pipeline system, other than any service pipeline, that is affected by the change
         2. a description of the nature of the change.

### Network assets by category

* 1. The **AMP** must describe the **network** assets by providing the following information for each **asset category**:
     1. pressure
     2. description and quantity of assets
     3. age profiles
     4. value of the assets in the category
     5. a discussion of the results of formal risk assessments of the assets, further broken down as appropriate. Systemic issues leading to the premature replacement of assets or parts of assets should be discussed.
  2. The **asset categories** discussed in subclause 7.3 of this Appendix 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 **GDB** but installed at **gate stations** owned by others.

1. For the purposes of the requirement to **publicly disclose** the maps referred to in subclauses 7.1 and 7.2 of this Appendix, a **GDB** is deemed to comply with the requirement if the **GDB,** within 5 months after the end of each financial year, makes copies of the maps available for inspection, during ordinary office hours, at the principal offices of that **GDB.**

### 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. Performance indicators for which targets have been defined in clause 11 of this Appendix must include the DPP requirements 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 11 of this Appendix 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 customer 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 9 of this Appendix, 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. 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.
   4. A description of strategies or processes (if any) used by the **GDB** 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 philosophy of the business 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 pressure zone 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**.
  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. alternative options proposed for projects that are planned to start in the next 5 years
     3. consideration of planned innovations that improve efficiencies within the **network**, such as improved utilisation, extended asset lives, and deferred investment.

1. A description and identification of the **network** development programme 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
   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.

### 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 category of assets, including a description of the types of inspections, tests and condition monitoring carried out and the intervals at which this is done
      2. any systemic problems identified with any particular asset types and the proposed actions to address these problems
      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
      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 18.2 of this Appendix
   4. Details of emergency response and contingency plans.

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

* 1. Details of any insurance cover for the assets, including:
     1. the **GDB**’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 pursuant to 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 **GDB**’s asset management and planning processes
   4. An analysis of gaps identified in subclauses 19.1, and of this Appendix. 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. **AMP**s must describe the processes used by the **GDB** 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 **GDB** must complete the AMMAT Report set out in Schedule 17. The **GDB** 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 **GDB**. In particular, it helps employees and suppliers 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 organisation.

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 a **GDB** to objectively identify the level currently being achieved by the organisation.

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

To meet AMMAT level 4 maturity, the **GDB**’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.

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.

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

# APPENDIX B GDB PIPELINE PEAK OFFTAKE REPORT

1. Intake points
   * + - 1. Subject to clause of this Appendix, in respect of each intake point that has a throughput of gas in the peak week for the intake point of 2,000 gigajoules or more and that forms part of a distribution system that operates at a pressure of 2,000 kilopascals or more, the following information:

the dates of the peak week for that intake point and for that system

the throughput of gas (in gigajoules) in the peak week for that system.

1. Offtake points
   * + - 1. Subject to clause of this Appendix, in respect of any offtake point that—

forms part of a distribution system that operates at a pressure less than 2,000 kilopascals

has a throughput of gas for the disclosure year of 20,000 gigajoules or more,

the information specified in subclause of this Appendix.

* + - * 1. The information referred to in subclause of this Appendix is as follows;

the date of the peak day for the offtake point of the system;

the peak hour for the offtake point on the peak day for the system;

the throughput of gas (in gigajoules) in the peak hour for the offtake point on the peak day for the system;

* + - * 1. Subject to clause of this Appendix, in respect of any offtake point that forms part of a distribution system that operates at a pressure of 2,000 kilopascals or more:

the dates of the peak week for the offtake point and for the system

the throughput of gas (in gigajoules) in the peak week for the offtake point and for the system.

1. Further disclosure relating to distribution systems
   * + - 1. Subject to clause of this Appendix, the throughput of gas (in gigajoules) in the peak hour on the peak day for each distribution system.
2. Methodologies
   * + - 1. The methodology or methodologies used to determine the information disclosed under the following clauses:

subclause of this Appendix

subclause of this Appendix

subclause of this Appendix

clause of this Appendix.

1. Measured volumes and estimates
   * + - 1. For the purposes of clauses , , and of this Appendix:

if gas flows are metered, the measured volumes must be used

if gas flows are not metered, reasonable estimates must be used

if estimates are used, they must be clearly stated as estimates.

# 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



# Schedule 5 Report on Regulatory Asset Base Roll Forward



# Schedule 6 Report on Expenditure

# Schedule 7 Report on Expenditure Forecasts

# 

# Schedule 8 Report on Related Party Transactions

# 

# 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 Report on Transitional Financial Information

# Schedule 21 Certification for Year-beginning Disclosures

clause 1 of section 2.7

We, [insert full names], being directors of [name of GDB] certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached information of [name of GDB] 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 (Gas Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

[Signatures of 2 directors]

[Date]

# Schedule 22 Certification for Year-end Disclosures

Clause 2 of section 2.7

We, [insert names], being directors of [name of GDB] 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 8.1 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 (Gas 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 GDB] is fair and reasonable to [name of GDB]; and
* the costs incurred by the related party in providing the service to [name of GDB] 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 GDB];
* 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 one 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 GDB] 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 GDB] for acceptance]

\* Delete if inapplicable

[Signatures of 2 directors]

[Date]

Schedule 23 Certification for Transitional Disclosures

Clause 3 of section 2.7

We, [insert names], being directors of [name of GDB] 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 (Gas Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

[Signatures of 2 directors]

[Date]

1. A copy of the Commission’s Draft Initial Default Price-Quality Paths for Gas Pipelines Businesses Draft Reasons Paper and Draft Determinations can be found at: <http://www.comcom.govt.nz/2012-default-price-quality-path/>. [↑](#footnote-ref-1)
2. Ibid. [↑](#footnote-ref-2)