Decision No. [XXX]

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

 **The Commerce Commission: Dr M Berry**

 **S Begg**

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 **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 transmission 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 TRANSMISSION 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

1. This determination is the Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012.

# 1.2 Commencement DATE

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

# 1.3 Application

1. This determination applies to **gas transmission 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 clause 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** |
| 5 day peak | means, in relation to a throughput of gas, a period of 5 successive calendar days in the preceding year during which the total volumetric throughput of gas was not exceeded during any other period of 5 successive calendar days in the preceding year |
| **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**, in relation to:* + - 1. Vector Limited, for the period from 1 July 2009 to 30 September 2009; and
			2. Maui Developments Limited (MDL), for the period from 1 January 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. a **disclosure year**, expenditure for the **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 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 **revenue related working capital** |
| **Alternative opening RIV** | means the sum of **total opening RAB value** 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**
 |
| AMP | means asset management plan |
| AMP planning period | has the meaning specified in subclause 3.4 of Appendix A to this determination |
| AMP update | has the meaning specified in clause 4 of section 2.5 of this determination |
| **Arm’s-length deduction** | has the meaning set out in the **IM determination** |
| **Asset age** | means, in relation to the asset age disclosure requirements in Schedule 16, the number of assets at the end of the most recent **disclosure year** excluding stores and spares, categorised by asset class and the **disclosure year** in which the asset was originally **commissioned** on the **network**. If the original year in which the asset was **commissioned** is not known, then * the commissioning year categorisation may be made using-
* an estimated commissioning date (the use of estimates should be reflected in the **data accuracy** rating disclosed in the column ‘**data accuracy**’)
* a default date (the number of assets for which default dates are used is to be disclosed in the column “No. with default dates”)
* the asset is not categorised by commissioning date (the number of assets not categorised by commissioning date is entered in the “No. with age unknown” column)
 |
| **Asset category** | means:(a) in relation to schedule 5, any of the following: **pipes**, **stations**, **compressors**, **main-line valves**, other system fixed assets, other assets(b) in all other instances, any of the following: **pipes**, **stations**, **compressors**, **main-line valves**, heating systems, odorisation plants, coalescers, metering systems, SCADA and communications, cathodic protection, chromatographs |
| **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 transmission 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 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 transmission 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 transmission 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 transmission 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 subclause 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** |

## B

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| **Balancing gas costs** | means a cost or credit specified in clause 3.1.3(c) of the **IM determination** |
| **Basis for determining value**  | means the basis for determining the value of the **related party** **transaction** in accordance with clause 5.2 of section 2.3 of this determination |
| **Book value** | means:1. in relation to the **issue date**, the book value in New Zealand dollars of a **qualifying debt** or **non-qualifying debt** on the **issue date**
2. in relation to the date of financial statements, the book value in New Zealand dollars of a **qualifying debt** or **non-qualifying debt** as at the end of the period of the **GTB**’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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| **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 RAB (tax value)** | means the sum of **regulatory tax asset values** for assets 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**  |
| **Closing tax losses** | has the meaning given to that term in clause 2.3.2(4) of the **IM determination** |
| **Commission** | means the Commerce Commission |
| **Commissioned** | has the meaning set out in the **IM determination** |
| Compressors | means [TBC by technical consultation] |
| Compressor fuel | in relation to expenditure, means **operational expenditure** where the **primary driver** is the consumption of natural gas by the compressor fleet. |
| Compressor stations | means [TBC by technical consultation] |
| Confirmed public reported escapes of gas | means any escape of gas confirmed by the **GTB** excluding third party damage events, routine surveys find and no traces events |
| Connection point  | means a welded connection |
| **Consumer** | has the meaning set out in the **Act** |
| **Consumer group** | means the category of **consumer** used by the **GTB** for the purposes of setting **prices**  |
| **Contract** | means a contract for the supply of goods or services (or both) whether or not the contract, or any part of the contract, is in writing and, for the avoidance of doubt, includes-1. a contract under which goods or services (or both) are being supplied, although some or all of the terms and conditions in relation to the supply of those goods or services have not been settled; and
2. any operating agreement, side letter, or documentation that influences, adjusts or amends the terms and conditions of the contract
 |
| **Control rights** | has the meaning set out in the Electricity Industry Act 2010 |
| **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 and published by the **Commission** 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** |
| **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 **GTB** 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 activity** | means **operational expenditure** where the **primary driver** is the management of the pipeline easement including:* land database (property owners, occupiers and other stakeholders)
* communications with landowners, occupiers and other stakeholders
* vegetation control
* monitoring activities on or near the easement
* compensation and other associated legal costs
 |
| **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) |
| **Expenditure or loss deductible but not in regulatory profit / (loss) before tax - permanent** | means expenditure or loss deductible but not in **regulatory profit / (loss) before tax** as determined in accordance with clause 2.3.3(3) of the **IM determination** |
| **Expenditure or loss deductible but not in regulatory profit / (loss) before tax - temporary** | means expenditure or loss deductible but not in **regulatory profit / (loss) before tax** as determined in accordance with clause 2.3.5(5)(b) of the **IM determination** |
| **Expenditure or loss in regulatory profit / (loss) before tax but not deductible - permanent** | 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** |
| **Expenditure or loss in regulatory profit / (loss) before tax but not deductible - temporary** | means expenditure or loss in **regulatory profit / (loss) before tax** but not deductible as determined in accordance with clause 2.3.5(4)(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** |
| Equity return rights | has the meaning set out in the Electricity Industry Act 2010 |

## F

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| **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 respect of:(a) **assets disposals to a related party**, nil;(b) **assets disposals to a regulated supplier**, nil;(c) **asset disposals (other)**, the values determined in accordance with:sale price of an asset - **assets disposals (other)**  where each component has the value allocated to **gas transmission services** in accordance with **clause 2.1.1** of the **IM determination** |
| 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 |
| **GDB** | has the meaning set out in the Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010 |
| **GPB** | means gas pipeline business and includes **GDB**s and **GTB**s |
| **Gross capital expenditure** | means **capital expenditure** plus **capital contributions** and **net value of vested assets**  |
| **Gross capital expenditure on transmission 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** |
| GTB | has the meaning set out in the **IM determination** |

## 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 Transmission Services Input Methodologies) Determination 2010 |
| **Income included in regulatory profit / (loss) before tax but not taxable - permanent** | means income included in **regulatory profit / (loss) before tax** but not taxable as determined in accordance with clause 2.3.3(3)(a) of the **IM determination** |
| **Income included in regulatory profit / (loss) before tax but not taxable – temporary**  | means income included in **regulatory profit / (loss) before tax** but not taxable as determined in accordance with clause 2.3.5(5)(a) of the **IM determination** |
| **Income not included in regulatory profit / (loss) before tax but taxable - permanent** | means income not included in **regulatory profit / (loss) before tax** that is taxable as determined in accordance with clause 2.3.5(2)(a) of the **IM determination** |
| **Income not included in regulatory profit / (loss) before tax but taxable – temporary**  | means income not included in **regulatory profit / (loss) before tax** that is taxable as determined in accordance with clause 2.3.5(4)(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 clauses 2.2.1 of the **IM determination.** Included and value modified have the meanings as set out in clause 2.2.1(6)(c) 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 customer, the cessation of the supply of gas to that customer for a period of 1 minute or longer, other than by reason of disconnection of that customer for breach of the **contract** or arrangement under which the gas is supplied |
| **Involved in** | has the meaning set out in section 74 of the Electricity Industry Act 2010, as if the references to distributor, generator or retailer in s 74(1) were read as references to an **GTB** 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** |
| **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 transmission services** in accordance with clause 2.1.1 of the **IM determination**
 |

## M

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| **Mainline valve** | means [TBC by technical consultation] |
| 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 transmission services.** Disclosure of the benefits to **gas transmission services** is required formerger and acquisition expenses to be recognised |
| **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 clause 2.4.1 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 Part 2, subpart 4 of the **IM determination** |
| **Most recent ID period** | means the **disclosure year** immediately preceding the end of the **consolidation period** |

## 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 **GTB** or 'inter-company' where the transaction is between the regulated and un-regulated parts of the **GTB** |
| **Net incremental rolling incentive scheme** | means the sum of **previous years incremental gain/loss** from the five **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 **GTB** (whether or not for some consideration) less any consideration paid for those assets |
| **Network** | has the meaning set out in the **IM determination** |
| 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 transmission services** | means services of the **GTB** that are not **gas transmission 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 **network**. 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 2.3.1(5) 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**
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## O

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| **Opening RAB (tax value)** | means the sum of **regulatory tax asset values** for assets included in **total opening RAB value** |
| **Opening RIV** | means **total opening RAB value**  |
| **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** valuesof assets that are fully depreciated during the **disclosure year, asset disposals** and lost assets includedinthe **lost and found assets adjustment**
 |
| **Operating cost** | has the meaning set out in the **IM determination** |
| **Operating surplus / (deficit)** | means **total regulatory income** less **operational expenditure** less **pass through and recoverable costs** |
| **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 after applying clause 2.1.1 of the **IM determination** and that are **related party transactions** |
| **Operational expenditure on transmission network** | means the sum of **service interruptions, incidents and emergencies** plus **easement activity** plus **routine and corrective maintenance and inspection** plus **compressor fuel** plus **system management and operations**  |
| **Original allocation** | means the **operating costs** or **regulated service asset value** allocated to **gas transmission 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 [TBC by technical consultation] |
| **Other regulated service** | has the meaning set out in the **IM determination** |
| **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 by technical consultation] |
| **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 |
| Pipes | means [TBC by technical consultation] |
| Planned interruptio**n**  | means, in relation to any interruptions that have been planned by a **GTB**, in respect of which not less than 24 hours’ notice was given, either to the public or to all customers affected by the interruption |
| **Prescribed contract** | in relation to an **GTB**, means -a **contract** under which the **GTB** carries out **gas transmission services**:a **contract** for **related services**, if goods or services are to be supplied under the **contract** by—the **GTB**; ora **person** that is **involved** **in** the **GTB**; ora **person** that supplies gas pipelines services by means of works owned by the **GPB**; ora **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 transmission services** or for **related 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 servicesspecify, determine, or provide for the determination of the:**price** at which those goods or services are to be suppliedtiming of payment for those goods or servicessecurity for payment for those goods or services**GTB**’s obligations and responsibilities (if any) to **consumers** in the event that the supply of **gas transmission services** to **consumers** is interrupted. |
| **Previous years’ incremental gain/(loss)** | means the incremental change or incremental adjustment term for the **disclosure year** in question determined in accordance with clause 3.3.1 of the **IM determination** |
| **Previous years’ incremental gain/(loss) adjusted for inflation** | means the **previous years’ incremental gain/(loss)** carried forward by applying the inflation rate in accordance with clause 3.3.2(1) of the **IM determination** |
| **Prices** | has the meaning set out in the **IM determination**; |
| **Pricing date** | means the day on which a **qualifying debt** is priced |
| **Pricing principles** | means the principles set out in Subpart 5 of the Commerce Act (Gas Transmission Services Input Methodologies) Determination 2010 |
| **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 **GTB**’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 **GTB** making the public disclosure and
			3. within 10 working days of being requested to do so by any person, provide that person with a copy of the information, either by post or for collection (during ordinary office hours) from that principal office, whichever the person prefers; and
			4. within 5 working days after the information is disclosed to the public, provide a copy of the information to the **Commission** in the form that it is disclosed to the public and in an electronic format that is compatible with Microsoft Excel or Microsoft Word (as the case may be),

and **public disclosure** and **publicly disclosing** have corresponding meanings |

## Q

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| **Qualifying debt** | has the meaning set out in paragraph (a) of the defined term in clause 1.1.4(2) in the **IM determination** |
| **Quality of supply** | In relation to expenditure, means **gross capital expenditure** where the **primary driver** is to improve the asset performance. This may include expenditure to:* reduce the overall outage/fault rate of the **network**
* reduce the average time that supply is affected by **planned interruptions**/**unplanned interruptions**
* reduce the average number of **consumers** affected by **planned interruptions**/**unplanned interruptions**
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## 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 of this determination, 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(h),(i),(j),(k) or (l) of the **IM determination** |
| **Regulated service asset values** | has the meaning set out in the **IM determination** |
| **Regulated supplier** | has the meaning set out in the **IM determination** |
| **Regulatory net taxable income** | has the meaning specified in clause 2.3.1(2) of the **IM determination** |
| **Regulatory period** | has the meaning set out in the **IM determination** |
| **Regulatory profit / (loss)** | means the **regulatory profit / (loss) before tax** less the **regulatory tax allowance** |
| **Regulatory profit / (loss) before tax** | means the value of calculated using the following formula:  = where: = **operating surplus / (deficit)** = **total depreciation** = **total** **CPI** **revaluations** |
| **Regulatory tax allowance** | has the meaning set out in clause 2.3.1 of the **IM determination** |
| **Regulatory tax asset value** | has the meaning set out in the **IM determination** |
| **Regulatory tax asset value of asset disposals** | means the sum of **regulatory tax asset values** for assets that have a value in **asset disposals** |
| **Regulatory tax asset value of assets commissioned** | means the sum of **regulatory tax asset values** for assets that have a value in **assets commissioned** |
| **Regulatory taxable income** | has the meaning set out in the **IM determination** |
| **Related party** | has the meaning set out in the **IM determination** |
| **Related 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 |
| Request for reserved capacity  | means a notice from a **shipper** to a **GTB** that:* + - * 1. is made before the start of the **disclosure year** in respect of which the request relates; and
				2. specifies the pipeline capacity or capacities to which the **shipper** requires either:
	1. access; or
	2. priority access

for the duration or part of the **disclosure year** |
| **Response time to emergencies** (RTE) | [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:* 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
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## S

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| **Secondary assets** | means system fixed assets that support the conveyance of gas. Secondary assets include protection, SCADA and communication systems and chromatographs, but do not include compressors and river crossings |
| **Self-insurance allowance** | means any self-insurance allowance allowed by the **Commission** through a **CPP** |
| **Service interruptions, incidents and emergencies** | means **operational expenditure** where the **primary driver** is caused by an unplanned instantaneous event or incident that impairs the normal operation of **network** assets. This relates to reactive work (either temporary or permanent) undertaken in the immediate or short term in response to an unplanned event. 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 from production facilities. 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 transmission services** |
| **Shipper** | means a **person** who is a party to a **contract** with a **transmission system** owner to have gas transported through all or part of the **transmission system** |
| **Sole use assets** | meansassets installed as part of a new connection project used by only one connecting **consumer** in order to receive **gas transmission services** |
| **Standard contract** | means, any **contract** (being a **contract** for the carrying out of **gas transmission services**) between a **GTB**, and any other **person**, where – the **price** at which the **gas transmission 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**; andat least four other **persons** have such contracts with the **GTB**, and none of those other **persons** is **involved** **in** the **GTB**, or with any of those other **persons** |
| Stations | means [TBC by technical consultation] |
| **System growth** | in relation to expenditure, 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 management and operations**  | in relation to expenditure, means **operational expenditure** relating office based system operations, including * control centre costs
* for gas transmission, critical system operator activities (including OATIS)
* outage planning and notification
* planning and co-ordinating network switching including fault switching
* production facility liaison
 |

## T

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| **Target revenue** | means the revenue that the **GTB** expects to obtainfrom **prices**  |
| **Tax payments** | means **regulatory tax allowance** recognised proportionally to how the **GTB** 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 2.3.5(3) of the **IM determination** |
| **Tax effect**  | has the meaning set out in the **IM determination** |
| **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 2.3.5 of the **IM determination** |
| **Tax effect of adjusted depreciation** | means the **tax effect** of **adjusted depreciation** |
| **Tax effect of total tax depreciation** | means the **tax effect** of **tax depreciation** |
| **Term credit spread difference** | has the meaning set out in the **IM determination** |
| **Term credit spread differential allowance** | has the same meaning as the 'term credit spread differential' as set out in clause 2.4.11(3) of the **IM determination** |
| **Total attributable to regulated service** | means the sum of **directly attributable** and **not directly attributable** that is attributable to **gas transmission 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 transmission network** | means the sum of **gross** **capital expenditure on transmission network** and **operational expenditure on transmission network** |
| **Total expenditure on transmission 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 charge** | means any payment made in respect of the use of the **transmission system** |
| **Transmission system** | means the following systems contained in the **network**:1. the gas transmission pipelines and associated system fixed assets owned by MDL
2. in respect of the gas transmission pipelines owned by Vector Limited, one of the following six transmission pipelines and associated system fixed assets:
3. North, extending from the end of the Maui pipeline at Rotowaro (near Huntly) to Auckland, then through to Kauri north of Whangarei Central (North), extending from Rotowaro to Hamilton (Temple View) and including the Morrinsville sub-system;
4. Central (South), extending from the Kapuni Gas Treatment Plant to the interconnection to the Bay of Plenty System at Pokuru (‘Pokuru No.2 Offtake’);
5. Bay of Plenty, extending east from Pokuru (near Te Awamutu) on the Maui line to Tauranga, Taupo and Gisborne, etc;
6. South, extending south from the Kapuni Gas Treatment Plant to Wellington and Hastings;
7. Frankley Rd to Kapuni, extending from the Frankley Rd Offtake Station on the Maui pipeline near New Plymouth to the Kapuni Gas Treatment Plant, including laterals to the TCC Power Station and the Ammonia-Urea Plant
 |

## 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 is 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 |

## W

|  |  |
| --- | --- |
| **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** |
| **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**; and = **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 transmission 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

|  |  |
| --- | --- |
| **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 **GTB** 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 sections 2.6 and 2.7
	5. The retention and continuous disclosure requirements in section 2.8
	6. The transitional provisions in section 2.10.

# 2.2 APPLICABLE INPUT METHODOLOGIES

1. Every **GTB** 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 , and subclause of this section and section 2.10, within 5 monthsafter the end of each disclosure year, every GTB must disclose information relating to its financial position by:

Subject to clauses and of this section, completing each of the following reports by inserting all information relating to the **gas transmission services** supplied by the GTB for that disclosure year:

the Report on Return on Investment set out in Schedule 1;

the Report on Regulatory Profit set out in Schedule 2;

the Report on Regulatory Tax Allowance set out in Schedule 3

the Report on Term Credit Spread Differential Allowance set out in Schedule 4;

the Report on Regulatory Asset Base Roll Forward set out in Schedule 5;

the Report on Expenditure set out in Schedule 6;

the Report on Expenditure Forecasts set out in Schedule 7;

the Report on Related Party Transactions set out in Schedule 8;

the Report on Asset Allocations set out in Schedule 9;

the Report on Cost Allocations set out in Schedule 10; and

**publicly disclosing** each of those reports;

In completing Schedule 1, a **GTB** can elect to disclose information in accordance with section 1c of Schedule 1;

Schedule 4 is only required to be completed by qualifying suppliers as qualifying suppliers is defined in the **IM determination**.

* + - * 1. Where an item disclosed in accordance with clause of this section is classified differently from the previous year a **GTB** must disclose as notes to the relevant disclosure the:

Nature of the item reclassified

Value of the item in the current **disclosure year** and in the previous **disclosure year**

Classification of the item in the previous **disclosure year**

Classification of the item in the current **disclosure year**

Reason why the item has been reclassified

* + - * 1. Subject to section 2.10, in completing schedule 6:
1. For **customer connections** in note 6a(i) in Schedule 6, disclose **customer connections** expenditure by capacity groups consistent with the pricing statistics disclosure
	1. disclose the purpose of the project and a description of the assets created for each project in the commentary in note 6a in Schedule 6.
2. 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
3. For each material **asset relocation** project:
	1. separately disclose a description of the project and its value in note 6a(iv) in 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
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
5. For each material **atypical non-system fixed assets** project:
	1. separately disclose a description of the project and its value in note6a(vi) in Schedule 6
	2. disclose the purpose of the project and a description of the assets created for each in the commentary 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 note 6b in Schedule 6
	* + - 1. In completing Schedules 9 and 10 every **GTB** must **publicly disclose**, for each **asset category** in Schedule 9 and each **operational expenditure** category in Schedule 10 that has **not directly attributable** costs:

a description of the not directly attributable costs or assets;

the **allocation methodology types** used to allocate the **not directly attributable** costs or assets;

where more than one allocation method is used, the percentage of **not directly attributable** costs or assets allocated using each method;

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

the **allocators** used and the rationale for using each **allocator**

1. For the purpose of clause of this section, **transactions with related parties** must be accounted for:

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;

For any transaction between **related parties** (other than a transaction for an **asset acquired from a related party**), a **GTB** 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 **GTB** 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 **GTB** 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 **GTB**’s total revenue from the supply of **gas transmission services** for that year, (and the total value of all **related party transactions** is less than 5% of the **GTB**’s total revenue from the supply of **gas transmission services**) or
	6. subject to clause below, 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.
1. For the purpose of subclauses and 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 **GTB** 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 **GTB** is fair and reasonable to the **GTB**
	2. the cost incurred by the **related party** in providing the service to the **GTB** is proportionate to the cost incurred by the **related party** in providing services to other parties, including unrelated parties.
2. For the purpose of clause a tender is a certified tender when:
	1. The **directors** of the **GTB** 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 **GTB**
		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 **GTB** 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 **GTB** for acceptance (if any).
3. Subject to section 2.10, within 5 months after the end of each disclosure year, every **GTB** must disclose to the **Commission** information supporting the information disclosed in accordance with clause by:
	1. completing each of the following reports by inserting all information relating to the information supplied by the **GTB** 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 **GTB** 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 of this section, any changes in **prices** and **target revenues**
	3. Indicates, in accordance with clause 5 of this section, the implications of the **pricing strategy** (if any) for future **prices**
	4. Explains, in accordance with clause of this section, the approach taken with respect to pricing in **non-standard contracts**; and
	5. Explains whether, and if so how, the **GTB** 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 **GTB** 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 of this section must:
	1. Describe the methodology used to calculate **prices** payable or to be payable
	2. Include sufficient information and commentary for 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 **GTB**’s provision of **gas transmission 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 **GTB** to allocate **consumers** to each of the **consumer groups**
	6. Provide for each delivery point, the proportion of charges (as applicable) which are:
		1. fixed
		2. variable
		3. capacity reservation-based
		4. throughput-based
		5. imposed in any other manner

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

* 1. Where applicable, describe the method used by the **GTB** to allocate the components of **target revenue** among delivery points, including the numerical values of the different components allocated to each delivery point 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 change for each such reason
	2. State the **target revenue** for the current **disclosure year**
	3. Subject to clause 7 of section 2.10, 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 clause 7 of section 2.10, 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 of this section must, if the **GTB** has a **pricing strategy**
	1. Explain the **pricing strategy** for the next 5 **disclosure years** (or as close to 5 years as the **pricing strategy** allows), including the current **disclosure year** for which **prices** are set
	2. Explain how and why **prices** 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 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 **connection points** represented by **non-standard contracts** and the value of **target revenue** anticipated from **non-standard contracts**;
		2. How the **GTB** determines whether to use a **non-standard contract**, including any criteria used;
		3. Any specific criteria or methodology used for pricing **non-standard contracts**, and how the criteria or methodology is consistent with the **pricing principles**;
	2. The **GTB**’s obligations and responsibilities (if any) to customers on **non-standard contracts** compared to those on a **standard contract**, in the event that the supply of **gas transmission 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 pricing in **non-standard contracts**.

### Disclosure of capital contributions

1. Every **GTB** 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 **GTB** 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. a description of 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 **GTB**, as an alternative to paying the full amount of the **capital contribution** to the **GTB**
	3. If the **GTB** 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 **GTB** must, within 10 working days of receiving the request, provide reasonable explanation to any reasonable query from that **person** of the components of that charge and how these were determined.

### Disclosure of prescribed terms and conditions of contracts

1. Every **GTB** 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 **GTB** 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 **GTB** must disclose to any **person**, within 1 month of a request by that **person**, the **prescribed terms and conditions** of a **prescribed contract** that is a **non-standard contract**.
4. If any **prescribed terms and conditions** of a **prescribed contract** which 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 **GTB** 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, then the **GTB** 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 **GTB** 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 13 of this section, include the following information:
	1. The maximum monthly 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 month in which the supply of the maximum monthly amount of gas referred to in subclause 14.1 of this section is to occur, or is most likely to occur;
	3. 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;
	4. Where the other party to the **contract** is a **consumer** or any other **person** for whom gas is conveyed:
		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 **consumer**
7. For the purposes of this section, **public disclosure** by a **GTB** of the **prescribed terms and conditions** of a **standard contract** is to be regarded as **public disclosure** by that **GTB** in relation to all of its **standard contracts** with the same **prescribed terms and conditions**.

### Disclosure of prices

1. Every **GTB** 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 **consumer groups** applicable to them
		2. the total **price** for **gas transmission services** which is applicable to them.
		3. The amount of each current **price** that is attributable to the **price** of any other **GTB**;
	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 **GTB** must, at least 20 working days before changing a **price** or introducing a new **price:**
	1. **Publicly disclose**:
		1. the information specified in clause 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 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 gas **consumers** connected to lines of that **GTB**, details of the changed **price**, including:
		1. the changed **prices** 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 **GTB**’s publicly accessible website.

### Disclosure of Pricing Statistics

1. Within 5 months after the end of each **disclosure year**, every **GTB** must **publicly disclose** the information specified in Schedule 13.

# 2.5 ASSET MANAGEMENT INFORMATION

### Disclosure relating to asset management information

1. Subject to clause subclause 3.2 of this section, before the start of each **disclosure year** except **disclosure year** 2012, every **GTB** must complete and **publicly disclose** an **AMP** that—
	1. Relates to the **gas transmission services** supplied by the **GTB**
	2. Meets the purposes of **AMP** disclosure set out in clause 2 of this section
	3. Has been prepared in accordance with Appendix A to this determination
	4. Is consistent with the reports disclosed in the same **disclosure year** under clause of this section.
2. The purposes of **AMP** disclosure 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
		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 **GTB** has **publicly disclosed** an **AMP** under clause of this section in the previous **disclosure year**, then the **GTB** 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** under clause of this section.
4. For the purpose of subclause of this section, the **AMP update** must—
	1. Relate to the **gas transmission services** supplied by the **GTB**
	2. Identify any major changes to the network development plans disclosed in the last **AMP** pursuant to clauses 15 of Appendix A
	3. Identify any major changes to the lifecycle (maintenance and renewal) plans disclosed in the last **AMP** pursuant to clause 16 of Appendix A
	4. Be consistent with the reports disclosed in the same **disclosure year** under subclause .1 of this section
	5. Provide the reasons for any material changes since the previous **disclosure year** in the Network Expenditure AMP Report set out in Schedule 14.
5. Before the start of each **disclosure year** except **disclosure year** 2012, every **GTB** must—
	1. Complete each of the following reports by inserting all information relating to the **gas transmission services** supplied by the **GTB** 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 25 and 26 of Appendix A; and
		6. **publicly disclose** those reports.
6. Within 2 months after the end of each **disclosure year**, every **GTB** must complete and **publicly disclose** the Pipeline Capacity Report set out in Appendix B.
7. Within 5 months after the end of each **disclosure year**, every **GTB** must—
	1. Complete each of the following reports by inserting all information relating to the **gas transmission services** supplied by the **GTB** 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; and
		3. **publicly disclose** those reports.

# 2.6 AUDITOR’S REPORTS

1. Where an **GTB** is required to **publicly disclose** any **audited disclosure information**, the **GTB** must:
	1. Procure a report by an **independent auditor** in respect of that **audited disclosure information** signed by the **independent auditor** (either in his or her own name or that of his or her firm), stating:
		1. a duty of care to the **Commission**
		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 **GTB** 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. subject to clause 1.2 of this section, 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 **GTB** and, if not, the **records** not so kept
		7. 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 Schedule 1 to 12 and 21, whether (and, if not, the respects in which it does not), in the **independent auditor**’s opinion, that information has been prepared in all material respects in accordance with this determination.
	2. For the purpose of subclause 1.1.6 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 **GTB** has complied in all material respects with this determination, and the information is based on the **records** examined under subclause 1.1.5 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 **GTB**.
	3. **Publicly disclose** the **independent auditor**’s report prepared in accordance with subclause above at the same time as the **GTB** **publicly discloses** the **audited disclosure information**.

# 2.7 CERTIFICATES

1. Where a **GTB** is required to **publicly disclose** any information under any of clause 1 of section 2.4, clause 1 and subclauses 3.2 and 5.1 of section 2.5, the **GTB** 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 **GTB**.
2. Where a **GTB** is required to **publicly disclose** any information under any of subclauses , 8.1.1 and 8.1.2 of section 2.3, clause 18 of section 2.4 and clauses 6, 7 and 8 of section 2.5 the **GTB** 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 **GTB**.
3. Where a **GTB** is required to **publicly disclose** any information under subclauses 1.1 and 1.2 of section 2.10, the **GTB** 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 **GTB**.

# 2.8 RETENTION AND CONTINUING DISCLOSURES

1. A **GTB** that is required by this determination to **publicly disclose** any information must retain, and continuously **publicly disclose**, that information for at least seven 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 **GTB**,-
	1. Exempt the **GTB** 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 of this section, within 5 months after the end of the **disclosure year** 2012, each **GTB** must:
	1. Complete the Report on Transitional Financial Information set out in Schedule 23;
	2. Complete the Report on Asset Allocations set out in Schedule 9 by inserting all information relating to the asset allocation for the **total opening RAB value** disclosed in Schedule 5; and
	3. **Publicly disclose** those reports.
2. Subject to clause 3 of this section, where a **GTB** 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 **GTB** must **publicly disclose** the asset adjustment schedule and engineer’s reportthat 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 **GTB** 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 disclosure.
4. Notwithstanding any requirements set out in section 2.3 of this determination, the following transitional provisions apply in respect of the **disclosure year** 2012:
	1. Information in 1a of the Report on Return on Investment set out in Schedule 1 related 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 Allocations 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 of this determination, the following transitional provisions apply in respect of the **disclosure year** 2013:
	1. Information in 1a of the Report on Return on Investment set out in Schedule 1 relating to **CY**-2 is not required to be disclosed
	2. Information in 5a of the Report on Regulatory Asset Base Roll Forward set out in Schedule 5 relating to **CY**-4 is not required to be disclosed
6. The information required under subclauses and 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 above, is not required to be **publicly disclosed** for the first time until 5 months after this determination is determined.
8. **MDL** must **publicly disclose** the following information in relation to the year ended 31 December 2011 , within 5 months after the end of **disclosure year** 2012:
* Total revenue
* In relation to the conveyance of gas during the year through each **transmission system** owned by **MDL** and through each **distribution system** owned by **MDL**:
	+ Load factor
	+ System length for each **system**
	+ Total amount of gas (in gigajoules) conveyed through the **system** or **systems** during the year
	+ Total customers

|  |  |
| --- | --- |
| 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 **GTB**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 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 **GTB**’s asset management processes meet best practice criteria
	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 **AMP**
	10. Use unambiguous and consistent definitions of asset management processes to enhance comparability of asset management practices over time and between **GTB**s
	11. Promote continual improvements to asset management practices.

Disclosing an **AMP** does not constrain a **GTB** from managing its assets in a way that differs from the **AMP** if circumstances change after preparing the **AMP** or if the **GTB** 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 **GTB** considers significant
	2. Details of the background and objectives of the **GTB**’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 **GTB**’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 **GTB**
		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 **GTB**’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 10 year asset management planning period commencing with the **disclosure year** following the date on which the **AMP** is disclosed

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

* 1. The date that it was approved by the **directors**
	2. A description of stakeholder interests (owners, **consumers**, etc) which identifies important stakeholders and indicates:
		1. how the interests of stakeholders are identified
		2. what these interests are
		3. how these interests are accommodated in asset management practices
		4. how conflicting interests are managed.
	3. A description of the accountabilities and responsibilities for asset management on at least 3 levels, including:
		1. governance—a description of the extent of **director** approval required for key asset management decisions and the extent to which asset management outcomes are regularly reported to **directors**
		2. executive—an indication of how the in-house asset management and planning organisation is structured
		3. field operations—an overview of how field operations are managed, including a description of the extent to which field work is undertaken in-house and the areas where outsourced contractors are used.
	4. All significant assumptions:
		1. quantified where possible
		2. clearly identified in a manner that makes their significance understandable to interested persons.
	5. A description of changes proposed where the information is not based on the **GTB**’s existing business
	6. Set out the sources of uncertainty and the potential effect of the uncertainty on the prospective information
	7. Include the price inflator assumptions used to prepare the financial information disclosed in **nominal New Zealand dollars** in the Network Expenditure AMP Report set out in Schedule 14
	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* ***GTB****’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 referred to in clause of this Appendix 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 **GTB** for:
		1. managing routine asset inspections and **network** maintenance
		2. planning and implementing **network** development projects
		3. measuring **network** performance.
	2. An overview of asset management documentation, controls and review processes

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

* identify the documentation that describes the key components of the asset management system and the links between the key components;
* describe the processes developed around documentation, control and review of key components of the asset management system;
* where the **GTB** outsources components of the asset management system, the processes and controls that the **GTB** uses to ensure efficient and cost effective delivery of its asset management strategy;
* where the **GTB** 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 **GTB** considers will support the purposes of **AMP** disclosure set out in clause of this Appendix.

*Assets covered*

1. The **AMP** must provide details of the assets covered, including—
	1. A diagram, with any cross-referenced information contained in an accompanying schedule, of each **transmission system** of the pipeline owner showing the following details:
		1. all pipelines in the system with notations showing—
			1. internal, external, or nominal pipe diameters used (identifying whether internal, external, or nominal pipe diameters are used); and
			2. pipe design pressure ratings; and
			3. an unique identifier for each intake and offtake point of the system:
		2. all—
			1. **compressor stations**; and
			2. **pressure regulating stations**; and
			3. mainline isolation valves; and
			4. mixing stations; and
			5. intake points; and
			6. offtake points:
		3. if applicable, the points where a significant change has occurred since the previous disclosure under these regulations of the information referred to in subclauses and of this Appendix, including—
			1. a clear description of every point on the pipeline system that is affected by the change; and
			2. a statement as to whether the capacity of the pipeline, at the points where the change has occurred, or at other points, as the case may be, has increased or decreased or is not affected.
			3. a description of the nature of the change:
		4. the distances between the items referred to in subclause of this Appendix.
	2. A diagram, with any cross-referenced information contained in an accompanying schedule, of each **transmission system** of the pipeline owner showing the following details:
		1. the physical location (by common place name or street address) of all pipelines in the system, with notations showing:
			1. internal, external, or nominal pipe diameters used; and
			2. pipe design pressure ratings; and
			3. a unique identifier for each intake and offtake point of the system;
		2. the physical location of all:
			1. **compressor stations**; and
			2. **pressure regulating stations**; and
			3. mainline isolation valves; and
			4. mixing stations; and
			5. intake points; and
			6. offtake points;
	3. if applicable, the locations where a significant change has occurred since the previous disclosure of the information referred to in subclauses and of this Appendix, including:
		1. a clear description of every location on the **transmission system** that is affected by the change; and
		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; and
		3. a description of the nature of the change;
		4. the distances between the physical locations of the items referred to in subclause of this Appendix.

*Network assets by category*

1. The **AMP** must describe the **network** assets by providing the following information for each **asset category**:
	1. Description and quantity of assets;
	2. Age profiles;
	3. value of the assets in the **asset category**; and
	4. 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 clause 7 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 **GTB** but installed at facilities owned by others.
3. For the purposes of the requirement to publicly disclose the diagrams referred to in clauses and of this Appendix, a **GTB** is deemed to comply with the requirement if the **GTB**, within 5 months after the end of each **disclosure year**, makes copies of the diagrams available for inspection, during ordinary office hours, at the principal offices of that **GTB**.

### 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 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.

Performance indicators for which targets have been defined in *clause*  of this Appendix should also include:

* **consumer** oriented indicators that preferably differentiate between different categories of **consumer**;
* 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.
1. 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.
2. Targets should be compared to historic values where available to provide context and scale to the reader.
3. Where forecast expenditure is expected to materially affect performance against a target defined in clause 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;

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.

* 1. A description of strategies or processes (if any) used by the **GTB** that promote cost efficiency through the use of standardised assets and designs;

The use of standardised designs may lead to improved cost efficiencies. This section should discuss:

* the categories of assets and designs that are standardised;
* the approach used to identify standard designs.
	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;
	3. Explain the load forecasting methodology and indicate all the factors used in preparing the load estimates;
	4. Provide separate forecasts to at least off-take points 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;
	5. Identify any **network** or equipment constraints that may arise due to the anticipated growth in demand during the **AMP planning period**;
	6. Analyse the significant **network** level development options available and detail 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.
	7. 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; and
		3. an overview of the projects being considered for the remainder of the **AMP planning period**.

For projects included in the **AMP** where decisions have been made, the reasons for choosing the selected option should be stated which should include how target levels of service will be impacted. For other projects planned to start in the next 5 years, alternative options should be discussed.

* 1. A description of the extent to which the disclosed **network** development plans meet the loads anticipated in current gas demand forecasts prepared by the Gas Industry Company or any Government department or agency.

### 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; and
		3. budgets for maintenance activities broken down by **asset category** for the **AMP planning period**.
	3. Identification of **asset replacement and renewal** policies and programmes and actions to be taken for each **asset category**, including associated expenditure projections. This must include:
		1. the processes used to decide when and whether an asset is replaced or refurbished, including a description of the factors on which decisions are based;
		2. a description of the projects currently underway or planned for the next 12 months;
		3. a summary of the projects planned for the following 4 years; and
		4. an overview of other work being considered for the remainder of the **AMP planning period**.

### Risk Management

1. **AMP**s must provide details of risk policies, assessment, and mitigation, including—
	1. methods, details and conclusions of risk analysis;
	2. strategies used to identify areas of the **network** that are vulnerable to high impact low probability events and a description of the resilience of the **network** and asset management systems to such events;
	3. a description of the policies to mitigate or manage the risks of events identified in subclause of this Appendix;
2. Details of emergency response and contingency plans.

Asset risk management forms a component of a **GTB**’s overall risk management plan or policy, focusing on the risks to assets and maintaining service levels. **AMP**s should demonstrate how the **GTB** 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 **GTB**’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;
	2. 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;
	3. 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;
	4. 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.
	1. 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 **GTB**’s asset management and planning processes.
4. An analysis of gaps identified in subclauses , 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 **GTB** 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 **GTB** must complete the AMMAT Report set out in Schedule 17. The **GTB** 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:
	5. 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;
	6. Arranging for appropriate outsourced service providers and stakeholders to act as respondents during the assessment exercise;
	7. 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;
	8. 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 **GTB**. 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 **GTB** to objectively identify the level currently being achieved by the organisation.

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

To meet AMMAT level 4 maturity, the **GTB**’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 DISCLOSURE OF PIPELINE CAPACITY

1. Intake points
	* + - 1. Subject to subclauses 1.2, 1.3 and clause of this Appendix, in respect of each intake point that has a throughput of gas in the 5 day peak for the intake point of 2 000 gigajoules or more and that forms part of a transmission system, the following information:

the dates of the 5 day peak for that intake point and for that system:

the throughput of gas (in gigajoules) in the 5 day peak for that system:

the numerical factor by which the throughput of gas in the 5 day peak for that system may be increased, if—

no further capital investment is required to increase that throughput; and

there is no change in the throughput at other intake points.

* + - * 1. No person is required to publicly disclose the information specified in clause 1.1 of this Appendix if—

the throughput of gas (in gigajoules) of each of the intake points is publicly disclosed as part of the input data required under clause 5 of this Appendix; or

the transmission system involved has only 1 intake point, and the information required for that intake point can be readily deduced from offtake point information publicly disclosed under this Appendix.

* + - * 1. Disclosures made pursuant to clause 1.1 of this Appendix must be prepared in respect of—

throughputs of gas that are actual throughputs for the preceding year; and

throughputs of gas for the preceding year that are estimates prepared for a 1 in 20 year high peak demand scenario.

1. Offtake points
	* + - 1. Subject to clause and clause 7 of this Appendix, in respect of any offtake point that forms part of a transmission system and has a throughput of gas in the 5 day peak of 2 000 gigajoules or more, the following information:

the dates of the 5 day peak for the offtake point and for the system

the throughput of gas (in gigajoules) in the 5 day peak for the offtake point and for the transmission system

an estimate of the throughput of gas (in gigajoules) in the 5 day peak for the offtake point and for the system under a 1 in 20 demand scenario

the amount, expressed both as an absolute quantity (in gigajoules) and as a numerical factor, by which the throughput of gas in the 5 day peak for the system may be increased if—

1. no further capital investment is required to increase that throughput; and
2. there is no change in the throughput at other offtake points;
	* + - 1. Subject to clause 7 of this Appendix, in respect of transmission system offtake points that have a throughput of gas of less than 2 000 gigajoules in the 5 day peak for the system, the total load of the offtake points in the 5 day peak for the system (in gigajoules) averaged over all of the offtake points.
				2. Disclosures made pursuant to clause of this Appendix are to be prepared in respect of—

throughputs of gas that are actual throughputs for the preceding year; and

throughputs of gas for the preceding year that are estimates prepared for a 1 in 20 year high peak demand scenario.

1. Critical points of transmission systems
	* + - 1. Subject to clause 7 of this Appendix, in respect of—

any offtake point of a transmission system that has a throughput of gas in the 5 day peak for the system of 2 000 gigajoules or more; and

all other offtake points for that system taken together as a group;

the information specified in clause 3.2 of this Appendix.

* + - * 1. The information referred to in clause 3.1 of this Appendix is as follows:

the critical point of the system that limits the throughput of gas at any offtake point, the factors that cause the limitation, and the dates of the week in which the throughput of gas is limited by that critical point;

a statement of the means (if any) by which the limitation imposed by the critical point may be overcome, and a reasonable estimate of the size of any consequent throughput increase if those means are employed; and

a reasonable estimate of the cost of investment necessary to employ the means referred to in subclause 3.2.2 of this Appendix.

1. Methodologies
	* + - 1. The methodology or methodologies used to determine the information disclosed under the following clauses:

clause 1.1 of this Appendix;

clause 2 of this Appendix;

clause 3 of this Appendix.

* + - * 1. If the methodology or methodologies referred to in clause 4.1 of this Appendix involves computerised capacity simulation modelling, the following details:

input data for the modelling, which must be publicly disclosed on a computer disk; and

the name of the capacity simulation model software.

* + - * 1. For the purposes of subclause 4.2.1 of this Appendix, a GTB is deemed to comply with the requirement to publicly disclose the input data for the modelling if the GTB, within 10 working days of being requested to do so by any person, provides that person with a copy of this information on a computer disk, either by post or for collection (during ordinary office hours) from the principal offices of that GTB, whichever the person prefers.
1. Gas held or reserved in transmission systems
	* + - 1. Subject to clause 7 of this Appendix in respect of—

each intake point or offtake point that—

1. forms part of a transmission system; and
2. has a throughput of gas in the 5 day peak for the system of 2 000 gigajoules or more in the disclosure year; and

all other intake points of each transmission system taken together as a group; and

all other offtake points of each transmission system taken together as a group,—

the information specified in clause 5.2 of this Appendix.

* + - * 1. Subject to clause 5.3 of this Appendix, the information referred to in clause 5.1 is the throughput of gas (in gigajoules) held or reserved for the pipeline owner (including any person involved in the pipeline owner), and the throughput of gas (in gigajoules) held or reserved for other persons, separately for the following 3 disclosure years:

the disclosure year immediately following the relevant disclosure year;

the third disclosure year after the relevant disclosure year; and

the fifth disclosure year after the relevant disclosure year.

* + - * 1. The information referred to in clause 5.2 of this Appendix must include—

the reserved maximum daily amounts of gas;

the reserved maximum hourly amounts of gas;

the location and designation of receipt points for intakes, and of delivery points for offtakes; and

if the pressure of gas delivered to consumers differs from the standard pressure in the system, the contracted delivery pressure.

1. Allocations
	* + - 1. Total requests for reserved capacity that the GTB has:

received;

fulfilled in full;

fulfilled in part; and

not fulfilled.

* + - * 1. The information referred to in clause 6.1 of this Appendix must—

Include the following:

1. total number of requests;
2. total daily capacity requested; and
3. total hourly capacity requested;

Be disclosed by the type of reserved capacity requested, such as firm capacity, interruptible capacity, authorised quantity.

* + - * 1. Subject to the GTB receiving requests described in clause 6.1 of this Appendix, describe the methodology or methodologies used to determine which requests were fulfilled in full or in part, including how, if at all, the quantity of uncommitted capacity in the pipeline was determined.
				2. If the information referred to in clause 6.1 of this Appendix includes requests for capacity on that were not fulfilled in full, then describe:

the reasons for the requests not being fulfilled; and

the measures (if any) proposed or intended that would enable the GTB to fulfil similar requests for reserved capacity in the future.

1. Measured volumes and estimates
	* + - 1. For the purposes of clauses 1, 2, 3, and 5 of this Appendix,—

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

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

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, section 2.7

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

[Signature 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 GTB] 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 Transmission 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 GTB] is fair and reasonable to [name of GTB]; and
* the costs incurred by the related party in providing the service to [name of GTB] 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 GTB];
* 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 GTB] holds document 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 GTB] 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 GTB] 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 Transmission 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. 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-2)