

31 March 2023

Ben Gerritsen
General Manager, Customer and Regulatory
First Gas Limited

By e-mail only: [REDACTED]

Tēnā koe Ben,

Exemption from an Asset Management Plan disclosure requirement under the Gas Transmission Information Disclosure Determination 2012

1. The Commerce Commission (the **Commission**) is issuing an exemption to First Gas Limited (**First Gas**) to adjust the timing of a mandatory Asset Management Plan (**AMP**) disclosure, as required under clause 2.6.3(2) of the Gas Transmission Information Disclosure Determination 2012 (the **ID determination**).¹
2. The purpose of this exemption is to align the timing of mandatory AMP disclosures between Gas Distribution Businesses (**GDBs**) and Gas Transmission Businesses (**GTBs**) (together **GPBs**).²
3. The misalignment is caused by a conditional exemption provided to all GDBs (**GDB conditional exemption**) for the equivalent AMP obligation under the Gas Distribution Information Disclosure Determination 2012 (the **GDB ID determination**).³

Background

4. Under clause 2.6.1 of the ID determination, First Gas is required to complete and publicly disclose an AMP before the start of each disclosure year. However, in some circumstances, it may elect to complete an AMP update instead of an AMP.⁴

¹ GTB ID determination 2012, consolidated April 2018. Found [here](#) on our website.

² First Gas operates a GDB and a GTB; and is currently the only GTB subject to information disclosure regulation.

³ *Gas Distribution ID Exemption – Vector Limited – Asset Management Plans during DPP3*, dated 31 March 2023.

⁴ Clause 2.6.3, ID determination.

5. The ID determination requires First Gas to disclose at least two AMPs during a Default Price-Quality Path (**DPP**) regulatory period. The timing of the two mandatory AMPs within a DPP regulatory period, outlined in clauses 2.6.3(1) and 2.6.3(2) of the ID determination, are tied to the length of that DPP regulatory period.⁵
6. The current DPP regulatory period is 1 October 2022 to 30 September 2026 (**DPP3**). Due to the regulatory period being four years instead of five, the timing of the second mandatory AMP disclosure during DPP3 differs from previous DPPs.
7. The disclosure year for First Gas starts on 1 October each year. During DPP3, the ID determination requires First Gas to disclose an AMP before the start of disclosure year 2024 and disclosure year 2025, as illustrated in the table below.

	Before DY 2024	Before DY 2025	Before DY 2026	Before DY 2027
	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26
Type of AMP disclosure	✓	✓	✗	✗

✓ = AMP required ✗ = AMP update allowed

8. The GDB ID determination contains the same AMP requirements, which means without an exemption, GDBs must also disclose an AMP before disclosure year 2024 and disclosure year 2025.⁶

GDB conditional exemption

9. The GDB conditional exemption essentially defers the second mandatory AMP by one year i.e. that AMP is required before disclosure year 2026 instead of disclosure year 2025.⁷

⁵ By clause 2.6.3 of the ID determination, a GTB may elect to disclose an AMP update before a disclosure year, provided that start of the disclosure year is not: between 6 (inclusive) and 18 months after the start of the DPP regulatory period; or between 18 (inclusive) and 30 months before the start of the next DPP regulatory period.

⁶ Clauses 2.6.3(1) and 2.6.3(2), GDB ID determination.

⁷ *Gas Distribution ID Exemption – Vector Limited – Asset Management Plans during DPP3*, dated 31 March 2023.

10. The GDB conditional exemption was granted for the following reasons:
- 10.1 the overall burden of completing two AMPs in consecutive years would likely outweigh any potential benefit to interested persons as AMP information does not typically change significantly over the course of a single year . The exemption relieves GDBs from completing an AMP in consecutive years, while allowing them to disclose an AMP update for the disclosure due before disclosure year 2025 and disclosure year 2027;
 - 10.2 an AMP before disclosure year 2026, compared to disclosure year 2025, will be more useful for the Commission as an input into determining the next DPP for GPBs; and
 - 10.3 we consider the new mandatory AMP sequencing will still meet the purpose of information disclosure under section 53A of the Commerce Act 1986. Two AMP disclosures will be required during DPP3 which is the same number of AMPs that the ID determination requires during a DPP regulatory period. An AMP in alternating years during DPP3, compared to consecutive AMPs at the start of DPP3, is potentially more useful for interested persons as AMPs typically do not change year-to-year.

Conditional exemption issued

11. By this notice, using the exemption powers under clause 2.11.1(1) of the ID determination, the Commission issues First Gas an exemption from clause 2.6.3(2) of the ID determination in respect of DPP3, on the following condition:
- 11.1 completion and public disclosure of an AMP for the AMP disclosure due before the start of the 2026 disclosure year.
12. In effect, this exemption defers the mandatory AMP disclosure due before the start of the disclosure year 2025 by one year. The table below illustrates the revised deadlines for required AMPs as amended by the exemption.

	Before DY 2024	Before DY 2025	Before DY 2026	Before DY 2027
	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26
Type of AMP disclosure (with exemption)	✓	✗	✓	✗

✓ = AMP required ✗ = AMP update allowed

13. This exemption is issued to align the timing of First Gas' mandatory AMP disclosures for its gas distribution and transmission businesses. The reasons for granting the GDB conditional exemption are outlined in paragraph 10, and those same reasons apply to issuing this exemption to First Gas for its GTB.

Further information

14. This exemption may be revoked or further amended by the Commission at any time in accordance with clause 2.11.1(2) of the ID determination.
15. A copy of this exemption response letter will be published on the Commission's website.
16. If you have any questions regarding this matter, please contact Rhys Williams at infrastructure.regulation@comcom.govt.nz.

Nāku iti noa, nā



Vhari McWha
Associate Commissioner