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12 June 2017

Dr Mark Berry
Chair
Commerce Commission
PO Box 2351
Wellington 6011

Dear Mark

Powerco: Application for a Customised Price-quality Path (CPP)

Please find attached our application for a Customised Price-quality Path (**CPP**). We look forward to engaging constructively with you and your team while you work through considering and setting our CPP.

Our CPP application is focussed on ensuring our electricity network is safe, resilient and efficient, and ensuring we are able to manage and enable economic growth in the regions we serve. Our customers agree that achieving these objectives is important to support their economic prosperity and a modern way of life.

We have consulted extensively with our customers and other stakeholders, and while our customers are naturally price conscious, what we also heard repeatedly was that they do not want deteriorating or unreliable service.

Our approach in preparing our application has been that the investment we propose has to be aligned with customer requirements and represent the lowest cost means to maintaining acceptable service quality. With this objective in mind, I am pleased to write that we have assessed our proposal against a range of potential alternative scenarios, including remaining on DPP for a longer period, and based on this, believe that our proposal represents the lowest long-term cost to customers.

The issues facing the network

Over the past five years we have increased investment into our networks by almost 60%, to levels higher than our regulatory allowance, to manage both the economic growth in the regions we serve and the demands of an ageing network. At the same time, we have worked hard to ensure our design, procurement and delivery systems plus our operations are efficient and effective. We have become a leading performer in the sector in this area.

However, even the combination of significant investment and improved efficiency is no longer sufficient to address the pressures now facing the network.

In short,

- a large number of our assets, particularly those installed from the late 1950s through to the early 1970s, are now approaching the end of their useful lives;

- network faults have more than doubled in the last decade and, more recently, this fault trend appears to be accelerating;
- a substantial proportion of our assets will need replacement in the near future – for example, twenty five percent of wooden poles across our network are in poor condition and need replacement before 2020;
- without further investment the performance of our network will continue to deteriorate and it will become less reliable and safe - an unacceptable outcome for our customers and not commensurate with prudent network operation.

A business as usual Default Price-quality Path will not be sufficient to fund the level of investment now required to maintain the safe and reliable service that our customers expect and that our local economies require. We are committed to providing a resilient and dependable network but to support this, further and significant investment is needed to maintain the current level of service, and to accommodate population and economic growth in the regions we serve.

After a thorough review of all aspects of our business, the Board and Management have concluded that the existing Default Price-quality Path will not provide sufficient revenue to allow Powerco to manage the increasing vulnerability of its network or provide for the increased demands of growing regions. Even after five years of significant and increasing investment, we have identified that our network's performance is worsening and the resilience of our system will be progressively undermined. Accordingly, we are taking the rare step of applying to the Commerce Commission for a CPP.

Consultation about the CPP

Since January 2017 we have consulted extensively with our customers and other relevant stakeholders about our proposal. We published details on our website, distributed more than 240,000 newspaper inserts and advertisements to residential customers, ran a digital awareness campaign that included a video which received 60,000 views, directly surveyed over 1,500 residential business customers, held forums in New Plymouth, Tauranga, Auckland, and Wellington, and met individually with more than 200 customers and stakeholders.

Repeatedly, what we heard from customers was that their primary concern was the 'quality' of the service provided. Customers do not want deteriorating or unreliable service.

Naturally, customers are price conscious. Customers wanted to understand how our proposal would be tested and justified.

We have taken into account what we heard, and have modified our original proposal to reflect this. By doing so, we believe we have struck the right balance between keeping charges for electricity line services affordable, while also enabling the investment that will ensure we can continue to run the network in the long term interest of our customers.

Our proposal has been comprehensively reviewed by independent verifiers, working on behalf of the Commerce Commission, to ensure that the judgments we make can be justified. Again, in consultation with the verifiers, we have made adjustments to our calculations where appropriate, and these are reflected in our CPP application.

Our CPP proposal

Based on all of the feedback we received, our CPP application has been designed specifically to address three issues:

- to ensure the network is safe and resilient;

- to support the communities we serve across the North Island to grow economically by providing a secure, cost-effective and reliable electricity supply; and
- to ensure the network can adapt to and adopt emerging technologies, many of which will allow customers to take greater control of their energy options.

Of particular importance to us is keeping the public, our staff and contractors safe. Most of our assets, like overhead power lines, are in public spaces and present a potential hazard to the public. Keeping the public safe from harm by our assets is integrally linked with the health / condition of these. The failure of a power pole or cross arm, resulting in a power line lying on the ground, exposes the public to the risk of electrocution. Given the age and condition of our lines, this is a risk that can only be prudently addressed by a programme of judicious replacement.

To put this into context, we have the largest overhead network of any electricity distributor in New Zealand (by length and number of assets) with, for instance, nearly 270,000 poles (150,000 more than any other distributor). As part of our application, we are looking to increase the number of poles replaced each year to approximately 5000 from the current 3000, to ensure that we can maintain this fleet in an acceptable, safe condition.

Looking ahead the way New Zealanders use electricity is changing. The nature, magnitude and timing of the changes are not yet clear. Our CPP includes a modest level of investment to enable greater efficiency in network management and flexibility in future choices for consumers. We expect to further invest significantly and build on the proposed base when clarity is available to guide prudent investment.

The details of our CPP application are in the attached formal application and supporting documents, but in general terms Powerco is seeking an increase in prices of 5.7% in year one of the CPP, with annual adjustments for inflation thereafter. All things being equal, we estimate that as a result of Powerco's charges increasing, an illustrative household's total electricity bill would increase by around 1.6%.

The effect of an increase of that size would add about 79 cents per week to the average household's power bill (about \$41 per year). We acknowledge that no one wants their power bill to go up. However, we are proud to have developed a proposal that enables us to address the very significant issues facing our network at such a modest cost impact to consumers.

We specifically consulted on whether customers would prefer to have the price increase smoothed evenly over the five-year period of the CPP. What we found is that there was not a common view. While Powerco is advocating a step-change approach, we remain open to the idea of introducing the increase evenly, if the Commission prefers.

The effect of the CPP

Should the Commission accept our proposal, the additional revenue will fund:

- **Safe and resilient networks:** an increase in our asset renewal capital expenditure programme that is about 50% higher than what we have spent (and will spend) over the seven year period from 2012 to 2018. This programme includes:
 - The replacement of 24,000 poles and cross arms as well as 1,300 kilometres of overhead lines;
 - The remediation of approximately 11,000 outstanding maintenance defects.
- **Networks that are secure and can enable and support economic growth:** new and upgraded substations and lines and cables, especially in the Bay of Plenty, Coromandel, Manawatu and Waikato.

- **Enabling customers to take up the benefits from smart grid technologies:**
development of new and innovative network solutions that capitalise on the opportunities presented by emerging technology and will enhance customers' flexibility in meeting their energy needs.

In step with this planned investment programme, Powerco will initiate a programme of efficiencies and cost savings that have been built into the proposal to ensure that the overall price increases are kept as low as possible without compromising delivering an effective plan.

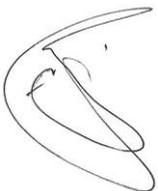
In Summary

Powerco has not increased (in real dollar terms) its prices for an extended period of time. If we are not permitted to increase prices now, we cannot sustain the current level of service. More importantly, deferring the required investing until later will lead to performance deteriorating so badly that the additional repair and maintenance costs, coupled with frequent loss of supply, will end up costing customers much more in the medium to long term than what we have proposed in our application.

We are seeking a modest price rise in return for a significant programme of renewal investment that will replace assets at the end of their safe and reliable operating life. We will replace these assets with more modern and resilient plant and equipment that will see the regions we serve through the next 50-60 years. Our plans are targeted to maintain our underlying service across the network, including those regions where the population is growing and the opportunities for economic growth are developing. We have designed our investment and efficiency programme to deliver what our customers tell us they value – a safe, secure and reliable service for today, tomorrow and the years to come.

We ask you to please consider this application.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Loughlin', written in a cursive style.

John Loughlin
Chair

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1 APPLICATION FOR CUSTOMISED PRICE-QUALITY PATH

- 1 This is an application by Powerco Limited for a customised price-quality path (**CPP**) pursuant to:
 - 1.1 section 53Q of the Commerce Act 1986 (**Act**); and
 - 1.2 the Electricity Distribution Services Input Methodologies 2012 (**IMs**).

(the Application)
- 2 Powerco is applying for modifications to its regulated network prices and quality standards.

2 APPLICANT'S DETAILS AND ADDRESS FOR SERVICE

Name: Powerco Limited

Address for service: 2nd Floor Council Building
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Private Bag 2061
New Plymouth 4342

Website: www.powerco.co.nz

Contact person: Richard Fletcher
Regulation and Corporate Affairs General Manager
richard.fletcher@powerco.co.nz
Phone: 021 730 348

- 3 All correspondence relating to this Application should be directed to Richard Fletcher.

3 STRUCTURE OF POWERCO'S APPLICATION

4 Powerco's Application comprises the following documents:

Document	Contents
This document (Application)	<ul style="list-style-type: none"> Addresses the requirements of the Act as they pertain to CPP applications Addresses the requirements of Part 5, subpart 1 of the IMs as they pertain to the CPP application, including the Auditor's Report and the Directors' Certificates Addresses certain aspects of subparts 4 and 5 that are not otherwise addressed elsewhere in this Application
CPP Main Proposal	<ul style="list-style-type: none"> Explains why Powerco is proposing a CPP Shows how we have developed and tested our proposal Explains our proposed Capex and Opex during the CPP period Sets out the level of revenue required, our proposed Maximum Allowable Revenue (MAR); and Explains the potential impact on customer prices
2017 Asset Management Plan	<ul style="list-style-type: none"> Powerco's updated full 2017 Asset Management Plan (AMP), which supports its CPP Application
CPP Financial Model	<ul style="list-style-type: none"> Addresses the requirements of clause 5.4.7(3) of the IMs Outlines Powerco's proposed customised price-quality path
Financial and Modelling Information Report	<ul style="list-style-type: none"> Addresses the requirements of Part 5, subpart 4 of the IMs as they relate to the CPP proposal Provides context and explanation for the information provided in the CPP Financial Model
Consultation Report	<ul style="list-style-type: none"> Addresses the requirements of clauses 5.1.2 and 5.5.1 of the IMs
Independent Verifier Report	<ul style="list-style-type: none"> Addresses the requirements of clauses 5.1.3 and 5.5.2 of the IMs

5 In addition, this Application is supported by the suite of documents that was provided to and relied upon by the Independent Verifier. Those documents are contained in the Dataroom, to which the Commission has been provided access.

4 REQUIREMENTS OF THE COMMERCE ACT 1986

- 6 Section 53Q of the Act provides that every proposal must:
- 6.1 comply with the input methodologies referred to in section 52T(1)(d) relating to the process for, and content of, customised price-quality path proposals;
 - 6.2 be made within the period, or by the annual date, specified for the purpose in the section 52P determination;
 - 6.3 include the standard application fee for customised price-quality path proposals;
 - 6.4 apply or adopt all relevant input methodologies.
- 7 Section 53Q also provides that a supplier:
- 7.1 may make only one proposal during a regulatory period, and may not make a proposal within the 12 months before a default price-quality path is due to be reset; and
 - 7.2 must make its proposal publicly available as soon as practicable after it has been made to the Commission.
- 8 We detail below Powerco's compliance with these requirements.

4.1 Compliance with the IMs

- 9 Powerco's Application complies with the requirements of the IMs that govern the process for, and content of, CPPs, subject to:
- 9.1 the modifications and exemptions granted by the Commission under clause 5.1.6 of the IMs on 12 April 2017, and
 - 9.2 the further modifications and exemptions requested by Powerco on 11 June 2017,
- which are detailed further below in section 6 of this document.
- 10 Powerco has assessed and recorded its compliance with the process and content requirements of the IMs in the enclosed CPP Compliance Checklist, which appears at **Appendix 1** to this document. The CPP Compliance Checklist references the specific sections of each document in this Application that substantiates the relevant IMs requirement.
- 11 In addition, Deloitte, in its capacity as auditor of this Application, has audited the CPP Financial Model for compliance with the requirements of subparts 3 and 4 of the IMs.

4.2 Application date

- 12 On Powerco's application, the Commission amended the Electricity Distribution Services Default Price-Quality Path Determination 2015 (**DPP**) to provide for an additional CPP application window for a period comprising six working days up to and including 12 June 2017. This Application is submitted on 12 June 2017, in accordance with the amended DPP.
- 13 A copy of the Commission's letter confirming the amendment to the DPP is enclosed at **Appendix 2**.
- 14 This is Powerco's first and only CPP application during the current regulatory period, and is made more than 12 months before the DPP is due to be reset (on 31 March 2020).

4.3 Application fee

- 15 Enclosed with our Application is a cheque for the standard application fee of \$23,000, per clause 2 of the Commerce Act (Fees) Regulations 1990.

4.4 Applies or adopts all relevant IMs

- 16 Powerco's Application applies or adopts all relevant IMs except to the extent those requirements have been modified or exempted, or are the subject of a modification and exemption request submitted prior to the submission of this Application. Powerco's compliance with the relevant IMs is detailed in the CPP Compliance Checklist in **Appendix 1**.
- 17 Powerco is, however, applying for three variations to the relevant IMs pursuant to section 53V(2)(c) of the Act. Powerco is requesting:
 - 17.1 a variation to permit Powerco to specify a price path that utilises a forecast of WACC from the DPP reset on 1 April 2020;
 - 17.2 variations to the revenue cap wash-up mechanism to ensure that Powerco is able to recover in FY2020-2023 of its CPP regulatory period any forgone revenue in FY2019 as a consequence of Powerco's inability to implement a CPP-reliant price change on 1 April 2018; and
 - 17.3 a variation to the definition of 'distributed generation allowance'.
- 18 Further information relating to these proposed variations is set out in Section 8 below.

4.5 CPP Application made publicly available

- 19 Powerco proposes to make this Application available on its website on 12 June 2017.¹
- 20 For the avoidance of doubt, Powerco does not propose to make publicly available the documents on which the Independent Verifier relied, and which are contained in the Dataroom. These are internal and confidential Powerco documents and contain Powerco's business secrets, disclosure of which would prejudice Powerco's commercial interests.

¹ www.yourenergyfuture.co.nz

5 IM REQUIREMENTS: SUBPART 1

- 21 The requirements for a CPP application are set out in Part 5, subparts 1, 4 and 5 of the IMs. Clause 5.1.1 provides that a CPP application must contain, in all material respects, the information specified in subparts 1 and 4.
- 22 We explain below how Powerco has complied with these requirements. The CPP Compliance Checklist in **Appendix 1** sets out in detail where the information substantiating the various requirements of the IMs can be found.

5.1 Evidence of consumer consultation

- 23 Clause 5.1.2 of the IMs requires Powerco to provide specified information relating to its consultation process.
- 24 Part two of Powerco's CPP Main Proposal describes how Powerco developed and tested its proposal. Chapter 4 addresses the development of Powerco's preliminary proposal, and Chapter 5 explains:
- 24.1 how Powerco consulted on its CPP proposal;
 - 24.2 the feedback received through consultation; and
 - 24.3 Powerco's response to feedback received through consultation.
- 25 Detailed information on the consultation process is provided in the Consultation Report enclosed with this Application.

5.2 Verification-related material

- 26 Clause 5.1.3 requires that Powerco provide, with its Application:
- 26.1 a verification report;
 - 26.2 certain information provided to, or relied upon, by the Verifier relating to the CPP proposal; and
 - 26.3 a certificate signed by the Verifier stating that the relevant parts of the CPP proposal were verified and the verification report was prepared in accordance with Schedule G.
- 27 In consultation with the Commission, and via a tripartite deed, Powerco engaged Farrier Swier Consulting to verify Powerco's Preliminary Proposal in accordance with the requirements of Schedule G of the IMs. Chapter 6 of the CPP Main Proposal describes the verification process.
- 28 Enclosed with Powerco's Application is the Verifier report prepared by Farrier Swier. Attached to the verification report is a certificate signed by the Verifier

stating that the relevant parts of the CPP proposal were verified, and the verification report was prepared, in accordance with Schedule G.

- 29 Pursuant to clause 5.1.3(2) of the IMs, Powerco confirms that the certificate provided by the Verifier relates to verification of the relevant parts of the CPP proposal as submitted to the Commission.

5.2.1 Information provided to Verifier

- 30 In accordance with clause 5.5.2, Powerco provided the Verifier with:
- 30.1 the materials: (i) required by the Verifier to verify the CPP proposal in accordance with the terms of its engagement; and (ii) that Powerco intends to submit to the Commission as a CPP proposal;
 - 30.2 upon the Verifier's request, the information described in clause D10 pertaining to identified programmes after the Verifier notified Powerco of its selection of identified programmes;
 - 30.3 any information requested by the Verifier pursuant to the Verifier's right to ask for such information pursuant to its deed of engagement; and
 - 30.4 in advance of the Verifier's selection of identified programmes, summary information on the forecast projects and programmes, in the format specified in *Table 1: Projects and programmes of the regulatory templates*.
- 31 Section 1.5 of the verification report outlines the process undertaken by the Verifier. The information that was provided to, and relied upon, by the Verifier in the preparation of its verification report is set out in Appendix A to the verification report.
- 32 Clause 5.1.3 requires that Powerco include with its Application:
- 32.1 information relating to the CPP proposal that was provided to the Verifier and required by the Verifier to verify the CPP proposal in accordance with Schedule G;² and
 - 32.2 any other information relied upon by the Verifier and requested by the Verifier pursuant to the Verifier's right to ask for such information under its deed of engagement.³
- 33 The information responsive to both of these requirements is the information set out in Appendix A to the verification report. The information in Appendix A and relied upon by the Verifier for the verification report (Table 10) has been made available to the Commission in the Dataroom along with additional relevant supporting material.

² Clause 5.1.3(1)(b) and clause 5.5.2(3)(a).

³ Clause 5.1.3(1)(c) and clause 5.5.2(3)(d).

5.3 Audit and assurance reports

- 34 Clause 5.1.4 requires that Powerco provide, with its Application, an audit report in respect of an audit of the matters specified in clause 5.5.3.
- 35 Powerco appointed Deloitte to audit the matters specified in clause 5.5.3 of the IMs. **Appendix 3** contains Deloitte's audit report.
- 36 Pursuant to clause 5.1.4(3) of the IMs, Powerco confirms that the audit report provided by the auditor relates to the CPP proposal as submitted to the Commission.

5.4 Certification

- 37 Clause 5.1.5 requires that Powerco provide, with its Application, certificates recording the certifications specified in clause 5.5.4.
- 38 **Appendix 4** contains a certificate executed in accordance with the requirements of clause 5.1.5 and 5.5.4.

6 MODIFICATIONS AND EXEMPTIONS

6.1 Modifications and exemptions granted on 12 April 2017

- 39 On 23 March 2017, Powerco requested modifications and exemptions to certain requirements of the IMs, pursuant to clause 5.1.7 of the IMs, which the Commission approved on 12 April 2017. Clause 5.1.8 requires that Powerco provide, with its Application:
- 39.1 a copy of the Commission's approval;
 - 39.2 a list of the approved modifications or exemptions which Powerco has elected to apply in its Application;
 - 39.3 evidence that any conditions or requirements of the approval have been met; and
 - 39.4 an indication, at the relevant locations within the document or documents comprising the Application, as to where the modifications or exemptions have been applied.
- 40 A copy of the Commission's approval of Powerco's requested modifications and exemptions is included in **Appendix 5** to this document. The remaining information required by clause 5.1.8 is set out in the Financial and Modelling Information Report.

6.2 Further request for modifications and exemptions

- 41 In addition to the modifications and exemptions approved on 12 April 2017, Powerco has separately engaged with the Commission seeking clarifications of certain IM requirements and approval of Powerco's proposed interpretation. We have, subsequently, identified two additional matters that require attention, relating to:
- 41.1 the requirement to provide prioritisation information under clause 5.4.3; and
 - 41.2 the definition of "current period" in clause 1.1.4.
- 42 On 11 June 2017 we submitted a further request for modifications and exemptions addressing these matters. In this section we summarise those modifications and exemptions, which we have relied upon in this Application.

Issue	IM clause	Modification or exemption
Commissioned assets information	5.4.14	A modification to permit Powerco to ignore the typographical errors in applying the clause.
Opex categories in Schedule E, Table 3	Schedule E, Table 3	A modification to permit Powerco to use slightly modified Opex categories that better align with its business.
Cost allocation information	5.4.9	A modification to allow Powerco to provide an explanation as to how cost allocators have been applied to commissioned non-network assets for the next period, rather than providing Schedule B for each disclosure year in the next period.
Amortisation of revaluations	5.4.23	A modification to permit Powerco to derive the weighted average remaining useful life of assets on the basis of opening RAB for the relevant year divided by total depreciation for the year.
Priority of proposals	5.4.3	An exemption from the requirement to provide prioritisation information.
Definition of “current period”	1.1.4	A modification to the definition of “current period” to allow Powerco to disclose information for the five disclosure years from 1 April 2011 to 31 March 2016.

- 43 Our modification and exemption application dated 23 March 2017 contains the applicant’s details and summarises the features of Powerco’s CPP proposal, as required by clause 5.1.7(2). We refer the Commission to that application.
- 44 The remaining information required by clause 5.1.8, as Powerco anticipates it would apply to these additional modifications and exemptions, is set out in the Financial and Modelling Information Report.

6.2.1 Commissioned assets information

- 45 Clauses 5.4.14(3) and (4) evidently contain typographical errors. We therefore request a modification as follows:
- 45.1 apply subclause 5.4.14(3) as if “subclause (1)(e)” was replaced by “subclause (1)(c)”;
- 45.2 apply subclause 5.4.14(4) as if “subclause (1)(f)” was replaced by “subclause (1)(d)”.

6.2.2 Opex categories in Schedule E, Table 3

- 46 Schedule E, Table 3 requires that Powerco provide information on actual and forecast Opex on the basis of specified Opex categories.
- 47 Powerco requests a modification to allow it to report data against the following Opex categories, rather than those specified by the Commission. These categories better align with the way Powerco manages its business:

CPP IM Opex categories	Powerco's proposed Opex categories
Service interruptions and emergencies	Reactive maintenance
Vegetation management	Vegetation management
Routine and corrective maintenance and inspection	Preventive maintenance and inspection
Asset replacement and renewal	Corrective maintenance
System operations and network support	System operations and network support
Business support	Business support

- 48 Powerco's categorisation of Opex for both historic data and forecast data is consistent with its proposed categories in the table above. In addition, Powerco can make available to the Commission supporting information should the Commission require.

6.2.3 Cost allocation information

- 49 Powerco applied for, and received, a modification to the requirement in clause 5.4.9(4)(d). The modified clause requires separate disclosures of Schedule B where a value in units in an allocator metric has been changed by at least 5% from the value used in the year ended 31 March 2016.
- 50 Currently Powerco has applied its 2016 cost allocators for existing assets throughout the next period, in accordance with clause 5.3.6(2). The cost allocation used for the value of commissioned assets is based on our forecast allocation rate for each year of the forecast periods. This is consistent with clause 5.3.11(2).
- 51 Powerco seeks clarification around the intention of the disclosure requirement in clause 5.4.9(d). If the intention is that Powerco must disclose information about each year of the next period we would have the following challenges:
- 51.1 there would be seven years of Schedule B disclosures with very little difference, the only difference being the effect of the forecast cost allocators on non-network commissioned assets that are shared between our gas and electricity businesses; and
- 51.2 each year's disclosure would include a hybrid of the allocation rates applied to existing assets (2016 rates) and rates applied to commissioned assets (forecast allocation rates). It is not clear how the hybrid rates and the detail required to determine them would be represented in the schedules.
- 52 We propose that instead of disclosing Schedule B for each of the disclosure years of the next period, we instead:
- 52.1 disclose Schedule B for the year ended 31 March 2016, as confirmed in the original modification; and
- 52.2 make detailed disclosures about how the cost allocation rate applied to commissioned assets has been determined.

- 53 The proposed modification would involve replacing 5.4.9(d) and (e), as modified on 12 April 2017, with the following text:

- (d) *the information in Schedule B must be provided for the year ended 31 March 2016;*
- (e) *if a value in units in an allocator metric for the value of commissioned non-network assets for the next period has been changed by at least 5% from the value used in the year ended 31 March 2016, the CPP applicant must provide an explanation as to how the cost allocators have been applied to those commissioned assets.*

- 54 For completeness, we propose retaining the condition of the original modification that Powerco provide the information in Schedule B for the year ended 31 March 2017 as soon as it is available, but not later than 1 September 2017.

6.2.4 Amortisation of revaluations

- 55 Clause 5.4.23 requires that Powerco provide information on the average weighted remaining useful life of the assets used to determine the amortisation of revaluations.
- 56 We propose to derive the weighted average remaining useful life of assets on the basis of opening RAB for the relevant year divided by total depreciation for the year, and request a modification (if necessary) to permit this approach.

6.2.5 Information regarding priority of proposal

- 57 Clause 5.4.3 of the IMs require that a CPP proposal contain an explanation as to why the proposal deserves to be prioritised for assessment before other CPP proposals, were the Commission to exercise its prioritisation powers under s 53Z of the Act.
- 58 We request an exemption from the requirement to provide information regarding prioritisation on the basis that:
- 58.1 no other supplier is expected to submit a CPP proposal in the June 2017 window;
- 58.2 accordingly, there is no prospect of the Commission needing to exercise its prioritisation powers under s 53Z of the Act; and
- 58.3 therefore clause 5.4.3 is not engaged, and the requirements of that clause are redundant.

6.2.6 Definition of “current period”

- 59 The IMs require, in various places, that Powerco provide information in relation to the “current period”.
- 60 Clause 1.1.4 defines “current period” as “the 5 disclosure years preceding the disclosure year in which the CPP application is submitted”.

- 61 Because Powerco's submission date is 12 June, it is submitting very soon after the conclusion of the disclosure year ended 31 March 2017. The consequence is that, while the "current period" is technically the five disclosure years through to 31 March 2017, it has not been possible for Powerco to provide information for the period 1 April 2016 to 31 March 2017. The information simply is not available yet. Moreover, given that the detailed work of developing the CPP straddled the FY2017 and FY2018 disclosure years, it would have been impossible for Powerco to submit a CPP that disclosed information for the FY2017 disclosure year.
- 62 Consequently, where the IMs require that Powerco provide information for the current period, Powerco has provided information for the five disclosure years from 1 April 2011 to 31 March 2016.
- 63 We request a modification to the definition of "current period" as follows:

Current period means the 5 disclosure years from 1 April 2011 to 31 March 2016

7 IM REQUIREMENTS: SUBPART 4

- 64 Clause 5.4.1 provides that a CPP proposal must contain, in all material respects, the information specified in subpart 4.
- 65 The majority of the information requirements of subpart 4 are addressed in the:
- 65.1 CPP Main Proposal;
 - 65.2 CPP Financial Model; or
 - 65.3 Financial and Modelling Information Report.
- 66 The CPP Compliance Checklist in **Appendix 1** sets out in detail the document references supporting the requirements of subpart 4. In this document, we address only those requirements of subpart 4 that are not otherwise addressed elsewhere.

7.1 Duration of regulatory period

- 67 Section 53W provides that a CPP applies for five years. However, the Commission may set a shorter period than five years if it considers this would better meet the purpose of Part 4 of the Act, but in any event may not set a term less than three years.
- 68 Clause 5.4.4 provides that, where a CPP applicant seeks a CPP of three or four years' duration, the proposed duration must be stated in the CPP proposal, and the CPP proposal must explain why that duration better meets the purpose of Part 4 of the Act.
- 69 For the avoidance of doubt, Powerco is applying for a five-year CPP, to commence on 1 April 2018. Powerco considers that a five-year CPP best achieves the purpose of Part 4 of the Act and, conversely, that there is no compelling reason supporting a shorter period.
- 70 However, Powerco proposes to defer for one year the implementation of the CPP in its prices. The reason is that Powerco's Use of Systems Agreements prevent Powerco (with limited exceptions) from making more than one price change in a 12 month period, and require that Powerco give 40 working days' notice before implementing a price change.
- 71 Powerco intends that the CPP should commence on 1 April 2018. However, given the 12 June 2017 application date, the Commission will have until 29 March 2017 to issue its final determination. Accordingly, Powerco will not have enough time between the publication of the Commission's final determination and 1 April 2018 to implement a price change in reliance on the CPP.
- 72 Powerco therefore proposes to:

- 72.1 roll forward the DPP price that applies on 31 March 2018 adjusted for inflation for year one of the CPP (FY2019); and
- 72.2 recover in years two to five of the CPP (FY2020-2023) any forgone revenue in FY2019.
- 73 Accordingly, while Powerco is applying for a five-year CPP, it anticipates implementing price changes in accordance with the CPP in years two to five of the CPP only. Further information regarding this approach, including Powerco's proposal to vary the IMs to the extent necessary to permit this approach, is set out in section 8 below.

7.2 Proposed building blocks allowable revenue

- 74 Clause 5.4.7 requires that Powerco include in its CPP proposal all data, information, calculations and assumptions used to determine building blocks allowable revenue before and after tax.
- 75 Clause 5.4.7(4)(a) provides that, where this information is provided in spreadsheet format, the information must be cross-referenced in the text of the CPP proposal document. The CPP Compliance Checklist in **Appendix 1**, which forms part of this Application, provides the required cross-references, and indicates where in the CPP Financial Model each requirement is satisfied.

7.3 Schedule B: cost allocation information

- 76 Clause 5.4.9 requires that Powerco provide the information in Schedule B to the IMs. Schedule B is included in **Appendix 7** to this document.

7.4 Schedule D: Capex, Opex, demand and network qualitative information

- 77 Clause 5.4.28 provides that the information specified in Schedule D must be contained in a CPP proposal, and provided in accordance with the requirements of that schedule.
- 78 In accordance with clause D2 of the Schedule D, Powerco has complied with this requirement by including, as **Appendix 8** to this document, a table that, in respect of each clause of Schedule D:
- 78.1 provides a reference to the place where, in the CPP proposal, a response is provided; and
- 78.2 gives the title and page reference to any separate document identified in response, including in the case where the document in question is provided in the CPP proposal.
- 79 Clause D3(1) requires that Powerco provide:
- 79.1 the current organisational structure of the EDB and a description of any separate organisation used to manage capex and Opex; and

79.2 the number of full time equivalent employees, employed by the applicant, broken down by business units.

80 This information is set out in **Appendix 10**.

7.5 Schedule E: Capex, Opex, demand and network quantitative information

81 Clause 5.4.29 provides that a CPP proposal must contain the information specified in the regulatory templates in Schedule E, and that information must be:

81.1 in spreadsheet format whereby each item of data is linked between all cells to which it is relevant, irrespective of whether such cells are on the same or different tabs; and

81.2 provided in accordance with the instructions specified in clause 5.4.30.

82 The regulatory templates in Schedule E are included in **Appendix 9** to this document.

8 PROPOSED IM VARIATIONS

- 83 Section 53V(2)(c) of the Act permits the Commission to vary an input methodology with the agreement of the supplier.
- 84 Powerco is requesting three variations to the IMs:
- 84.1 a variation to permit Powerco to specify a price path that utilises a forecast of WACC from the DPP reset on 1 April 2020;
- 84.2 variations to the revenue cap wash-up mechanism to ensure that Powerco is able to recover in FY2020-2023 of its CPP regulatory period any forgone revenue in FY2019 as a consequence of Powerco's inability to implement a CPP-reliant price change on 1 April 2018; and
- 84.3 a variation to the definition of 'distributed generation allowance'.
- 85 We provide further detail on these proposed variations below.

8.1 WACC forecast

8.1.1 The issue

- 86 In the wake of the 2016 IMs review, the IMs now require a CPP applicant to identify the current DPP WACC, rather than the most recent Commission estimate of WACC. The Commission, in turn, uses the current DPP WACC to calculate the price path. Clause 5.6.7 then provides for a reconsideration of the CPP when a WACC change occurs (when the DPP WACC is reset). At this point, a CPP price path that continues into a new DPP regulatory period will be recalculated using the new WACC, revaluation rate and cost of debt as described in clause 5.6.8.
- 87 Accordingly, the Input Methodologies require that the Commission assume, when evaluating the CPP proposal and calculating the initial price path, that the current DPP WACC will prevail for the entirety of the five-year CPP regulatory period even if there is good evidence that the DPP WACC will decrease at the DPP reset.
- 88 Current and projected forecasts of interest rates indicate that the current DPP WACC is likely to be adjusted downwards when the DPP WACC is next reset in 2020. The result is that:
- 88.1 the price path derived at the commencement of the CPP regulatory period will likely overstate the impact of the full CPP regulatory period on prices; and
- 88.2 consumers will experience multiple, and potentially significant, price changes as a consequence of the CPP: at the commencement of the CPP, and then again when the DPP WACC resets.

8.1.2 Powerco’s proposal

89 In our view this is undesirable and avoidable. We therefore propose a variation to the Input Methodologies that would allow the Commission to:

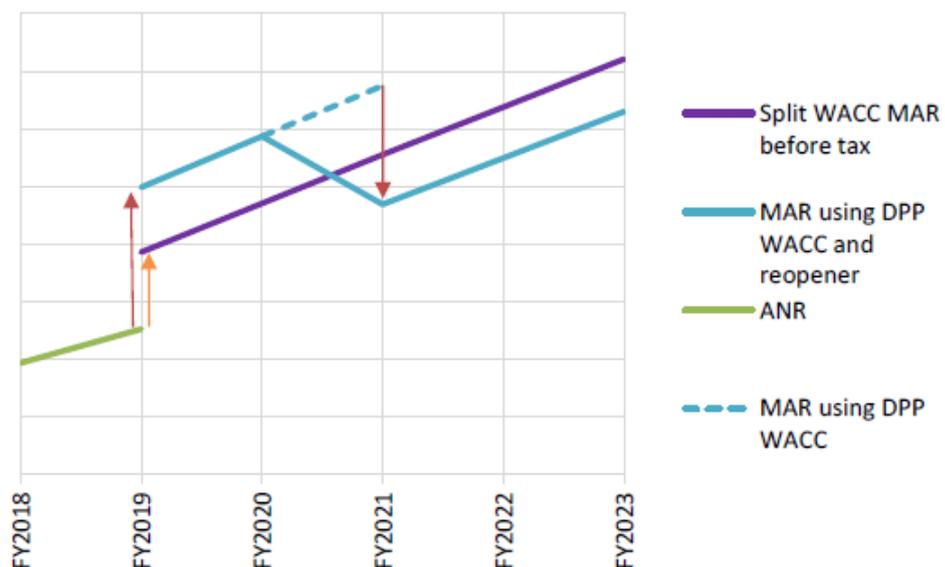
89.1 use the current DPP WACC to calculate the price path for that part of the CPP regulatory period that coincides with the current DPP regulatory period; and

89.2 use a forecast of the DPP WACC for that part of the CPP regulatory period that coincides with the subsequent DPP regulatory period.

90 The resulting CPP MAR will therefore produce a revenue reset that reflects the anticipated DPP WACC decrease in a smoothed, average path. This will minimise the likely variance between the price path derived at the outset of the CPP regulatory period and the price path that will ultimately result from the DPP reset in 2020.

91 The following chart illustrates the effect of the two approaches if there is a decrease in DPP WACC at the 2020 reset. Using only the prevailing 7.19% WACC in a CPP application causes prices to increase significantly when moving to the CPP in FY2019 (represented by the first red arrow) then decrease significantly in FY2021 through the reopener (the second red arrow).

92 In contrast, a CPP application using a forecast of WACC for FY2021 to FY2023 results in a lower increase in FY2019 starting prices (represented by the orange arrow) and a smaller impact on FY2021 starting prices arising from the reopener (shown as nil in this example).



93 Powerco’s preferred approach essentially involves forecasting at the outset of the CPP regulatory period the impact of a WACC change re-opener at the DPP reset on 1 April 2020.

- 94 Clause 5.6.7 provides for reconsideration of the CPP in the event of a WACC change, which occurs when a new estimate of WACC has been determined for a new DPP regulatory period that commences within the current CPP regulatory period.
- 95 In the event of a WACC change, clause 5.6.8(5) provides that the Commission will, for the remaining disclosure years of the CPP regulatory period after the WACC change, re-determine the supplier's forecast net allowable revenue using the revised WACC, forecast CPI and cost of debt.
- 96 Powerco proposes an IM variation that would allow it to forecast the impact of a WACC change re-opener from 1 April 2020. Forecasting a WACC change re-opener involves:
- 96.1 applying the methodology for estimating WACC in clauses 4.4.1 to 4.4.5;
 - 96.2 adopting the fixed WACC input parameters in the manner provided for in those clauses (which is all WACC input parameters with the exception of risk-free rate, average debt premium and corporate tax rate); and
 - 96.3 for the non-fixed WACC input parameters, adopting forecasts prepared consistently with the methodology utilised by the Commission when it determines these parameters under clauses 4.4.3 to 4.4.4.⁴
- 97 Implementation of this proposal would require, principally, a variation to clause 5.3.4 to allow the Commission to determine a price path that forecasts the impact of a WACC change by applying:
- 97.1 the 67th percentile of WACC specified in clause 5.3.22 for that part of the CPP regulatory period that coincides with the current DPP regulatory period; and
 - 97.2 per clause 5.6.8, forecasts of:
 - (a) the 67th percentile of WACC that will prevail in the new DPP regulatory period;
 - (b) CPI for DPP revaluation for the new DPP regulatory period to calculate a revised revaluation rate; and
 - (c) cost of debt for the new DPP regulatory period to calculate a revised notional deductible interest.

⁴ The Financial and Modelling Information enclosed with this Application provides additional detail on the methodology Powerco has used to forecast non-fixed WACC input parameters for the purposes of forecasting the 2020 WACC change.

8.1.3 Approach in the CPP Application

- 98 In order to comply with the process and content requirements of the IMs, Powerco's CPP Financial Model specifies the MAR using both the DPP WACC and a forecast of WACC. The Model permits the Commission to toggle between the two approaches.
- 99 The Financial and Modelling Information enclosed with this Application explains how Powerco has forecast the cost of capital for FY2021-2023.

8.2 Ensuring recovery of forgone FY2019 revenue

8.2.1 The issue

- 100 Because of Powerco's contractual limits on implementing price changes (explained above at paragraph 70), Powerco expects to defer the implementation of the CPP in its prices for the first year of its CPP regulatory period. For FY2019, Powerco proposes to roll forward the DPP price that applies on 31 March 2018, adjusted for inflation. Powerco then proposes to recover in FY2020-2023 of the CPP regulatory period any forgone revenue from FY2019.
- 101 The revenue cap approach adopted in the 2016 IMs review requires Powerco to set prices such that its estimate of revenue for FY2019 will be no more than the forecast allowable revenue for FY2019. Were Powerco to price to the CPP in FY2019, its estimate of revenue would equal the total of each of its prices multiplied by the year-ahead forecast quantity for that price.
- 102 However, because Powerco will not be in a position to price to the CPP in FY2019, there will be some variance between Powerco's estimate of revenue (based on rolling over DPP prices) and the forecast allowable revenue under the CPP. Powerco anticipates that its estimate of revenue based on rolling forward DPP prices will be significantly lower than forecast allowable revenue in FY2019.
- 103 The revenue cap's wash-up mechanism means that under-recovery relative to forecast allowable revenue is recoverable in subsequent disclosure years. However, the wash-up mechanism is subject to certain constraints:
- 103.1 wash-up amounts may only be drawn down two years after the relevant year that gives rise to the wash-up amount;
 - 103.2 a cap on accumulation of voluntary undercharging;
 - 103.3 a cap on the wash-up amount; and
 - 103.4 a limit on the average price increase.
- 104 Powerco does not contest the appropriateness of these constraints in ordinary circumstances, where any variance between forecast allowable revenue and actual revenue for a disclosure year would be the consequence of either forecast error or voluntary undercharging. However, in this case, the under-recovery will be a consequence of the timing of the Commission's decision and the contractual

constraints on price changes (and thus involuntary).⁵ Were the constraints on the wash-up mechanism to apply to under-recovery attributable to these timing and contractual limitations, Powerco would face a real risk that it would not be able to recover the FY2019 revenue determined to be appropriate by the Commission in its CPP determination, for reasons unrelated to the rationale of the constraints on the wash-up mechanism.

- 105 Furthermore, the two-year delay on drawing down from the wash-up account is unnecessary because there is no need to wait for information on actual revenues. This is because the under-recovery attributable to Powerco's inability to effect a CPP-reliant price change in FY2019 is the variance between Powerco's FY2019 estimate of revenue (based on rolling forward DPP prices) and the CPP's forecast allowable revenue.

8.2.2 Powerco's proposal

- 106 Powerco therefore proposes that the constraints on the wash-up mechanism not apply to any variance between forecast allowable revenue under the CPP and Powerco's estimate of revenue in FY2019. Powerco proposes that the ordinary wash-up mechanism would continue to apply to any variance between actual revenue and forecast allowable revenue that is attributable to forecast error rather than Powerco's inability to implement a CPP-reliant price change in FY2019.

8.3 Definition of distributed generation allowance

8.3.1 The issue

- 107 Pursuant to clause 3.1.3(1)(f), a distributed generation allowance is a recoverable cost in either a DPP or CPP. Distributed generation allowance means:

any positive allowance for costs incurred and amounts payable, or negative allowance for amounts receivable, in relation to avoided transmission charges arising from distributed generation, including embedded or notionally embedded generation, made in accordance with—

- (a) *Schedule 6.4 of Part 6 of the Electricity Industry Participation Code;*
or
- (b) *the Electricity Industry Act 2010.*

- 108 The Electricity Authority (EA) in December 2016 amended Schedule 6.4 of the Electricity Industry Participation Code. Prior to the amendment, Schedule 6.4 provided that connection charges must not exceed the incremental costs of providing connection to the distributed generator. Incremental cost is net of any transmission and distribution costs that an efficient distributor would be able to avoid as a result of the connection of the distributed generator. The effect of this principle is that distributors, pre-amendment, were required to pass through to generators any savings in Transpower transmission charges incurred by the distributor as a result of the generator (avoided cost of transmission or ACOT).

⁵ In addition to any under or over-recovery resulting from forecast error.

- 109 In accordance with the requirements of Schedule 6.4, and in implementation of the legislatively mandated pricing principles, EDBs entered into connection contracts that obliged EDBs to calculate and pay ACOT to connected generators. Those contracts were typically long-term agreements, reflecting the fact that they were providing the contractual basis for significant investments in long-lived assets.
- 110 By virtue of clause 3.1.3(f) of the IMs, ACOT payments were treated as recoverable costs and passed through to prices. The inclusion of ACOT payments as a recoverable cost originated in the Commission's October 2010 Consultation Update Paper, where the Commission indicated its intention to include an additional category of recoverable cost addressing payments made to distributed generators. The Commission said:⁶
- The Commission acknowledges that EDBs are required by the DG Regulations to continue pass through [of] avoided transmission charges to embedded generators on an ongoing basis, and no efficiency test applies.*
- 111 The Commission also noted that under the pre-2010 thresholds regime it had allowed pass through of ACOT payments, and also referred to the fact that the policy objective of ACOT payments was to facilitate investment in distributed generation.⁷
- 112 The effect of the EA's December 2016 amendment to the Code is to provide that ACOT payments will only be required in respect of generation that Transpower has determined is necessary for Transpower to meet the grid reliability standards. The result is that EDBs will no longer be required by the Code to pay ACOT to a number of generators who were previously entitled to receive ACOT payments.
- 113 The revised pricing principles in Schedule 6.4 are incorporated into the regulated terms that apply where EDBs and generators are unable to agree connection terms. Hence EDBs will not be required to continue paying ACOT to distributed generators that are connected to the distributor's network pursuant to the regulated terms rather than a connection contract.
- 114 However, the amended Distributed Generation Pricing Principles (DGPPs) do not disturb existing connection contracts that, in compliance with the pre-amendment Code obligation, provided for ACOT payments.⁸ Accordingly, depending on the terms of each contract, Powerco may still be required to pay ACOT to generators under its connection contracts notwithstanding the Code no longer requires it.
- 115 Furthermore, because the definition of 'distributed generation allowance' in the IMs relates only to amounts payable 'made in accordance with Schedule 6.4', there is a risk that the amendment to the Code prevents Powerco from passing through to consumers these ACOT payments. This is despite the fact that the payment

⁶ Commerce Commission, *Input Methodologies Electricity Distribution Services: Consultation Update Paper* (22 October 2010, ISBN 978-1-869451-18-9) at page 33.

⁷ Ibid.

⁸ Code clause 6.5.

obligation was entered into in compliance with the regulatory mandate of the Code as it then was.

8.3.2 Powerco's proposal

- 116 The Commission noted the Code amendment in its December 2016 Report on the IM Review and indicated that it would separately consider the implications of this decision and make any required changes to the IMs in the future if necessary.⁹
- 117 Powerco submits that it would be appropriate to clarify the definition of distributed generation allowance to confirm that it extends to ACOT payments made pursuant to contracts that were in accordance with Schedule 6.4 at the time they were entered into. In our view, there is a strong argument that the existing definition does permit the continued recovery of contractually committed ACOT payments. This is because the obligation to pay, when it was entered into, was in accordance with Schedule 6.4 of the Code. Accordingly, we invite the Commission to either:
- 117.1 confirm for the benefit of Powerco and other EDBs that the definition of distributed generation allowance extends to ACOT payments made pursuant to contracts that were in accordance with Schedule 6.4 when they were entered into; or
- 117.2 if the Commission considers it necessary, amend the definition of distributed generation allowance to provide expressly for that continued treatment.
- 118 This is a matter of general interest to all EDBs subject to the DPP, as well as to Powerco in relation to its CPP. Accordingly, Powerco anticipates that any amendment to the definition would apply both to the DPP and to Powerco's CPP. But for the avoidance of any doubt, were the Commission to amend the definition for the purposes of the DPP Powerco would expect that a similar change would be implemented in the context of the CPP by means of an IM variation or amendment.
- 119 This clarification is appropriate because:
- 119.1 ACOT payments are costs attributable to the provision of electricity lines services. They form part of the matrix of costs associated with the provision of lines services to connected generators. The fact that the amended Code would not necessarily require ACOT payments were EDBs entering into fresh connection contracts today does not detract from the fact that payments made pursuant to pre-existing contracts are costs attributable to the regulated service, and therefore should be recovered through regulated prices;
- 119.2 continuing to classify these payments as recoverable costs is consistent with the rationale of recoverable costs in the IMs. Recoverable costs are costs that are only partially under the control of the EDB, and cannot easily be forecast at the outset of the regulatory period. Hence, it is appropriate that

⁹ Commerce Commission, *Input Methodologies Review Decisions: Report on the IM Review* (20 December 2016) at paragraph 290.

they be passed through to prices rather than form part of a cost forecast. ACOT payments made pursuant to contracts entered into prior to the EA's Code amendment are costs that are not under the control of the EDB. The EDB remains committed to paying these costs irrespective of the regulatory change. It is therefore appropriate that they continue to be treated as recoverable costs; and

119.3 conversely, declining to treat contractually committed ACOT payments as recoverable costs is contrary to the purpose of Part 4. These obligations were entered into prudently and in good faith reliance on the regulatory regime that prevailed at the time. In entering into connection contracts intended to underwrite substantial long-term investments, EDBs and generators were entitled to rely on the durability of the regulatory framework that was intended to incentivise those investments. The payment of ACOT was an intrinsic component of the regulatory framework for connection of distributed generation. Accordingly, exposing EDBs to unrecoverable costs in relation to contracts that were prudent and efficient at the time they were entered into would be contrary to the purpose of Part 4, as it would undermine incentives to innovate and to invest.

120 If the Commission determines that an amendment or variation to the definition of distributed generation allowance is necessary, Powerco suggests the following drafting:

any positive allowance for costs incurred and amounts payable, or negative allowance for amounts receivable, in relation to avoided transmission charges arising from distributed generation, including embedded or notionally embedded generation, made in accordance with —

- (a) *Schedule 6.4 of Part 6 of the Electricity Industry Participation Code; or*
- (b) *the Electricity Industry Act 2010; or*
- (c) *a connection contract, the terms of which were in accordance with paragraph 2(a) of Schedule 6.4 of the Electricity Industry Participation Code as of the date the contract was entered into.*

9 NON-APPLICABLE CPP REQUIREMENTS

121 For the avoidance of doubt, we set out below those CPP IM requirements that are not applicable to our CPP Application.

Relevant clause	Non-applicable requirement
5.4.1(2)	The CPP is not made pursuant to a catastrophic event
5.4.4	The CPP period sought is not three or four years
Clause 5.4.9(7), Schedule C	The information in Schedule C is not required where the value of the assets to be sold as specified in clause 5.3.6(4) is less than 5% of the unallocated closing RAB value for the last disclosure year of the assessment period
5.4.10(1)	No arms-length deduction applied
5.4.10(2) and (3)	No OVABAA applied
5.4.12(3)	Powerco's CPP does not propose an alternative depreciation method
5.4.12(4)	Powerco's CPP does not propose a different physical asset life to the standard physical asset life for any assets.
5.4.15(1) and (2)	No assets are forecast to be sold to a related party or transferred to another part of Powerco
5.4.19(3)	Powerco is not forecasting any discretionary discounts or customer rebates
5.4.20	Powerco does not have any opening tax losses
5.4.31	No new pass-through costs are proposed
5.4.33	No alternate methodologies are proposed
5.5.1(2)	Hard copy reference material was irrelevant as all was available electronic
D11	No self-insurance allowances currently or proposed

D12(3) and (4)	No periodic services acquired or related party transactions forecast
D15	No contingent projects proposed
F6(5)(c) and F6(6)	Powerco has not changed its rational, proposed time for taking effect or intention on whether to propose a quality standard from the 'Summary of intended CPP Proposal' provided in accordance with F5.'
G10	No contingent projects proposed

APPENDIX 1: CPP COMPLIANCE CHECKLIST

Electricity Distribution Services Input Methodologies Determination 2012 (28 February 2017)

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
PART 5	INPUT METHODOLOGIES FOR CUSTOMISED PRICE-QUALITY PATHS			
SUBPART 1	Contents of a CPP application			
5.1.1	Applying for a CPP			
5.1.1(1)	An EDB seeking a CPP in accordance with s 53Q of the Act must provide the Commission with a CPP application.	Application Main Proposal	Sections 1 to 4, 5 (specifically Paragraphs 21 and 22), Appendix 1 and 2 Chapter 1.3	
5.1.1(2)	CPP application means an application containing, in all material respects, the information specified in-			
5.1.1(2)	(a) this subpart; and			
5.1.1(2)	(b) Subpart 4.			
5.1.2	Evidence of consumer consultation			
5.1.2	For the purpose of clause 5.1.1(2)(a), in respect of consumer consultation, the specified information is-			
5.1.2	(a) a description as to how the requirements of clause 5.5.1 were met;	Application Main Proposal Consultation Report	Section 5.1 Chapters 4 and 5 Chapters 1 to 13 and Appendices	
5.1.2	(b) a list of respondents to the consultation required by that clause;	Consultation Report	Appendix 2	
5.1.2	(c) a description of all issues raised by consumers in response to the CPP applicant's intended CPP proposal;	Consultation Report	Appendix 3 with a summary in Chapters 9 to 11 and 13	
5.1.2	(d) a summary of the arguments raised in respect of each issue described in accordance with paragraph (c); and	Consultation Report	Appendix 3	
5.1.2	(e) in respect of the issues described in accordance with paragraph (c), an explanation as to whether its CPP proposal accommodates the arguments referred to in (d); and	Main Proposal Consultation Report	Chapter 5.8 and 5.9 Appendix 3 with a summary in Chapter 11	
5.1.2	(i) if so, how; and			
5.1.2	(ii) if not, why not.			
5.1.3	Verification-related material			
5.1.3	For the purpose of clause 5.1.1(2)(a), in respect of verification, the specified information is-	Application	Sections 5.2 and 5.2.1	
5.1.3(1)	(a) a verification report; and			
5.1.3(1)	(b) any information relating to the CPP proposal, other than information required to be included in a CPP proposal by Subpart 4, provided to the verifier by or on behalf of the CPP applicant, pursuant to clauses 5.5.2(3)(a)-(c) and 5.5.2(3)(e);	Final Independent Verifier report	Appendix A	
5.1.3(1)	Examples: instructions as to how to interpret information provided to the verifier; details as to the source of the information; and			
5.1.3(1)	(c) any other information relied upon by the verifier relating to the CPP proposal pursuant to clause 5.5.2(3)(d); and	Final Independent Verifier report	Appendix A	Tables 3 to 9 in the relevant chapters of the report and Appendix D, Tables 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40 and 42
5.1.3(1)	(d) subject to subclause (2), a certificate signed by the verifier stating that the relevant parts of the CPP proposal were verified and verification report was prepared in accordance with Schedule G.	Final Independent Verifier report	Appendix G	Verification Certificate
5.1.3(2)	For the purpose of subclause (1)(c), the CPP applicant must ensure that the certificate described in subclause (1)(c) relates to verification of the relevant parts of the CPP proposal as submitted to the Commission.	Application	Section 5.2, specifically Paragraph 29	
5.1.4	Audit and assurance reports			
5.1.4(1)	For the purpose of clause 5.1.1(2)(a), in respect of audit or assurance, the specified information is a report written by an auditor and signed by that auditor (either in an individual's name or that of a firm) in respect of an audit or assurance engagement undertaken of the matters specified in clause 5.5.3, stating -	Application	Section 5.3 and Appendix 3	
5.1.4(1)	(a) the work done by the auditor;			
5.1.4(1)	(b) the scope and limitations of the audit or assurance engagement;			
5.1.4(1)	(c) the existence of any relationships (other than that of auditor) which the auditor has with, or any interests which the auditor has in, the CPP applicant or any of its subsidiaries;			
5.1.4(1)	(d) whether the auditor obtained all information and explanations that he or she required to undertake the audit or assurance engagement, and, if not-			
5.1.4(1)	(i) details of the information and explanations not obtained; and			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.1.4(1)	(ii) any reasons provided by the CPP applicant for its or their non-provision;			
5.1.4(1)	(e) the auditor's opinion of the matters in respect of which the audit or assurance engagement was undertaken.			
5.1.4(2)	A report in respect of an audit or assurance engagement undertaken other than expressly to meet the requirements of clause 5.5.3 may be considered to comply with subclause (1) to the extent that the report in respect of that other audit or assurance engagement fully or partially meets the requirements of clause 5.5.3	Application	Section 5.3, specifically Paragraph 37	Contract 2017-024C is expressly written to meet 5.5.3
5.1.4(3)	The CPP applicant must ensure that reports required by this clause relate to the CPP proposal as submitted to the Commission.			Refer 5.5.4. Directors certify to this - format of certificate is as per CPP Certification Process Memorandum, Schedule 2.
5.1.4(4)	For the avoidance of doubt, the reports required by this clause need not be-			Audit Report was not provided to Verifier due to timing of completion of Verification Final Report
5.1.4(4)	(a) prepared in advance of the verifier undertaking verification of the CPP proposal; nor			
5.1.4(4)	(b) provided to the verifier.			
5.1.4(5)	If, notwithstanding subclause (4), a report prepared in accordance with this clause is provided to the verifier, subclause (3) continues to apply.			
5.1.5	Certification			
5.1.5(1)	For the purpose of clause 5.1.1(2)(a), in respect of certification, the specified information is the certificates recording the certifications specified in clause 5.5.4.	Application	Section 5.4 and Appendix 4	Directors certificates are enclosed with the Application. The format for these is as per CPP Certification Process Memorandum, Schedule 2
5.1.5(2)	For the avoidance of doubt, one physical document may contain more than one of the certifications specified in clause 5.5.4.			
5.1.6	Modification or exemption of CPP application requirements			
5.1.6(1)	The Commission may approve a modification to, or exemption from, any requirement set out in—			
5.1.6(1)	(a) this subpart;			
5.1.6(1)	(b) Subpart 4;			
5.1.6(1)	(c) Subpart 5; or			
5.1.6(1)	(d) schedules relating to subparts identified in paragraphs (a) to (c) above.			
5.1.6(2)	A modification or exemption may be approved where, in the Commission's opinion, the modification or exemption will not detract, to an extent that is more than minor, from—			
5.1.6(2)	(a) the Commission's evaluation of the CPP proposal;			
5.1.6(2)	(b) the Commission's determination of a CPP; and			
5.1.6(2)	(c) the ability of interested persons to consider and provide their views on the CPP proposal.			
5.1.6(3)	When considering whether a modification or exemption is likely to detract, to an extent that is more than minor, from the processes listed in subclauses (2)(a)-(c), the Commission may have regard to the size of the supplier's business.			
5.1.6(4)	A modification or exemption will only apply for the purposes of assessing compliance of a CPP application under s 53S(1) of the Act—			
5.1.6(4)	(a) if the Commission has previously approved a request by a CPP applicant for the modification or exemption in accordance with clause 5.1.7;			We have had several modifications/exemptions approved by the Commission. These are provided in the: (1) Application in Section 6 and Appendix 6 with Copies of the Commission's approval in Appendix 5. (2) Financial and Modelling Information report Section 1.3
5.1.6(4)	(b) in respect of the CPP applicant and the CPP application identified in the Commission's approval; and			
5.1.6(4)	(c) if the CPP applicant elects to apply the modification or exemption by:			
5.1.6(4)	(i) meeting all conditions and requirements specified in the approval that relates to the modification or exemption; and			
5.1.6(4)	(ii) providing the relevant information specified in clause 5.1.8 as part of its CPP application.			
5.1.7	Process for obtaining a modification or exemption			
5.1.7(1)	At any time prior to providing the Commission with a CPP application, a CPP applicant may request modifications or exemptions to the requirements listed in clause 5.1.6(1) as alternatives to those requirements.			
5.1.7(2)	A request by a CPP applicant must—			
5.1.7(2)	(a) be in writing;			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.1.7(2)	(b) include the following information:			
5.1.7(2)	(i) the CPP applicant's name and contact details;			
5.1.7(2)	(ii) a brief description of the key features of its intended CPP proposal;			
5.1.7(2)	(iii) the date that the CPP applicant intends to submit the CPP application for which a modification or exemption is sought;			
5.1.7(2)	(iv) a list of the specific modifications or exemptions sought;			
5.1.7(2)	(v) an explanation of why the CPP applicant considers the requirements in clause 5.1.6(2) are met;			
5.1.7(2)	(vi) evidence in support of the explanation provided under subparagraph (v); and			
5.1.7(2)	(vii) identification of any information that is commercially sensitive			
5.1.7(3)	Subparagraph (2)(b)(vi) may be satisfied by submitting a certificate, signed by a senior manager of the CPP applicant, setting out the factual basis on which he or she believes the requirements in subclause 5.1.6(2) are met.			
5.1.7(4)	In considering whether to approve a request for modification or exemptions, the Commission may seek and have regard to—			
5.1.7(4)	(a) views of interested persons within any time frames and processes set by the Commission; and			
5.1.7(4)	(b) views of any person the Commission considers has expertise on a relevant matter.			
5.1.7(5)	As soon as reasonably practicable after receipt of a request for modifications or exemptions the Commission will, by notice in writing, advise the CPP applicant as to whether—			
5.1.7(5)	(a) any of the modifications or exemptions are approved; and			
5.1.7(5)	(b) the approval of any modification or exemption is subject to conditions or requirements that must be met by the CPP applicant.			
5.1.8	Information on modification or exemption of information requirements			
5.1.8	Where a CPP applicant elects to apply a modification or exemption approved by the Commission in accordance with clause 5.1.7, it must include as part of its CPP application—	Application Financial and Modelling Information Report	Section 6, Appendix 5 and 6 Section 1.3 (Table 1.2)	In addition we provide model references under the relevant clauses.
5.1.8	(a) a copy of the Commission's approval;			
5.1.8	(b) a list of the approved modifications or exemptions which the CPP applicant has elected to apply in its CPP application;			
5.1.8	(c) evidence that any conditions or requirements of the approval have been met; and			
5.1.8	(d) an indication, at the relevant locations within the document or documents comprising the CPP application, as to where the modifications or exemptions have been applied.			
SUBPART 2	Commission assessment of a customised price-quality path proposal			
5.2.1	Evaluations criteria			
5.2.1	The Commission will use the following evaluation criteria to assess each CPP proposal:			
5.2.1	(a) whether the CPP proposal is consistent with the input methodologies specified in Part 5:			This table provides details of how many of the IM clauses specified in Part 5 have been complied with
5.2.1	(b) the extent to which a CPP in accordance with the CPP proposal would promote the purpose of Part 4 of the Act;			
5.2.1	(c) whether data, analysis, and assumptions underpinning the CPP proposal are fit for the purpose of the Commission determining a CPP under s 53V, including consideration as to the accuracy and reliability of data and the reasonableness of assumptions and			
5.2.1	(d) whether proposed capital expenditure and operating expenditure meet the expenditure objective;			
5.2.1	(e) the extent to which any proposed quality standard variation provided in a CPP proposal better reflects the realistically achievable performance of the EDB over the CPP regulatory period, taking into account either or both—			
5.2.1	(i) statistical analysis of past SAIDI and SAIFI performance; and			
5.2.1	(ii) the level of investment provided for in proposed maximum allowable revenue before tax,			
5.2.1	as the case may be; and			
5.2.1	(f) the extent to which—			
5.2.1	(i) the CPP applicant has consulted with consumers on its CPP proposal; and			
5.2.1	(ii) the CPP proposal is supported by consumers, where relevant.			
SUBPART 3	Determination of customised price-quality paths			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
SECTION 1	Determination of annual allowable revenues			
5.3.1	Annual allowable revenues	Financial and Modelling Information Report	Sections 3.1 and 4	
5.3.1	Amounts for-			
5.3.1	(a) building blocks allowable revenue before tax for the next period;			
5.3.1	(b) building blocks allowable revenue after tax for the next period;			
5.3.1	(c) maximum allowable revenue before tax for the CPP regulatory period; and			
5.3.1	(d) maximum allowable revenue after tax for the CPP regulatory period,			
5.3.1	will be determined.			
5.3.2	Building blocks allowable revenue before tax	Financial and Modelling Information Report	Section 4.1	
5.3.2(1)	'Building blocks allowable revenue before tax' for each disclosure year of the next period is determined in accordance with the formula- (regulatory investment value × cost of capital + total value of commissioned assets × (TF _{VCA} - 1) + term credit spread differential allowance × TF - total revaluation) ÷ (TF _{rev} - corporate tax rate × TF) + (total depreciation × (1 - corporate tax rate × TF) + forecast operating expenditure × TF × (1 - corporate tax rate) + (closing deferred tax - opening deferred tax) × (TF - 1) + (permanent differences + regulatory tax adjustments - utilised tax losses) × corporate tax rate × TF) ÷ (TF _{rev} - corporate tax rate × TF).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx!\$A\$62	
5.3.2(2)	'Regulatory investment value' means the amount obtained in accordance with the formula- total opening RAB value + opening deferred tax.	Financial and Modelling Information Report CPP Financial Model	Section 4.1.1 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx!\$A\$74	
5.3.2(3)	For the purpose of subclause (1) 'total value of commissioned assets' means, in relation to a disclosure year, the sum of closing RAB values for all commissioned assets calculated in accordance with clause 5.3.6(3)(b).	Financial and Modelling Information Report CPP Financial Model	Section 6.4 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$L\$1470	The value of commissioned assets throughout the model are the sum of closing RAB values in the year that they are acquired (noting that revaluations and depreciation are only applied to opening RAB values and a commissioned asset does not have an opening RAB value in the year that it is commissioned).
5.3.2(4)	For the purpose of subclause (1) –	Financial and Modelling Information Report CPP Financial Model	Section 9.2.3 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx!\$C\$33	
5.3.2(4)	(a) 'TF' is determined in accordance with the formula- (1 + cost of capital) ^{182/365} ;	Financial and Modelling Information Report CPP Financial Model	Section 9.2.2 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx!\$C\$34	
5.3.2(4)	(b) 'TFrev' is determined in accordance with the formula- (1 + cost of capital) ^{148/365} ;	Financial and Modelling Information Report CPP Financial Model	Section 9.2.1 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$49	
5.3.2(4)	'TF _{VCA} ' is determined in accordance with the formula- PV _{VCA} × (1 + cost of capital) ÷ total value of commissioned assets; and	Financial and Modelling Information Report CPP Financial Model	Section 9.2.1 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$C\$1497	
5.3.2(4)	(d) 'PVVCA' means the sum of the present value of closing RAB values for commissioned assets calculated in accordance with clause 5.3.6(3)(b), where each present value is determined by discounting each closing RAB value by the cost of capital from the rel	Financial and Modelling Information Report CPP Financial Model	Section 9.2.1 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$C\$1497	
5.3.2(5)	For the purpose of this clause, 'cost of capital' has the meaning specified in clause 5.3.22	Application Financial and Modelling Information Report CPP Financial Model	Section 8 (specifically Paragraphs 84 - 106) Sections 1.3 (Table 1.2) and 5.1 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 INPUTS!\$I\$16; '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$F\$24	Further IM Variation sought with this CPP proposal. Our model includes a switch that allows the application of two different methods to calculate the price path. The first is compliant with the current IMs and applies the 2015-2020 DPP WACC to every year in the CPP next period. We propose a second method in our CPP which forecasts a WACC change reopener in FY2021 and applies a forecast of WACC in years FY2021 to FY2023.
5.3.2(6)	'Forecast operating expenditure' means, in relation to a CPP proposal -	Financial and Modelling Information Report CPP Financial Model	Section 7 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 INPUTS!\$E\$32	
5.3.2(6)	(a) that has not been assessed by the Commission, the amount of operating expenditure for the relevant disclosure year included by the CPP applicant in its opex forecast; or (b) undergoing assessment by the Commission, the amount of operating expenditure determined for the relevant disclosure year by the Commission after assessment of the amount in paragraph (a) against the expenditure objective.			Not relevant to our submitted financial model
5.3.2(7)	For the purpose of this clause, all values and amounts are expressed in nominal terms unless otherwise specified.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 INPUTS!\$A\$1	All dollar inputs to module 1.0 are in nominal terms
5.3.3	Building blocks allowable revenue after tax	Financial and Modelling Information Report	Section 4	
5.3.3(1)	'Building blocks allowable revenue after tax' is building blocks allowable revenue before tax less forecast regulatory tax allowance.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx!\$C\$68	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.3(2)	For the purpose of this clause, all values and amounts are expressed in nominal terms.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx!\$A\$1	All values and amounts used in the BBARx worksheet are in nominal terms.
5.3.4	Price path	Financial and Modelling Information Report	Section 2 and 3	
5.3.4(1)	The present value of the series of values of maximum allowable revenue after tax must equal the present value of the series of building blocks allowable revenue after tax, adjusted for the present value of any claw-back for the CPP regulatory period, where present values are determined in accordance with subclause (3).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx!\$D\$65	
5.3.4(2)	In subclause (1)- (a) the reference to claw-back is a reference to claw-back, determined by the Commission pursuant to s 53V(2)(h), in the case of a CPP determination made- (i) after deferral of the relevant CPP proposal in accordance with s 53Z(2) of the Act; (ii) in response to a CPP proposal made in accordance with provisions in a DPP determination relating to the submission of CPP proposals in response to a catastrophic event; or (iii) as a result of a reconsideration of the price-quality path in accordance with clause 5.6.7(1) and an amendment made to the price-quality path after reconsideration under clause 5.6.8(1); and (b) each reference to a series of values is a reference to the value determined in respect of each disclosure year of the CPP regulatory period.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx!\$B\$47	The model can accommodate a claw-back input into the MAR calculations but no claw-back is forecast.
5.3.4(2)				
5.3.4(2)				
5.3.4(2)				
5.3.4(2)				
5.3.4(3)	For the purpose of subclause (1), the present value of each series must be determined using the cost of capital as specified in clause 5.3.22.	Application Financial and Modelling Information Report CPP Financial Model	Section 8 (specifically Paragraphs 84 - 106), Appendix 5 and 6 Section 1.3 (Table 1.2), 3.1 (Tables 3.1, 3.2 and 3.3), 5.1 and Appendix A [CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx!\$E\$9	Further IM Variation sought. Our model includes a switch that allows the application of two different methods to calculate the price path. The first is compliant with the current IMs and applies the 2015-2020 DPP WACC to every year in the CPP next period. We propose a second method in our CPP which forecasts a WACC change reopener in FY2021 and applies a forecast of WACC in years FY2021 to FY2023. Discounting is applied using the cost of capital applicable to each method.
5.3.4(4)	For the avoidance of doubt, where claw-back is determined where-			No clawback is anticipated but the model allows for a single input.
5.3.4(4)	(a) subclause (2)(a)(i) applies, it will only be determined in respect of the period between the date when the CPP would have taken effect had deferral not occurred and the date the CPP determination will come into effect; and			
5.3.4(4)	(b) subclause (2)(a)(ii) applies, it will only be determined in respect of the period between the date of the catastrophic event and the date the CPP determination will come into effect.			
5.3.4(5)	For the purpose of this subpart, the 'maximum allowable revenue before tax' for the first disclosure year of the CPP regulatory period is the amount of maximum allowable revenue before tax in the first disclosure year of the CPP regulatory period required for subclause (1) to be satisfied.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx!\$E\$35	
5.3.4(6)	For the purpose of this subpart, the 'maximum allowable revenue before tax' for each disclosure year of the CPP regulatory period except the first must equal- $MAR_{y-1} \times (1 + \Delta CPI) \times (1 - X)$, where- MAR _{y-1} is the maximum allowable revenue before tax in the preceding disclosure year; ΔCPI is the CPP inflation rate; and X is any X factor applying to the EDB.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx!\$F\$35	
5.3.4(7)	'Maximum allowable revenue after tax' is maximum allowable revenue before tax less forecast regulatory tax allowance.	Financial and Modelling Information Report CPP Financial Model	Section 3 and Table 3.1 specifically [CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx!\$E\$41	
5.3.4(8)	For the purpose of subclause (7), 'forecast regulatory tax allowance' means- (a) where opening tax losses are nil in every disclosure year of the next period, forecast regulatory tax allowance; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$39	
5.3.4(8)	(b) in all other cases, the amount calculated in accordance with clause 5.3.13 with the modification that the reference in clause 5.3.13(4) to 'building blocks allowable revenue before tax' is substituted with 'maximum allowable revenue before tax'.			Refer to 5.3.13 and 5.3.14 for model references

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.4(9)	'CPP Inflation rate' means the amount determined in accordance with the formula- $\frac{[(CPI_1 + CPI_2 + CPI_3 + CPI_4) \div (CPI_1^{-4} + CPI_2^{-4} + CPI_3^{-4} + CPI_4^{-4})] - 1}{}$ where- CPI _n means forecast CPI for the nth quarter of the disclosure year in question; and CPI _n ⁻⁴ means forecast CPI for the equivalent quarter in the preceding disclosure year.	Financial and Modelling Information Report CPP Financial Model	Sections 3.2 (Table 3.4) and 3.3 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index'!\$M\$103	The CPP inflation rate does not change as a result of the WACC change reopener so it is not included in our modified approach to calculating the price path.
SECTION 2				
Cost allocation and asset valuation				
5.3.5	Allocating forecast values of operating costs not directly attributable	Financial and Modelling Information Report	Section 7.2	
5.3.5(1)	Operating costs forecast in each disclosure year of the next period must, in the case of an operating cost for which disclosure pursuant to an ID determination has- (a) been made for the last disclosure year of the current period, be consistent with the operating costs allocated to electricity distribution services in that disclosure; and			Inputs of opex are all allocated values with the allocation basis consistent with FY2016 ID. The allocation approach is built into our specific opex forecasts and has been audited for compliance with this clause.
5.3.5(1)	(b) not been so made, be consistent with an allocation of operating costs to electricity distribution services carried out in respect of the most recent disclosure made for the current period in accordance with clause 2.1.1			5.3.5(1)(a) applies
5.3.5(2)	Where a sale of the assets used to supply electricity distribution services and either or both- (a) an other regulated service; and (b) an unregulated service, is (c) completed between the start of the assessment period and the time the CPP application is made; or (d) highly probable, operating costs attributable to electricity distribution services, in respect of each operating cost not directly attributable affected by the sale, is determined as the value allocated to electricity distribution services as a result of applying clause 2.1.1 in respect	Financial and Modelling Information Report	Section 6.1.1	The CPP does not forecast the sale of any assets of this nature
5.3.6	RAB roll forward	Financial and Modelling Information Report	Sections 6 Key Points and 6.1	
5.3.6(1)	The opening RAB value of an asset in relation to- (a) the disclosure year 2010, is the initial RAB value; and (b) a disclosure year thereafter, is, where the disclosure year- (i) follows a disclosure year in respect of which disclosure pursuant to an ID determination relating to that asset has been made, that asset's disclosed closing RAB value; (ii) is the first disclosure year of the next period for which disclosure pursuant to an ID determination relating to that asset for the preceding disclosure year has not been made, determined in accordance with subclause (2); or (iii) is any other disclosure year, the closing RAB value for the preceding disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$591	The model includes an error check to ensure that the opening RAB inputs agree with the total opening RAB published in our FY2016 Electricity Information Disclosure
5.3.6(2)	For the purpose of subclause (1)(b)(ii), the opening RAB value of an asset to which this subclause applies is determined as the value allocated to electricity distribution services as a result of applying clause 2.1.1 to its unallocated closing RAB value for the preceding disclosure year.	Financial and Modelling Information Report	Section 6.1 (Table 6.1)	All RAB inputs to the financial model are post allocations.
5.3.6(3)	Closing RAB value means, subject to subclause (4), for an asset- (a) with an opening RAB value, the value determined in accordance with the formula- opening RAB value - depreciation + revaluation;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward'!\$L\$1455	
5.3.6(3)	(b) having or forecast to have a commissioning date in that disclosure year, where the asset- (i) has been commissioned by the date the CPP application is made, its value of commissioned asset; or (ii) has not been commissioned by the date the CPP application is made, its forecast value of commissioned asset, but only to the extent that the value would be included in the closing RAB value consistent with application of clause 2.1.1; or	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward'!\$L\$1352	
5.3.6(3)	(c) that is or is forecast to be a disposed asset, nil.	Financial and Modelling Information Report CPP Financial Model	Section 6.5 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx'!\$C\$30	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.6(4)	For the purpose of subclause (3), where a sale of the assets used to supply electricity distribution services and either or both- (a) an other regulated service; and (b) an unregulated service, is (c) completed between the start of the assessment period and the time the CPP application is made; or (d) highly probable, closing RAB value in respect of each asset not directly attributable affected by the sale is determined as the value allocated to electricity distribution services as a result of applying clause 2.1.1 in respect of its unallocated closing RAB value of the last disclosure year of the assessment period.	Financial and Modelling Information Report	Section 6.1.1	No sale of assets of this nature is forecast for the CPP period.
5.3.6(5)	The unallocated opening RAB value of any asset in relation to- (a) the disclosure year 2010, is the unallocated initial RAB value; (b) a disclosure year thereafter, is, where the disclosure year- (i) follows a disclosure year in respect of which disclosure pursuant to an ID determination relating to that asset has been made, that asset's disclosed unallocated closing RAB value; and (ii) is any other disclosure year, its unallocated closing RAB value in the preceding disclosure year.	Financial and Modelling Information Report	Section 6.1	No unallocated RAB values are used in the Financial Model
5.3.6(6)	Unallocated closing RAB value means, in relation to- (a) an asset that is or is forecast to be a disposed asset, nil; (b) any other asset with an unallocated opening RAB value, the value determined in accordance with the formula- unallocated opening RAB value - unallocated depreciation + unallocated revaluation; and (c) any other asset- (i) that has a commissioning date between the commencement of the disclosure year in which the CPP application is made and the application's submission, its value of commissioned asset; or (ii) forecast to have a commissioning date thereafter, its forecast value of commissioned asset.	Financial and Modelling Information Report	Section 6.1	No unallocated RAB values are used in the Financial Model
5.3.6(7)	The total opening RAB value in relation to- (a) the disclosure year 2010, is the sum of all initial RAB values; and (b) any disclosure year thereafter, is the total closing RAB value in the preceding disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$33	
5.3.6(8)	For the purpose of subclause (7), 'total closing RAB value' means, in relation to a disclosure year, the sum of closing RAB values for all assets.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$33	
5.3.7	Depreciation	Financial and Modelling Information Report	Section 6.3	
5.3.7(1)	Total depreciation means the sum of depreciation calculated for existing CPP assets under subclause (2)(a) and for additional CPP assets under subclause (2)(b).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$A\$104, '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward'!\$L\$1453	The model includes an error check that tests depreciation calculated in 1.0 RABx is the same as the sum of depreciation calculated for existing assets and additional assets in module 4.1 RAB roll forward
5.3.7(2)	For the purpose of subclause (1)- (a) 'depreciation', in the case of existing CPP assets with an opening RAB value, is determined, subject to subclause (3) and clauses 5.3.6 and 5.3.8, in accordance with the formula- [1 ÷ remaining asset life for existing CPP assets] × opening RAB value.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$L\$95	
5.3.7(2)	(b) 'Depreciation', in the case of additional CPP assets with an opening RAB value, is determined, subject to subclause (3) and clauses 5.3.6 and 5.3.8, in accordance with the formula- [1 ÷ remaining asset life for additional assets] × opening RAB value for additional CPP assets.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$L\$195	
5.3.7(3)	For the purposes of subclauses (1) and (2)- (a) depreciation is nil in the case of- (i) land; and	Financial and Modelling Information Report	Section 6.3.3	
5.3.7(3)	(a) depreciation is nil in the case of- (i) land; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$P\$47	The asset life mapping in module 3.3 COF & VCA allocates a nil physical life for all land assets. Existing land assets are contained in the non-depreciating assets remaining life grouping.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.7(3)	(ii) an easement other than a fixed life easement; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$P\$48	The asset life mapping in module 3.3 COF & VCA allocates a nil physical life for all easements other than fixed life easements. Existing land assets are contained in the non-depreciating assets remaining life grouping.
5.3.7(3)	(iii) network spare in respect of the period before which depreciation for the network spare in question commences under GAAP; and	Financial and Modelling Information Report	Section 6.3.4	The renewals forecast has been developed on the basis that the network spares pool of assets will remain at current levels although assets will be cycled in and out during the CPP period. Depreciation from spares is therefore nil.
5.3.7(3)	(b) in all other cases, where the asset's physical asset life at the end of the disclosure year is nil- (i) unallocated depreciation is the asset's unallocated opening RAB value; and (ii) depreciation is the asset's opening RAB value.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$L\$95	The depreciation formula used in module 4.1 calculates depreciation as opening RAB multiplied by the minimum of 1/remaining useful life or 1. Therefore, when the remaining useful life is less than 1 year, depreciation will be opening RAB multiplied by 1. Note that unallocated depreciation is not used in the financial model.
5.3.7(4)	For the purpose of subclause (2)- (a) 'remaining asset life for existing CPP assets' means, for each asset, the value determined in accordance with the formula- opening RAB value ÷ depreciation for the last year of the current period, less the number of disclosure years from the last year of the current period to the disclosure year in question; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$594	The remaining useful life of existing assets at 1-Apr-2016 is a direct input into the RAB roll forward of existing assets (4.1-i6). This input is developed in a separate work paper primarily using 2017 forecast depreciation and opening 2017 RAB from the Asset Regulatory Ledger (ARL). Remaining useful life is calculated for each asset as opening 2017 RAB divided by 2017 forecast depreciation.
5.3.7(4)	(b) 'remaining asset life for additional assets' means the asset life for CPP commissioned assets for an asset category less the number of disclosure years from the disclosure year in which the additional assets are forecast to be commissioned.	Financial and Modelling Information Report CPP Financial Model	Section 6.3.2 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$H\$1503, '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$A\$185	Our proposal applies the remaining useful lives defined in Schedule A Table A.2. to additional assets. The table A.2. lives are in the direct inputs in 3.3-i8 and applied in worksheet 4.1 RAB roll forward
5.3.8	Depreciation - alternative depreciation method	Financial and Modelling Information Report	Section 6.3	Our CPP does not include alternative depreciation
5.3.8(1)	Depreciation and, subject to clause 5.3.9, unallocated depreciation may be determined in respect of a CPP regulatory period using an alternative depreciation method to the standard depreciation method, provided the Commission is satisfied that the result of applying the alternative depreciation method would better promote the purpose of Part 4 than the result of applying the standard depreciation method.			Our CPP does not include an alternative depreciation method.
5.3.8(2)	For the avoidance of doubt, subclause (1) does not apply to the determination of depreciation or unallocated depreciation in the assessment period.			Our CPP does not include an alternative depreciation method.
5.3.9	Unallocated depreciation constraint	Financial and Modelling Information Report	Section 6.3	This constraint is not demonstrated in the model but the formulas do not breach this constraint
5.3.9	For the purposes of clauses 5.3.7 and 5.3.8, the sum of unallocated depreciation of an asset calculated over its asset life may not exceed the sum of- (a) all unallocated revaluations applying to that asset in all disclosure years; and (b) in the case of an asset- (i) in the initial RAB, its unallocated initial RAB value; and (ii) not in the initial RAB, its value of commissioned asset or forecast value of commissioned asset, as the case may be.			
5.3.10	Revaluation	Financial and Modelling Information Report	Section 6.2 and Table 6.2	
5.3.10(1)	Unallocated revaluation, subject to subclause (3), is determined in accordance with the formula- unallocated opening RAB value x revaluation rate.			Unallocated revaluation is not required in the model for the calculation of a CPP price path.
5.3.10(2)	Revaluation, subject to subclause (3), is determined in accordance with the formula- opening RAB value x revaluation rate.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$L\$96	Calculated in module 4.1 and 1.0 RABx

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.10(3)	For the purposes of subclauses (1) and (2), where- (a) the asset's physical asset life at the end of the disclosure year is nil; or (b) the asset is a- (i) disposed asset; or (ii) lost asset, unallocated revaluation and revaluation are nil.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$L\$99	The calculation of revaluations in module 4.1 complies with this clause by calculating revaluations as nil when an asset group has a remaining useful life less than one year. It also deducts the value of disposals from opening RAB before applying the revaluation rate. This compliance is also achieved in module 1.0RABx by deducting disposals and the RAB value of assets with a remaining useful life less than one year from opening RAB before applying the revaluation rate. The RAB value of assets with a remaining useful life less than one year is calculated from detailed formulas in module 4.1.
5.3.10(4)	Revaluation rate means, in respect of a disclosure year, the amount determined in accordance with the formula- $(CPI_4 \div CPI_4^{-4}) - 1$, where- CPI ₄ means forecast CPI for CPP revaluation for the quarter that coincides with the end of the disclosure year; and CPI ₄ ⁻⁴ means forecast CPI for CPP revaluation for the quarter that coincides with the end of the preceding disclosure year.	Financial and Modelling Information Report CPP Financial Model	Section 6.2 and Table 6.3 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index!\$K\$104	Our model includes a switch that allows the application of two different methods to calculate the price path. The first is compliant with the current IMs and applies the 2015-2020 DPP revaluation rate to every year in the CPP next period. We propose a second method in our CPP which forecasts a WACC change reopener in FY2021 and applies an updated revaluation rate in years FY2021 to FY2023. The updated rate retains the same IM compliant methodology but uses current inputs.
5.3.10(5)	Forecast CPI for CPP revaluation means, for the purpose of subclause (4), when calculating the revaluation rate- (a) in the CPP regulatory period and up to the end of the DPP regulatory period, as for forecast CPI for DPP revaluation in accordance with clause 4.2.3(4)(a); and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index!\$K\$19	Direct input 3.1-i10 is the DPP revaluation rate forecast sourced from the FY2016-2020 DPP reset financial model. This series is used when the CPP Financial model is set to full IM compliance. When the model is set to our proposed approach of forecasting the FY2021 WACC change reopener, the revaluation rate in FY2021-FY2023 is replaced with an updated forecast. This forecast uses an IM compliant calculation but updates the inputs of CPI and forecast CPI to the most current values available at the time we developed our CPP proposal.
5.3.10(5)	(b) for each later quarter for which a forecast of the change in headline CPI has been included in the Monetary Policy Statement last issued by the Reserve Bank of New Zealand prior to the date for which the vanilla WACC applicable to the relevant DPP regulatory period was determined, the CPI last applying under paragraph (a) extended by the forecast change; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index!\$K\$20	Refer to 5.3.10(5)(a) above
5.3.10(5)	(c) in respect of later quarters, the forecast last applying under paragraph (b), adjusted such that an equal increment or decrement made to that forecast for each of the following three years results in the forecast for the last of those years being equal to the target midpoint for the change in headline CPI set out in the Monetary Policy Statement referred to in paragraph (b).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index!\$O\$104	Refer to 5.3.10(5)(a) above
5.3.11	Forecast value of commissioned assets	Financial and Modelling Information Report	Section 6.4	
5.3.11(1)	'Forecast value of commissioned asset', in relation to an asset for which capital expenditure is included in forecast capital expenditure (including an asset in respect of which capital contributions are or are forecast to be received, or a vested asset) means the forecast cost of the asset to an EDB determined by applying GAAP to the asset as on its forecast commissioning date, except that, subject to subclauses (2) and (3), the cost of-	Financial and Modelling Information Report	Section 6.4.3	Forecasts are consistent with GAAP.
5.3.11(1)	(a) an intangible asset, unless it is- (i) a finance lease; or (ii) an identifiable non-monetary asset, is nil;			No intangible asset are forecast in the CPP proposal
5.3.11(1)	(b) an easement, is limited to its forecast market value as on its forecast commissioning date as determined by a valuer:	Financial and Modelling Information Report	Section 6.4.1	Easements are forecast at market value
5.3.11(1)	(c) easement land is nil;	Financial and Modelling Information Report	Section 6.4.1	As per life assigned to easement land in the standard template
5.3.11(1)	(d) a network spare- (i) which is not required, in light of the historical reliability and number of the assets it is held to replace; or (ii) whose cost is not treated as the cost of an asset under GAAP, whether wholly or in part, is nil;	Financial and Modelling Information Report	Section 6.4.2	No capex for network spares is forecast.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.11(1)	(e) an asset- (i) to be acquired from another regulated supplier; and (ii) used by that regulated supplier in the supply of regulated goods or services, is limited to its value determined in accordance with input methodologies applicable to the services supplied by that other regulated supplier as on the forecast commissioning date;			No assets are forecast to be acquired from another regulated supplier in the CPP next period.
5.3.11(1)	(f) an asset that was previously used by an EDB in its supply of other regulated services is limited to its value determined in accordance with input methodologies applicable to those other regulated services as on the day before the forecast commissioning date;			No assets of this nature are included in our forecast expenditure.
5.3.11(1)	(g) an asset or assets, or components of assets, forecast to be acquired from a related party, and forecast to be commissioned during any disclosure year of the CPP regulatory period other than assets to which paragraphs (e) or (f) apply, are the forecast values as determined by the EDB, supported by a written certification by no fewer than 2 directors of the EDB that they are reasonably satisfied that the asset values are consistent with values determined in accordance with subclause (7);	Financial and Modelling Information Report	Section 6.4.11	No assets of this nature are included in our forecast expenditure.
5.3.11(1)	(h) an asset in respect of which capital contributions are or are forecast to be received where such contributions are not taken into account when applying GAAP, is the cost of the asset by applying GAAP reduced by the amount of the capital contributions;	Financial and Modelling Information Report CPP Financial Model	Section 6.4.3 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$J\$398	All forecast values of commissioned assets are based on capex forecasts that are net of capital contributions. Capital contributions are reintroduced as a separate input (3.3-i6) to meet the disclosure requirements in schedule E. Capital contributions are discussed in the Financial and Modelling Information report section 6.4.3.
5.3.11(1)	(i) a vested asset in respect of which its fair value is or would be treated as its cost under GAAP, must exclude any amount of the fair value of the asset determined under GAAP that exceeds the amount of consideration provided or forecast to be provided by the EDB; and			No vested assets are forecast in the CPP next period.
5.3.11(1)	(j) for the purpose of subclause (a)(i), a finance lease excludes the value of any asset for which annual charges are a recoverable cost under clause 3.1.3(1)(c).			No finance leases are included in our expenditure forecasts.
5.3.11(2)	Where an asset forecast to be commissioned is forecast to be used to supply either or both an other regulated service and an unregulated service, its regulated service asset value borne by regulated services, in aggregate- (a) may not exceed the total value of the asset that would be allocated to regulated services, in aggregate, using ACAM; and	Financial and Modelling Information Report	Section 6.4.5 and Table 6.7	Forecast value of assets is based on allocated forecasts of capex so this requirement is not demonstrated in the Financial model but in the individual capex forecast model
5.3.11(2)	(b) must be based only on forecast changes in the EDB's business of supplying electricity distribution services	Financial and Modelling Information Report	Section 6.4.5 and Table 6.7	Forecast value of assets is based on allocated forecasts of capex so this requirement is not demonstrated in the Financial model but in the individual capex forecast model
5.3.11(3)	When applying GAAP for the purposes of subclause (1), the cost of financing is- (a) applicable only in respect of the period commencing on the date the asset becomes or is forecast to become a works under construction and terminating on its commissioning date or forecast commissioning date, as the case may be; and	Financial and Modelling Information Report CPP Financial Model	Section 6.4.6 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA'!\$B\$514	Cost of financing calculations are based on the monthly opening balance of works under construction for specific date commissioning projects only. The cost of finance is calculated for each major phase and ceases when that phase is commissioned.
5.3.11(3)	(b) calculated using a rate not greater than the EDB's forecast weighted average of borrowing costs for each applicable disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	For the purposes of subclause (3)(b), the 'forecast weighted average of borrowing costs' is calculated for a disclosure year using principles set out in GAAP, taking into account:	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(a) the cost of financing rate is the forecast weighted average of the costs applicable to borrowings in respect of capex that are forecast to be outstanding during the disclosure year;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(b) the total costs applicable to borrowings outstanding as used in calculating the weighted average must include costs of borrowings made or forecast to be made specifically for the purpose of any particular – (i) capex projects; or (ii) capex programmes; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.11(4)	(c) the amount of borrowing costs forecast to be capitalised during the disclosure year must not exceed the amount of borrowing costs forecast to be incurred during the disclosure year;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(d) where a capital contribution is received by an EDB, the relevant asset will become works under construction for the purposes of calculating the cost of financing;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(e) subject to subclause (i), a capital contribution will reduce the cost of works under construction for the purpose of the calculation of the finance cost, even if the resulting value of works under construction is negative;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(f) subject to subclause (g), where the value of works under construction will be negative in accordance with subclause (e), the cost of financing for the period ending on the forecast commissioning date will be negative;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(g) where the cost of financing an asset which is works under construction is negative under subclause (f), it will reduce the forecast value of the relevant asset or assets by that negative amount where such a reduction is not otherwise made under GAAP;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(h) for the purpose of subclause (d), works under construction includes assets that are forecast to be enhanced or acquired; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	(i) where the cost of financing is forecast to be derived as income in relation to works under construction and is- (i) negative; and (ii) included in regulatory income under an ID determination,	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3. The basis of this input is discussed in the Financial and Modelling Information report section 6.4.6.
5.3.11(4)	it will not reduce the forecast value of the relevant asset or assets where such reduction would not otherwise be made under GAAP.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$380	The weighted average cost of borrowing rate is a direct input into module 3.3 and originates from a forecast prepared by Powerco Treasury.
5.3.11(5)	For the avoidance of doubt- (a) revenue derived or forecast to be derived in relation to works under construction that is not included in regulatory income under an ID determination reduces the cost of an asset by the amount of the revenue where such reduction is not otherwise made under GAAP; and			Nothing of this nature is forecast in the CPP next period
5.3.11(5)	(b) where expenditure on an asset which forms or is forecast to form part of the cost of that asset under GAAP is incurred or forecast to be incurred by an EDB after that asset is commissioned or forecast to be commissioned, such expenditure is treated as relating to a separate asset.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward!\$C\$176	Commissioning calculations in module 4.1 RAB roll forward are consistent with this requirement in that no additions are made to the cost of existing assets.
5.3.11(6)	In this clause, 'forecast capital expenditure' means, in relation to a CPP proposal- (a) that has not been assessed by the Commission, the amount of capital expenditure for the relevant disclosure year of the next period included by the CPP applicant in its capex forecast; and (b) undergoing assessment by the Commission, the amount of capital expenditure determined for the relevant disclosure year of the next period by the Commission after assessment of the amount in paragraph (a) against the expenditure objective.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 Capex price escalation!\$C\$223	Our submitted proposal complies with sub clause (7)(a).
5.3.11(7)	For the purpose of paragraph 5.3.11(1)(g), the forecast value of any assets, or components of assets, must be consistent with values determined in accordance with one of the following – (a) the forecast price to be paid by the EDB for the asset, where the forecast cost of all assets to be acquired from the related party and first commissioned in any disclosure year of the CPP regulatory period will be less than – (i) one percent of the sum of opening RAB values for the EDB for that disclosure year, or (ii) 20% of the cost of all assets to be first commissioned by the EDB in that disclosure year;	Financial and Modelling Information Report	Section 6.4.11	Our forecast of value of commissioned assets does not include purchases from a related party

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.11(7)	(b) the forecast price to be paid by the EDB for the asset, where– (i) it is reasonably expected that at least 50% of the related party's sales of assets will be to third parties in the disclosure year in which the asset is first commissioned, and third parties may purchase the same or substantially similar assets from the related party on substantially the same terms and conditions, including price; or (ii) that forecast price is substantially the same as the price paid for substantially similar assets (including any adjustments for inflation using CPI or an appropriate input price index) in the preceding 3 disclosure years from a party other than a related party;			
5.3.11(7)	(c) the price to be paid by the EDB to the related party for an asset to be commissioned in a disclosure year in the CPP regulatory period has been determined following a completed competitive tender process, provided that– (i) the price is no more than 5% higher than the price of the lowest conforming tender received; (ii) all relevant information material to consideration of the proposal was provided to third parties, or made available upon request; (iii) at least one other qualifying proposal was received; and (iv) the EDB retains for a period of 7 years following the closing date of tender proposals a record of the tender and tender process, including request for information and/or proposal, the criteria used for the assessment of proposals, reasons for acceptance or rejection of proposals, and all proposals and requests for information on the tender for the purposes of making proposals;			
5.3.11(7)	(d) its forecast depreciated historic cost on the day before the forecast acquisition by the EDB determined in accordance with GAAP;			
5.3.11(7)	(e) its forecast inventory value on the day before the forecast acquisition by the EDB determined in accordance with GAAP;			
5.3.11(7)	(f) its forecast market value as at its commissioning date as determined by a valuer;			
5.3.11(7)	(g) its forecast directly attributable cost as would be incurred by the group to which the EDB and related party are a part, determined in accordance with GAAP, as if the consolidated group was the EDB;			
5.3.11(7)	(h) the forecast price to be paid by the EDB for the asset reflects the price or prices that would be paid in an arm's-length transaction, provided the price cannot otherwise be determined under paragraphs (a) – (g).			
5.3.12	Works under construction	Financial and Modelling Information Report	Sections 6.4 and more specifically 6.4.8, 6.4.9 and 6.4.10	
5.3.12(1)	Opening works under construction means, in respect of- (a) the first disclosure year of the next period where that year is consecutive to a disclosure year in respect of which disclosure pursuant to an ID determination- (i) has not been made, initial works under construction; and (ii) has been made, the value of works under construction last disclosed in accordance with the ID determination to the extent that it is intended to be included in a closing RAB value; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$O\$563	Opening WUC balance is sourced from capex templates and they agree with the ID balance of WUC at 31-Mar-2016 (Schedule 4(iv) row 72).
5.3.12(1)	(b) any year other than the first disclosure year of the next period, closing works under construction of the preceding disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$J\$545	Calculated in 3.3 COF & VCA and monitored through error checks.
5.3.12(2)	For the purpose of subclause (1)(a)(i), 'initial works under construction' means expenditure incurred on works under construction as of the first day of the disclosure year in question, calculated in accordance with clause 5.3.11, modified in that referenes in that clause to 'forecast commissioning date' are substituted with 'forecast date that expenditure is incurred'			Compliance is confirmed by 2016 audit of ID.
5.3.12(3)	Closing works under construction is the amount determined in accordance with the formula- opening works under construction + sum of capital expenditure - (sum of value of commissioned assets + sum of forecast value of commissioned assets), where- (a) the sum of value of commissioned assets only includes values to the extent that they are included in closing RAB values disclosed pursuant to an ID determination; and (b) the sum of forecast value of commissioned assets only includes values to the extent that they are included in the sum of closing RAB values provided pursuant to clause 5.4.11(b)(ii).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$I\$545	We note that the value of commissioned assets includes the cost of financing and have adopted the interpretation of capex for the purposes of this clause to also include the cost of financing. In our WUC roll forward we have disclosed the cost of financing separately.
SECTION 3	Treatment of taxation			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.13	Forecast regulatory tax allowance	Financial and Modelling Information Report	Section 8	
5.3.13(1)	Forecast regulatory tax allowance is, where forecast regulatory net taxable income is- (a) nil or a positive number, the tax effect of forecast regulatory net taxable income; and (b) a negative number, nil.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$37	Module 1.0 TAXx treats forecast regulatory net taxable income as not less than nil.
5.3.13(2)	Regulatory net taxable income means regulatory taxable income less utilised tax losses.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$46	
5.3.13(3)	Regulatory taxable income is determined in accordance with the formula- regulatory profit / (loss) before tax + permanent differences + regulatory tax adjustments.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$46	
5.3.13(4)	Regulatory profit / (loss) before tax means the value determined in accordance with the formula- building blocks allowable revenue before tax - operating expenditure - total depreciation.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$53	The December 2016 IM amendments removed Other Regulated Income from this formula
5.3.14	Tax losses	Financial and Modelling Information Report	Section 8.4	
5.3.14(1)	Utilised tax losses means opening tax losses, subject to subclause (2).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$59	
5.3.14(2)	For the purpose of subclause (1), utilised tax losses may not exceed regulatory taxable income.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$59	The calculation for utilised tax losses limits this amount to the maximum of opening tax losses + current year tax losses or regulatory taxable income.
5.3.14(3)	Opening tax losses in relation to- (a) the first disclosure year of the next period, is nil, subject to subclause (4); and (b) subsequent disclosure years of the next period, is closing tax losses for the preceding disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$57	Note that no tax losses arise in the next period.
5.3.14(4)	For the purpose of subclause (3)(a), if the Commission is satisfied that an EDB will incur forecast tax losses, opening tax losses is the amount of losses in respect of which the Commission is satisfied.			Note that no tax losses arise in the next period.
5.3.14(5)	For the purpose of subclause (3)(b), 'closing tax losses' means the amount determined in accordance with the following formula, in which each term is an absolute value: opening tax losses + current period tax losses - utilised tax losses.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$60	Note that no tax losses arise in the next period.
5.3.14(6)	In this clause, 'current period tax losses' is, where regulatory taxable income is- (a) nil or a positive number, nil; and (b) a negative number, regulatory taxable income.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$58	
5.3.15	Permanent differences	Financial and Modelling Information Report	Section 8.2	
5.3.15(1)	Permanent differences is the amount determined in accordance with the formula- positive permanent differences - discretionary discounts and customer rebates - negative permanent differences.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx!\$C\$67	
5.3.15(2)	For the purpose of subclause (1), 'positive permanent differences' means, subject to subclause (3), the sum of- (a) all amounts of income- (i) treated as taxable were the tax rules applied to determine income tax payable in respect of the EDB's supply of electricity distribution services; and (ii) not included as amounts of income in determining regulatory profit / (loss) before tax; and (b) all amounts of expenditure or loss- (i) included as amounts of expenditure or loss in determining regulatory profit / (loss) before tax; and (ii) not treated as deductions were the tax rules applied to determine income tax payable in respect of the EDB's supply of electricity distribution services, if the difference in treatment of amounts of- (c) income under paragraph (a)(i) and paragraph (a)(ii); or (d) expenditure or loss under paragraph (b)(i) and paragraph (b)(ii), is a difference that is not - (e) a reversal or partial reversal of a difference for a prior disclosure year; and (f) forecast to reverse in a subsequent disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$A\$85	A forecast of positive permanent differences is a direct input into this workbook.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.15(3)	For the purpose of subclause (2), positive permanent differences excludes any amounts that are- (a) amortisation of initial differences in asset values; or (b) amortisation of revaluations.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$76 & '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$94	Initial differences in asset values are amortised in module 4.3 Initial differences. Revaluations are amortised in the calculation of regulatory tax adjustments
5.3.15(4)	For the purpose of subclause (1), 'negative permanent differences' means, subject to subclause (5), the sum of- (a) all amounts of income- (i) included as amounts of income in determining regulatory profit / (loss) before tax; and (ii) not treated as taxable were the tax rules applied to determine income tax payable in respect of the EDB's supply of electricity distribution services; and (b) all amounts of expenditure or loss- (i) treated as deductions were the tax rules applied to determine income tax payable in respect of the EDB's supply of electricity distribution services; and (ii) not included as amounts of expenditure or loss in determining regulatory profit / (loss) before tax, if there are differences between the values in- (c) paragraph (a)(i) and paragraph (a)(ii); and (d) paragraph (b)(i) and paragraph (b)(ii), and such differences are not- (e) the reversal of a difference in a prior disclosure year; and (f) forecast to reverse in a subsequent disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$A\$103	
5.3.15(5)	For the purpose of subclause (4), negative permanent differences excludes any amounts that are- (a) discretionary discounts and customer rebates; (b) expenditure or loss determined in accordance with the tax rules that is- (i) interest; or (ii) forecast to be incurred in borrowing money; and (c) any- (i) tax losses; and (ii) subvention payment made or received by an EDB.			Our forecast of negative permanent differences in nil for the net period.
5.3.16	Regulatory tax adjustments	Financial and Modelling Information Report	Section 8.3	
5.3.16(1)	Regulatory tax adjustments are determined in accordance with the formula- amortisation of initial differences in asset values + amortisation of revaluations - notional deductible interest.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$89	
5.3.16(2)	For the purpose of subclause (1), 'notional deductible interest' means the amount determined in accordance with the formula- (((regulatory investment value + RAB proportionate investment) x leverage x cost of debt) + term credit spread differential allowance) ÷ √(1 + cost of debt).	Financial and Modelling Information Report CPP Financial Model	Section 8.3.3 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$87	
5.3.16(3)	For the purpose of subclause (2), 'RAB proportionate investment' means the sum of the proportionate value of each asset forecast to be commissioned less the sum of the proportionate value of each disposed asset.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB proportionate invest'!\$K\$20	
5.3.16(4)	For the purpose of subclause (3), 'proportionate value' means for- (a) an asset forecast to be commissioned, its forecast value of commissioned asset multiplied by the proportion of that disclosure year in question from the forecast commissioning date to the end of that disclosure year out of the whole disclosure year; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA'!\$B\$535	
5.3.16(4)	(b) a disposed asset, its opening RAB value multiplied by the proportion of that disclosure year from the date of sale or transfer to the end of that disclosure year out of the whole disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$A\$645	
5.3.17	Amortisation of initial differences in asset values	Financial and Modelling Information Report	Section 8.3.1	
5.3.17(1)	Amortisation of initial differences in asset values is, subject to subclause (4), determined in accordance with the formula- opening unamortised initial differences in asset values ÷ opening weighted average remaining useful life of relevant assets.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.3 Initial differences'!\$K\$114	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.17(2)	For the purpose of this clause, 'opening unamortised initial differences in asset values' means, in respect of- (a) the disclosure year 2010, initial differences in asset values; and (b) each disclosure year thereafter, subject to subclause (4), closing unamortised initial difference in asset values for the preceding disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.3 Initial differences'!\$K\$110	
5.3.17(3)	For the purpose of subclause (2)(a), 'initial differences in asset values' means, subject to subclause (4), the sum of initial RAB values less the sum of regulatory tax asset values on the first day of the disclosure year 2010.		[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$A\$777	
5.3.17(4)	For the purpose of subclause (1), 'opening weighted average remaining useful life of relevant assets' means q = a - b where: a = the 2010 weighted average remaining asset life of assets included in the initial RAB calculated by using initial RAB values as weightings b = disclosure year less 2010.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$O\$776	
5.3.17(5)	For the purpose of subclauses (1) and (2)- (a) no account may be taken of unamortised initial differences in asset values of sold assets from the date of sale; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.3 Initial differences'!\$K\$41	We have interpreted this clause as referring to assets sold or disposed. The basis for our interpretation is the wording in ID schedule 5a(iii) where it is clear that there is an adjustment fro both sold and disposed assets.
5.3.17(5)	(b) account must be taken of unamortised initial differences in asset values of acquired assets from the date of acquisition.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.3 Initial differences'!\$K\$39	Adjustments are made for the initial difference associated with acquired assets. Note that assets are forecast to be acquired in the CPP.
5.3.17(6)	For the purpose of subclause (2)(b), 'closing unamortised initial difference in asset values' is determined in accordance with the formula- Opening unamortised initial differences in asset values - amortisation of initial difference in asset values	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$96	We have also included an adjustment for disposed assets in our calculation of closing unamortised initial difference in asset values which is consistent with ID schedule 5a(iii).
5.3.18	Amortisation of revaluations	Financial and Modelling Information Report	Section 8.3.2	
5.3.18	Amortisation of revaluations in relation to an EDB for a disclosure year is calculated in accordance with the formula total depreciation - adjusted depreciation.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$76	
5.3.19	Deferred tax	Financial and Modelling Information Report	Section 8.6	
5.3.19(1)	Opening deferred tax means, in respect of- (a) the disclosure year 2010, nil; and (b) each disclosure year thereafter, closing deferred tax for the preceding disclosure year.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$O\$132	2017 opening deferred tax is sourced from 2016 ID
5.3.19(2)	For the purpose of subclause (1)(b), 'closing deferred tax' is determined in accordance with the formula opening deferred tax + tax effect of temporary differences - tax effect of amortisation of initial difference in asset values + deferred tax balance relating to assets acquired in the disclosure year in question – deferred tax balance relating to assets disposed of in the disclosure year in question + cost allocation adjustment.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx'!\$C\$43	
5.3.19(3)	For the purpose of subclause (2), 'deferred tax balance relating to assets acquired in the disclosure year in question' means the amount of deferred tax associated with the assets acquired by the EDB from another regulated supplier, excluding the reversal of temporary adjustments arising as a consequence of the sale, as determined in accordance with input methodologies applicable to the regulated services that the assets in question were used to supply.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx'!\$C\$13	There are no acquired assets forecast in the CPP.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.19(4)	For the avoidance of doubt, the amount referred to in subclause (3) must include proportionate adjustments for- (a) the tax effect of temporary differences; and (b) the amortisation of initial differences in asset values, up to the date the assets in question were acquired.			There are no acquired assets forecast in the CPP.
5.3.19(5)	For the purpose of subclause (2), 'cost allocation adjustment' means the tax effect of the dollar value difference between the change in the sum of regulatory tax asset values on the last day of the disclosure year and the change in the sum of closing RAB values as a result only of applying- (a) the result of asset allocation ratios to the tax asset value in accordance with clause 5.3.21(1); and (b) Clause 2.1.1 to the unallocated closing RAB value, where either or both clauses 5.3.6(1)(b)(ii) and 5.3.6(3) apply.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx'!\$C\$41	The CPP forecasts assume that the proportion between electricity and other regulated businesses will remain constant throughout the CPP.
5.3.19(6)	For the purpose of subclause (2), 'deferred tax balance relating to assets disposed of in the disclosure year in question' means the amount of deferred tax associated with the assets disposed of by the EDB and, where that deferred tax balance is a deferred tax liability, it must have a negative value.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx'!\$C\$30	
5.3.20	Temporary differences	Financial and Modelling Information Report	Section 8.6.1	
5.3.20(1)	Temporary differences is the amount determined in accordance with the formula- depreciation temporary differences + positive temporary differences - negative temporary differences.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx'!\$C\$39	
5.3.20(2)	For the purpose of this clause, 'depreciation temporary differences' is adjusted depreciation less tax depreciation.	Financial and Modelling Information Report CPP Financial Model	Section 8.6.3 [CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx'!\$C\$36	
5.3.20(3)	For the purpose of subclause (2) 'tax depreciation' is the sum of the amounts determined for all assets by application of the tax depreciation rules to the regulatory tax asset value of each asset.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation'!\$K\$600	We note that the calculation in 1.0 TAXx uses the tax effect of tax depreciation rather than gross tax depreciation however compliance is demonstrated in module 4.2 Tax depreciation.
5.3.20(4)	For the purpose of subclause (1), 'positive temporary differences' means the sum of- (a) all amounts of income- (i) treated as taxable if the tax rules were applied to determine income tax payable in respect of the EDB's supply of electricity distribution services; and (ii) not included as amounts of income in determining regulatory profit / (loss) before tax; and (b) all amounts of expenditure or loss- (i) included as amounts of expenditure or loss in determining regulatory profit / (loss) before tax; and (ii) not treated as deductions were the tax rules applied to determine income tax payable in respect of the EDB's supply of electricity distribution services, less any amount that is depreciation temporary differences, if there are differences between the values in- (c) paragraph (a)(i) and paragraph (a)(ii); and (d) paragraph (b)(i) and paragraph (b)(ii), and such differences- (e) are the reversal of a difference in a prior disclosure year; or (f) are forecast to reverse in a subsequent disclosure year.	Financial and Modelling Information Report	Section 8.6.1	Positive temporary differences are discussed in the Financial and Modelling Information report section 8.6.1.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.20(5)	For the purpose of subclause (1), 'negative temporary differences' means the sum of- (a) all amounts of income- (i) included as amounts of income in determining regulatory profit / (loss) before tax; and (ii) not treated as taxable were the tax rules applied to determine income tax payable in respect of the EDB's supply of electricity distribution services; and (b) all amounts of expenditure or loss- (i) treated as deductions were the tax rules applied to determine income tax payable in respect of the EDB's supply of electricity distribution services; and (ii) not included as amounts of expenditure or loss in determining regulatory profit / (loss) before tax, less any amount that is depreciation temporary differences, if there are differences between the values in- (c) paragraph (a)(i) and paragraph (a)(ii); and (d) paragraph (b)(i) and paragraph (b)(ii), and such differences- (e) are the reversal of a difference in a prior disclosure year; or (f) are forecast to reverse in a subsequent disclosure year.			We forecast nil temporary differences in our CPP
5.3.21	Regulatory tax asset value	Financial and Modelling Information Report	Section 8.6.2	
5.3.21(1)	Regulatory tax asset value, in relation to an asset, means the value determined in accordance with the formula- tax asset value × result of asset allocation ratio.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$N\$652	Inputs to the financial model (4.2-i3) are allocated values. The allocations are calculated in the work paper that generates this set of inputs. The workpaper has been audited
5.3.21(2)	Tax asset value means, in respect of- (a) an asset- (i) in the initial RAB where, in the disclosure year 2010, the sum of unallocated initial RAB values is less than the sum of the adjusted tax values of all assets in the initial RAB; (ii) acquired from a regulated supplier who used it to supply regulated goods or services; or (iii) acquired or transferred from a related party, the value of the asset determined by applying the tax depreciation rules to its notional tax asset value; and (b) any other asset, its forecast adjusted tax value.			Our model uses opening tax asset values as per our audited 2016 Information Disclosure. The model does not provide a full history of this balance.
5.3.21(3)	Notional tax asset value' means, for the purpose of- (a) subclause (2)(a)(i), adjusted tax value of the asset in the disclosure year 2010 adjusted to account proportionately for the difference between the- (i) sum of the unallocated initial RAB values; and (ii) sum of the adjusted tax values, of all assets in the initial RAB;			Our model uses opening tax asset values as per our audited 2016 Information Disclosure. The model does not provide a full history of this balance.
5.3.21(3)	(b) subclause (2)(a)(ii), value after applying the tax depreciation rules to the tax asset value (as 'tax asset value' is defined in the input methodologies applying to the regulated goods or services in question) in respect of the disclosure year in which the asset was acquired; and			Our CPP does not forecast the acquisition of any assets from other regulated suppliers.
5.3.21(3)	(c) subclause (2)(a)(iii), value in respect of the disclosure year in which the asset was acquired or transferred that is- (i) consistent with the tax rules; and (ii) limited to its value of commissioned asset or, if relevant capital contributions are treated for tax purposes in accordance with section CG 8 of the Income Tax Act 2007 (or subsequent equivalent provisions), limited to the value of commissioned asset plus any taxed capital contributions applicable to the asset.			Our CPP does not forecast the acquisition (as opposed to purchased) or transfer of any assets from related parties.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.21(4)	For the purpose of subclause (1), 'result of asset allocation ratio' means, where an asset or group of assets maintained under the tax rules- (a) has a matching asset or group of assets maintained for the purpose of Part 2 Subpart 2, the value obtained in accordance with the formula- opening RAB value or sum of opening RAB values, as the case may be ÷ unallocated opening RAB value or sum of unallocated opening RAB values, as the case may be, applying the formula in respect of the asset or smallest group of assets maintained for the purpose of Part 2 Subpart 2 that has a matching asset or group of assets maintained under the tax rules; and (b) does not have a matching asset or group of assets maintained for the purpose of Part 2 Subpart 2, the value of the asset allocated to the supply of electricity distribution services were clause 2.1.1 to apply to the asset or group of assets.			
SECTION 4	Cost of capital			
5.3.22	Methodology for estimating the weighted average cost of capital	Financial and Modelling Information Report	Section 1.3 (Table 1.2), 5 and Appendix A	
5.3.22(1)	Where the Commission takes into account the cost of capital in making a CPP determination, the Commission will use the 67th percentile estimate of WACC that was used for the DPP applying at the start of the CPP regulatory period in accordance with clause 4.4.7(1).	Application CPP Financial Model	Section 8 (specifically Paragraphs 84 - 106), Appendix 5 and 6 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$A\$57	Our model includes a switch that allows the application of two different methods to calculate the price path. The first is compliant with the current IMs and applies the 2015-2020 DPP WACC to every year in the CPP next period. We propose a second method in our CPP which forecasts a WACC change reopener in FY2021 and applies a forecast of WACC in years FY2021 to FY2023. The WACC we use in our IM compliant model is sourced from the 2015-2020 DPP reset Financial model.
5.3.22(2)	Where there has been a WACC change, the cost of capital for the CPP is the DPP WACC referenced in clause 5.6.7(4)(a), which has effect in the remaining years of the CPP regulatory period.	Application Financial and Modelling Information Report CPP Financial Model	Section 8 (specifically Paragraphs 77 - 99), Appendix 5 and 6 Section 5.1.1 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$A\$63	Our model includes a switch that allows the application of two different methods to calculate the price path. The first is compliant with the current IMs and applies the 2015-2020 DPP WACC to every year in the CPP next period. We propose a second method in our CPP which forecasts a WACC change reopener in FY2021 and applies a forecast of WACC in years FY2021 to FY2023. The method we have used to forecast WACC is described in the Financial and Modelling Information report section 5.1.1.
5.3.23	Methodology for estimating term credit spread differential	Financial and Modelling Information Report	Section 9.1	
5.3.23(1)	'Term credit spread differential' is the amount determined for a qualifying supplier in accordance with the formula- (A ÷ B) × C × D, where- (a) 'A' is the sum of the term credit spread difference and debt issuance cost re-adjustment; (b) 'B' is the book value of the qualifying supplier's total interest-bearing debt as at the balance date of the supplier's financial statements audited and published in the disclosure year in question relate; (c) 'C' is leverage; and (d) 'D' is, in relation to the qualifying supplier, the average of- (i) the sum of opening RAB values; and (ii) the sum of closing RAB values.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.5 TCSD'!\$K\$66	
5.3.23(2)	For the purpose of subclause (1)(a), 'debt issuance cost re-adjustment' is the amount determined in accordance with the formula- (0.01 ÷ original tenor of the qualifying debt - 0.002) × book value in New Zealand dollars of the qualifying debt at its date of issue, which amount, for the avoidance of doubt, will be a negative number.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.5 TCSD'!\$J\$38	
5.3.24	Term credit spread difference	Financial and Modelling Information Report	Section 9.1	
5.3.24(1)	'Term credit spread difference' is determined in accordance with the formula- T × U, where- (a) 'T' is the amount determined in accordance with the formula- 0.00075 × (original tenor of the qualifying debt - 5); (b) 'U' is the book value in New Zealand dollars of the qualifying debt at its date of issue.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.5 TCSD'!\$H\$38	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.3.24(2)	For the purpose of this clause, where the qualifying debt is issued to a related party, 'original tenor of the qualifying debt' means the- (a) tenor of the qualifying debt; or (b) period from the qualifying debt's date of issue to the earliest date on which its repayment is or may be required, whichever is the shorter.	Financial and Modelling Information Report	Section 9.1	
5.3.25	Interpretation of terms relating to term credit spread differential	Financial and Modelling Information Report	Section 9.1	
5.3.25(1)	'Qualifying debt' means a line of debt- (a) with an original tenor greater than 5 years; and (b) issued by a qualifying supplier.	Financial and Modelling Information Report	Section 9.1	
5.3.25(2)	'Qualifying supplier' means a regulated supplier whose debt portfolio, as at the date of that supplier's most recently published audited financial statements, has a weighted average original tenor greater than 5 years.	Financial and Modelling Information Report	Section 9.1	
SECTION 5	Alternative methodologies with equivalent effect			
5.3.26	Alternative methodologies with equivalent effect	Financial and Modelling Information Report	Section 6.1.1	
5.3.26(1)	A CPP applicant, in making a CPP application, may apply an alternative methodology to that specified for— (a) cost allocation and asset valuation in Section 2; (b) treatment of taxation in Section 3; or (c) the estimation of term credit spread differentials in Section 4.			We do not propose any Alternative Methodologies with Equivalent Effect in our CPP proposal
5.3.26(2)	The Commission, in evaluating a CPP proposal and in determining a CPP for an EDB, may apply the alternative methodology elected by the CPP applicant.			
5.3.26(3)	An alternative methodology applied by either an EDB or the Commission in accordance with this clause must: (a) produce an equivalent effect within the CPP regulatory period to the methodology that would otherwise apply; and (b) not detract from the promotion of the purpose of Part 4 of the Act.			
SUBPART 4	Information required in a CPP proposal			
SECTION 1	General matters			
5.4.1	Application of this subpart			
5.4.1(1)	Subject to subclause (2), a CPP proposal must contain, in all material respects, the information specified in this subpart.	Application	Section 7 (specifically Paragraphs 59 - 61) and Appendix 1	
5.4.1(2)	where a CPP proposal is made in accordance with provisions in a DPP determination relating to the submission of CPP proposals in response to a catastrophic event, the information specified in clause 5.4.3 is not required.	Application	Section 9	Application is not made pursuant to a catastrophic event
5.4.2	Reasons for the proposal			
5.4.2	A CPP proposal must contain a- (a) detailed description of the CPP applicant's rationale for seeking a CPP; and (b) summary of the key evidence in the proposal supporting that rationale.	Main Proposal	Executive Summary and Chapter 3	
5.4.3	Information regarding priority of proposal			
5.4.3(1)	A CPP proposal must contain an explanation as to why the proposal deserves to be prioritised for assessment before other CPP proposals, were the Commission to exercise its prioritisation powers under s 53Z of the Act.	Main Proposal	Section 6.2 (specifically Paragraphs 42, 57 and 58) and Appendix 6 Chapter 3	Request for an exemption Refer to highlighted overview box at the start of Main proposal, Chapter 3
5.4.3(2)	For the purpose of subclause (1), a CPP applicant must address the prioritisation criteria specified in paragraphs (b) and (c) of s 53Z(3) of the Act, viz.- (a) urgency of any proposed additional investment (compared to historic rates of investment) required to meet consumer requirements on quality, in accordance with subclause (3); and (b) materiality of the proposal relative to the size and revenues of the applicant in accordance with subclause (4).	Main Proposal	Chapters 3.1, 3.2 and 18	(a): refer to Chapter 3.2 (b): refer to Chapters 3.1 and 18

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.3(3)	For the purpose of subclause (2)(a), the CPP applicant must explain- (a) how any proposed investment- (i) compares with historic rates of investment; and (ii) relates to meeting consumer requirements on quality; and (b) the optimal timing of any proposed investment, including any timeframes that would apply to the process of undertaking that proposed investment.	Main Proposal	Chapters 3.1.4, 3.2, 6.7, 6.8, 10.2 and 10.3	(a)(i): refer to Figures 10.2 and 10.3 for historical and forecast capex and opex in Chapters 10.2 and 10.3 (a)(ii): refer to Chapter 3.2, 6.7 and 6.8 (b): refer to Chapter 3.1.4
5.4.3(4)	For the purpose of subclause (2)(b), the CPP applicant must- (a) explain the current size of its business and how the proposed CPP would affect the size of its business; and (b) describe its revenue under the DPP and explain how its revenue under the proposed CPP would differ, if at all, from that revenue.	Main Proposal	Chapters 2.4, 3.3, 12 and 18	(a); Chapter 2.4 provides an overview of our current networks and Chapter 3.3 provides an overview of growth rates. More detailed information is available in Chapter 12 Overview and 12.3 (b): Chapter 18 Overview and 18.4 details proposed revenue
5.4.4	Duration of regulatory period			
5.4.4	Where a CPP applicant seeks a CPP of 3 years' or 4 years' duration- (a) the duration of the CPP sought must be stated in the CPP proposal; and (b) the CPP proposal must contain an explanation as to why that duration better meets the purpose of Part 4 of the Act than 5 years.	Application Financial and Modelling Information Report CPP Financial Model	Sections 7.1 and 9 Section 1.5 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$31	The CPP duration is for 5 years as per input 1.011
SECTION 2	Information regarding quality			
5.4.5	Information on proposed quality standard variation			
5.4.5	Where a CPP applicant seeks a quality standard variation as part of a CPP proposal, the CPP proposal must contain the following information: (a) different values of either or both of- (i) the mean of SAIDI and SAIFI: μ SAIDI and μ SAIFI; and (ii) the standard deviation of SAIDI and SAIFI: σ SAIDI and σ SAIFI; (iii) the SAIDI and SAIFI limits; (iv) the SAIDI and SAIFI targets; (v) the SAIDI and SAIFI unplanned boundary values; (vi) the SAIDI and SAIFI caps; and (ii)(vii) the SAIDI and SAIFI collars, to those which would be determined in accordance with the methodology for calculating reliability limits specified in the DPP determination;	Main Proposal	Chapter 17	Tables 17.1 and 17.4 set out the current quality path parameters and the proposed quality path parameters. For (ii) refer to Footnote 102 (page 215) and Chapter 17.3.3
5.4.5	(b) an explanation of the reasons for the proposed quality standard variation;	Main Proposal	Chapters 17.1 and 17.5	
5.4.5	(c) demonstration of the extent to which the quality standard variation better reflects the realistically achievable performance of the EDB over the CPP regulatory period based on either or both of- (i) statistical analysis of past SAIDI and SAIFI performance; and (ii) the level of investment provided for in proposed maximum allowable revenue before tax; and	Main Proposal	Chapter 17.2 and 17.3	
5.4.5	(d) demonstration of the estimated effect of the proposed quality standard variation by use of historic data, by contrast with the quality standards specified in the DPP determination.	Main Proposal	Chapter 17.4	Refer to Figures 17.4, 17.5 and 17.6
SECTION 3	Price path information			
5.4.6	Interpretation			
5.4.6(1)	In this section, the meanings of defined terms that are values or amounts to be determined by the Commission when making a CPP determination are modified to mean the values or amounts proposed by the CPP applicant, subject to any other provision to the contrary.			Information only
5.4.6(2)	Any values and amounts used by a CPP applicant to determine the quantum of allowances, amounts, sums or values required by this section must be consistent with other information provided in accordance with this part.			Information only
5.4.7	Proposed building blocks allowable revenue	Application Financial and Modelling Information Report	Section 7.2 and Appendix 1 Section 4	
5.4.7(1)	A CPP proposal must contain amounts for- (a) building blocks allowable revenue before tax for each disclosure year of the next period; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 OUTPUTS'!\$D\$10	
5.4.7(1)	(b) building blocks allowable revenue after tax for each disclosure year of the next period.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 OUTPUTS'!\$D\$12	
5.4.7(2)	Subject to subclause (4), a CPP proposal must contain all data, information, calculations and assumptions used to determine the amounts required by subclause (1), including but not limited to-			
5.4.7(2)	(a) forecasts of- (i) regulatory investment value;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx'!\$C\$74	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.7(2)	(ii) total value of commissioned assets determined in accordance with clause 5.3.2(3);	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA'!\$1496	
5.4.7(2)	(iii) total depreciation; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward'!\$1471	
5.4.7(2)	(v) total revaluation	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward'!\$1472	
5.4.7(2)	(b) all data, information, calculations and assumptions used to derive amounts or forecasts of TFVCA, PVVCA, TF, and TFrev determined in accordance with clause 5.3.2(4);	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx'!\$49'[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA'!\$1497	
5.4.7(2)	(c) forecast operating expenditure; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.2 Opex aggregation'!\$102	
5.4.7(2)	(d) any proposed term credit spread differential allowance.			
5.4.7(3)	All calculations, values and amounts required by this clause must be presented in a spreadsheet format which - (a) clearly demonstrates how building blocks allowable revenue before tax and building blocks allowable revenue after tax for each disclosure year of the next period have been derived using the formulae specified in clauses 5.3.2 and 5.3.3; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 BBARx'!\$66	
5.4.7(3)	(b) where data has been computed or derived from other values on the spreadsheet through the use of formulae, makes the underlying formulae accessible.	CPP Financial Model		This model has been submitted with all formulas visible
5.4.7(4)	Where the information specified in subclause (2) is included in a CPP proposal in a spreadsheet format-	CPP Financial Model		Refer to the Financial and Modelling Information report where this workbook is cross referenced
5.4.7(4)	(a) the information must be cross-referenced in the text of the CPP proposal document; and	Application Financial and Modelling Information Report	Section 7.2 and Appendix 1 Section 1.4	
5.4.7(4)	(b) the spreadsheet(s) must-	Application	Appendix 1	This requirement is met using this table (CPP Compliance Checklist)
5.4.7(4)	(i) provide cross-references to any CPP information requirement input methodology that the spreadsheet satisfies;	CPP Financial Model		
5.4.7(4)	(ii) use terms and labels, consistent with the terminology in the input methodologies;	CPP Financial Model		
5.4.7(4)	(iii) identify and explain the source inputs, and outputs, of each spreadsheet;	CPP Financial Model		Standard model structure is adopted in the CPP Financial Model
5.4.7(4)	(iv) produce all of the intermediate outputs, as set out in Part 5, Subpart 3 and Part 5, Subpart 4; and	CPP Financial Model		
5.4.7(4)	(v) demonstrate links and interdependencies between source inputs, intermediate calculations and outputs.	CPP Financial Model		
5.4.8	Maximum Allowable Revenues	Financial and Modelling Information Report	Section 3	
5.4.8(1)	A CPP proposal must contain amounts for-	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 OUTPUTS'!\$F\$14	
5.4.8(1)	(a) maximum allowable revenue before tax for each disclosure year of the CPP regulatory period; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 OUTPUTS'!\$F\$16	
5.4.8(1)	(b) maximum allowable revenue after tax for each disclosure year of the CPP regulatory period.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$38	
5.4.8(2)	For the purpose of subclauses (1)(a) and (1)(b), the CPP applicant must - (a) apply an X factor; and (b) state the value of the X factor.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$38	
5.4.8(3)	For the purpose of subclause (2) the X factor is that defined in the CPP applicant's DPP determination, subject to subclause (4).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$N\$38	We have applied a nil X factor which is consistent with the X factor that the Commission applied to our DPP reset.
5.4.8(4)	For the purpose of subclause (3), a different X factor or factors may be used, provided that the CPP proposal contains an explanation and supporting evidence as to why that would better meet the purpose of Part 4 of the Act.	Financial and Modelling Information Report	Section 3	We have applied a nil X factor which is consistent with the X factor that the Commission applied to our DPP reset. Refer specifically to Table 3.2, Sections 3.2 and 3.2.2
5.4.8(5)	All calculations and values required by this clause must be presented in a spreadsheet format which clearly demonstrates how maximum allowable revenue before tax and maximum allowable revenue after tax for each disclosure year of the CPP regulatory period	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx'!\$E\$39	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.8(6)	For the purpose of subclause (5), the spreadsheet must be provided in a format that- (a) shows clearly how the values required by subclause (1) were derived in accordance with the formulae specified in clauses 5.3.2 to 5.3.4; and (b) where data has been computed or derived from other values on the spreadsheet through the use of formulae, makes the underlying formulae accessible.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 MARx'!\$E\$39	
SECTION 4 Cost allocation information				
5.4.9	Cost allocation information	Application Financial and Modelling Information Report	Sections 6.2 (specifically Paragraph 42, 49 to 54), 7.3, 9, Appendix 6 and 7 Sections 6.1.1 and 7	The Financial model does not include any allocation information as all inputs are post-allocation. Schedule B is included in the Application as Appendix 7.
5.4.9(1)	Where a CPP applicant- (a) makes allocations of operating costs not directly attributable pursuant to clause 5.3.5(1); or (b) determines opening RAB values pursuant to clause 5.3.6(1)(b)(ii), the CPP proposal must contain the information specified in subclause (2).			
5.4.9(2)	For the purpose of subclause (1), the information is that specified in the applicable tables in Schedule B, subject to subclause (4), which tables comprise-			
5.4.9(2)	(i) Table 1: Allocation of asset values;			
5.4.9(2)	(ii) Table 2: Report supporting allocations of asset values (non-public);			
5.4.9(2)	(iii) Table 3, relating to allocation of operating costs not directly applicable: Allocation of operating costs;			
5.4.9(2)	(iv) Table 4: Report supporting allocation of operating costs (non-public); and			
5.4.9(2)	(v) Table 5: Rationale for selecting proxy allocator			
5.4.9(3)	Subject to subclause (7), in respect of- (a) operating costs not directly attributable allocated to electricity distribution services in accordance with clause 5.3.5(2); or (b) closing RAB values determined in accordance with clause 5.3.6(4), the CPP proposal must contain the information specified in Schedule C, subject to subclause (4), which tables comprise-			
5.4.9(3)	(c) Table 1: Revised allocation of regulated asset values;			
5.4.9(3)	(d) Table 2: Report supporting revised allocations of asset values (non-public);			
5.4.9(3)	(e) Table 3: Revised allocation of operating costs; and			
5.4.9(3)	(f) Table 4: Report supporting revised allocation of operating costs (non-public); and			
5.4.9(3)	(g) Table 5: Rationale for selecting proxy allocator.			
5.4.9(4)	For the purpose of this clause- (a) the information specified in the tables of the schedules referred to must be provided on spreadsheets;			
5.4.9(4)	(b) where data has been computed or derived from other values on the spreadsheet through the use of formulae, all underlying formulae must be accessible;			
5.4.9(4)	(c) the information specified in Table 2 and Table 4 of Schedule B and Table 2 and Table 4 of Schedule C may be provided by way of non-public disclosure to the Commission; and			
5.4.9(4)	(d) the information in Schedule B must be provided- (i) for the disclosure year prior to submitting the CPP proposal if it has not been disclosed in accordance with an ID determination; and (ii) for the next period where a value in units in an allocator metric has been changed by at least 5% from the value used in the disclosure year referred to in (i).	Application Financial and Modelling Information Report	Sections 6.2 (specifically Paragraphs 42 and 49 to 54), 7.3, Appendix 6 and 7 Sections 1.3 and 7.2.1	Modification & Exemption - letter 12 April 2017 Modified requirements as per ComCom letter We have been granted a partial exemption from this requirement. Our proposal includes Schedule B populated with FY2016 data. We will submit schedule B populated with FY2017 data after the initial proposal when the information is available.
5.4.9(5)	Where the CPP applicant has used a proxy cost allocator to provide the information specified in subclauses (2) or (3), the CPP applicant must explain in the CPP proposal, for each proxy cost allocator used- (a) why a causal relationship cannot be established; and (b) the rationale for the quantifiable measure used for that proxy cost allocator.	Application	Section 9	
5.4.9(6)	Where the CPP applicant has used a proxy asset allocator to provide the information specified in subclauses (2) or (3), the CPP applicant must explain in the CPP proposal, for each proxy asset allocator used- (a) why a causal relationship cannot be established; and (b) the rationale for the quantifiable measure used for that proxy asset allocator.	Application	Section 9	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.9(7)	The information in Schedule C is not required where the value of the assets to be sold as specified in clause 5.3.6(4) is less than 5% of the unallocated closing RAB value for the last disclosure year of the assessment period.	Application Financial and Modelling Information Report	Section 9 Section 6.5 and Table 6.1 (in Section 6.1)	Forecast disposals are less than 5% of forecast unallocated closing RAB for FY2018
5.4.10	Certification requirements			
5.4.10(1)	Where any arm's-length deduction was applied for the purpose of this Section, the CPP proposal must contain certification by no fewer than 2 of the EDB's directors in the following terms, where words in bold bear the meanings specified in this determination: "I, [insert name], director of [insert name of Supplier of services regulated under Part 4 of the Commerce Act] certify that, having made all reasonable enquiry, my belief is that having had regard to the attached information [information required by clause 5.4.9(2)] for the purpose of the supplier's CPP proposal, it was appropriate to make the arm's-length deductions the amount and nature of which are detailed in the tables below, namely: Table 4 of Schedule B / Table 5 of Schedule B / Table 3 of Schedule C / Table 4 of Schedule C [delete as appropriate]."	Application	Section 9	No arms-length deduction applied
5.4.10(2)	Where, in relation to regulated service asset values, OVABAA was applied for the purpose of this clause in accordance with Subpart 3 Section 2, the CPP proposal must contain certification by no fewer than 2 of the EDB's directors in respect of its application in the following terms, where words in bold bear the meanings specified in this determination: "I, [insert name], director of [insert name of Supplier of services regulated under Part 4 of the Commerce Act] certify that, having made all reasonable enquiry, my belief is that having had regard to the attached information (being information required by clause 5.4.9(2)) for the purpose of the supplier's CPP proposal- (a) the attached information is accurate; (b) the OVABAA was applicable in accordance with clause 2.1.2; and (c) the following unregulated services would be unduly deterred had adjustments to allocations of regulated service asset values (in accordance with clause 2.1.4) not been made: [list relevant unregulated services]."	Application	Section 9	No OVABAA applied
5.4.10(3)	Where, in relation to operating costs provided in a CPP proposal in accordance with subclause 5.4.8(1) and Schedule C, the OVABAA was applied, the CPP proposal must contain certification by no fewer than 2 of the EDB's directors in respect of application of the OVABAA in the following terms: "I, [insert name], director of [insert name of Supplier of services regulated under Part 4 of the Commerce Act] certify that, having made all reasonable enquiry, my belief is that having had regard to the attached information (being information required by clause 5.4.9(2)) for the purpose of the supplier's CPP proposal- (a) the attached information is accurate; (b) the OVABAA was applicable in accordance with clause 2.1.2; and (c) the following unregulated services would be unduly deterred had adjustments to allocations of operating costs (in accordance with clause 2.1.4) not been made: [list relevant unregulated services]."	Application	Section 9	No OVABAA applied
SECTION 5	Asset valuation information			
5.4.11	RAB roll forward information	Financial and Modelling Information Report	Section 6.1	
5.4.11	For each disclosure year, after the last disclosure so made under an ID determination, until the last disclosure year of the next period, provide values, in accordance with Subpart 3 Section 2, for the- (a) total opening RAB value; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$28	
5.4.11	(b) sum of each of the following things: (i) forecast value of commissioned assets; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$32	
5.4.11	(ii) closing RAB values.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$33	
5.4.12	Depreciation information	Financial and Modelling Information Report	Section 6.3	
5.4.12(1)	In respect of each disclosure year of the CPP regulatory period, the CPP applicant must provide the information specified in this clause.	Application Financial and Modelling Information Report	Appendix 6 Section 1.3 and 6.3.1	Modification & Exemption - letter 12 April 2017 Modified requirements as per ComCom letter
5.4.12(2)	(a) the sum of depreciation where the proposed method of determining depreciation is the standard depreciation method: and			We have been granted an exemption from having to disaggregate depreciation by type of asset or asset category.
5.4.12(2)	(b) the sum of depreciation for each type of asset where the proposed method of determining depreciation is an alternative depreciation method for each type of asset where the proposed method of determining depreciation is an alternative depreciation method.			Our CPP does not propose an alternative depreciation method.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.12(3)	For each type of asset to which subclause (2)b) applies- (a) a description of the type of asset; (b) a description of the proposed depreciation method; (c) where the proposed asset life is different to the physical asset life, the proposed asset life for the type of asset; (d) where the proposed asset life for the type of asset is different to the physical asset life, the proposed remaining asset life; (e) forecast depreciation over the asset life for the type of asset, including details of all assumptions made; (f) forecast depreciation over the asset life for the type of asset determined in accordance with the standard depreciation method; (g) evidence to demonstrate that the proposed depreciation method including, where applicable, any proposed asset life different to the physical asset life, better meets the purpose of Part 4 of the Act than the standard depreciation method; and (h) a description of any consultation undertaken with consumers on the proposed depreciation method, including- (i) the extent of any consumer disagreement; and (ii) the EDB's view in response.	Application	Section 9	Our CPP does not propose an alternative depreciation method
5.4.12(4)	For each asset or type of asset for which a different physical asset life to the standard physical asset life is proposed- (a) a description of the assets or types of asset; (b) to which clauses 2.2.8(1)(c) and 2.2.8(1)(i)(v) apply, an engineer's report addressing the suitability of the proposed physical asset life; and (c) any other evidence to demonstrate that the requirements of clause 2.2.8 in respect of the particular type of asset are met.	Application	Section 9	Our CPP does not propose a different physical asset life to the standard physical asset life for any assets.
5.4.13	Revaluation information	Financial and Modelling Information Report	Section 6.2	
5.4.13(1)	For each disclosure year after the last disclosure made under an ID determination, until the last disclosure year of the next period, provide the following:	Financial and Modelling Information Report	Section 6.1 (Table 6.1) and 6.2 (Table 6.3)	
5.4.13(1)	(a) sum of opening RAB values;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$59	
5.4.13(1)	(b) forecast CPI for CPP revaluation for the last quarter of the disclosure year;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index!\$J\$35	
5.4.13(1)	(c) forecast CPI for CPP revaluation for the last quarter of the preceding disclosure year; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index!\$J\$31	
5.4.13(1)	(d) revaluation rate.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.1 CPI index!\$K\$104	
5.4.14	Commissioned assets information	Financial and Modelling Information Report	Section 6.4.11	
5.4.14(1)	For each disclosure year after the last disclosure made under an ID determination, until the last disclosure year of the next period, provide the- (a) sum of value of commissioned assets; and (b) sum of forecast value of commissioned assets, in respect of each of the following groups of assets: (c) assets- (i) acquired or intended to be acquired from a related party; or (ii) transferred from a part of the EDB that supplies unregulated services;			
5.4.14(1)	(d) assets- (i) acquired or intended to be acquired from another regulated supplier and used by that regulated supplier in the supply of regulated services; or (ii) transferred or intended to be transferred from a part of the EDB that supplies other regulated services;			No assets are forecast to be acquired in the CPP next period
5.4.14(1)	(e) network spares; and			
5.4.14(1)	(f) all other assets having a commissioning date or forecast to have a commissioning date in that period.			
5.4.14(2)	In respect of each value provided in accordance with subclause (1) provide- (a) all data, information, calculations and assumptions used to derive it from relevant data provided in the capex forecast; and (b) where capital contributions are taken into account in any value disclosed pursuant to subclause (1)- (i) the amount of such capital contributions, with respect to asset types and quantities; and (ii) policies relevant to such capital contributions.	Main Proposal 2017 Asset Management Plan Dataroom	Chapter 13.5 Chapter 24.3.2 04.01.08 Electricity Capital Contribution Guide	Provided in capital expenditure forecast models that feed inputs into module 3.3. Capital contribution policies are referred to in the Main Proposal and 2017 Asset Management Plan with further information being available on our website.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.14(3)	In respect of each asset to which subclause (1)(e) applies, provide— (a) the name of the relevant person or other part of the EDB, as the case may be; and (b) where the acquisition was or is intended to be from a related party, a description of the relationship between the EDB and that person.	Application Financial and Modelling Information Report	Section 6.2 (specifically Paragraphs 42 and 45) and Appendix 6 Sections 1.3 and 6.4.11	Email from Grant Weston (ComCom) dated 26 May 2017. There are drafting errors in subclauses 5.4.14(3) and (4), which we will correct at some later stage when we make any future IM amendments. For the purposes of the CPP proposal, you should apply subclause 5.4.14(3) as if “subclause (1)(e)” was replaced by “subclause (1)(c)”, and apply subclause 5.4.14(4) as if “subclause (1)(f)” was replaced by “subclause (1)(d)”. We note that the intention of the IM is to apply this clause to the assets in subclause (1)(c) (related parties) rather than (1)(e) (other regulated suppliers). Our CPP does not propose to acquire any assets from other regulated suppliers.
5.4.14(4)	In respect of the likely vendor of each asset to which subclause (1)(f) applies, provide— (a) the name of the vendor; (b) a description of each asset likely to be acquired from that vendor; and (c) the forecast closing RAB value of each asset in the vendor's regulatory asset base for the disclosure year in which the acquisition is intended.	Application Financial and Modelling Information Report	Section 6.2 (specifically Paragraphs 42 and 45) and Appendix 6 Sections 1.3 and 6.4.11	Email from Grant Weston (ComCom) dated 26 May 2017. There are drafting errors in subclauses 5.4.14(3) and (4), which we will correct at some later stage when we make any future IM amendments. For the purposes of the CPP proposal, you should apply subclause 5.4.14(3) as if “subclause (1)(e)” was replaced by “subclause (1)(c)”, and apply subclause 5.4.14(4) as if “subclause (1)(f)” was replaced by “subclause (1)(d)”. We note that the intention of the IM is to apply this clause to the assets in subclause (1)(d) (other regulated suppliers) rather than (1)(f) (all other assets). Our CPP does not propose to acquire any assets from other regulated suppliers.
5.4.15	Asset disposals information	Financial and Modelling Information Report	Section 6.5	
5.4.15(1)	For each disclosure year after the last disclosure made under an ID determination, until the last disclosure year of the next period, in respect of each of the following groups of assets: (a) assets likely to be- (i) sold to a related party; or (ii) transferred to another part of the EDB; and	Application	Section 9	No assets are forecast to be sold to a related party or transferred to another part of Powerco.
5.4.15(1)	(b) all other disposed assets, provide the-	Financial and Modelling Information Report	Section 6.5.5	Our disposals forecast consists entirely of directly attributed assets so the RAB value is also the unallocated RAB value
5.4.15(1)	(c) sum of unallocated opening RAB values; and (d) sum of opening RAB values.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 RABx!\$C\$30	Disposals are valued at opening RAB in the year that they are disposed.
5.4.15(2)	In respect of each asset to which the values provided pursuant to subclause (1) relate, provide— (a) the name of the relevant person or other part of the EDB, as the case may be; and (b) where the disposal is proposed to be to a related party, a description of the relationship between the EDB and that person.	Application	Section 9	No assets are forecast to be sold to a related party or transferred to another part of Powerco.
5.4.16	Works under construction information	Financial and Modelling Information Report	Section 6.4.8	
5.4.16	For each disclosure year after the last disclosure made under an ID determination, until the last disclosure year of the next period, provide - (a) opening works under construction;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$I\$1698	
5.4.16	(b) sum of capital expenditure;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$I\$1700	
5.4.16	(c) sum of value of commissioned assets but only to the extent that values are included in closing RAB values disclosed pursuant to an ID determination;			All VCA in the next period is forecast VCA not VCA
5.4.16	(d) sum of forecast value of commissioned assets but only to the extent that values are included in the sum of closing RAB values provided pursuant to clause 5.4.11(bd)(ii); and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$I\$1701	
5.4.16	(e) sum of closing works under construction.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]3.3 COF & VCA!\$I\$1702	
SECTION 6	Tax information			
5.4.17	Interpretation			
5.4.17	In this section, a term that is not emboldened but is defined for the purpose of a specific clause in Subpart 3 Section 3 bears the same meaning as it does in the clause of Subpart 3 Section 3 in which it is defined.			
5.4.18	Period in respect of which tax information to be provided	Application Financial and Modelling Information Report	Sections 6.2, 6.2.6 and Appendix 6 Section 1.5	IM Variation sought with this CPP proposal for current period to be the 5 years 1 April 2011 to 31 March 2016 Defines period

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.18	A CPP proposal must contain the information specified in this section for each disclosure year, after the last disclosure made under an ID determination, until the last disclosure year of the next period, in accordance with Subpart 3 Section 3.			
5.4.19	Regulatory tax allowance information	Financial and Modelling Information Report	Section 8	
5.4.19(1)	forecast regulatory tax allowance and particulars of how it was calculated	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$39	
5.4.19(2)	other regulated income	Application Financial and Modelling Information Report	Appendix 6 Sections 1.3 and 8.1	Modification & Exemption - letter 12 April 2017 The Commission has granted us an exemption from providing this information.
5.4.19(3)	sum of discretionary discounts and customer rebates;	Application CPP Financial Model	Section 9 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$A\$96	We are not forecasting any discretionary discounts or customer rebates in our CPP application.
5.4.19(4)	notional deductible interest and the cost of debt assumptions relied upon in its calculation	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$A\$78	
5.4.20	Tax losses information	Application Financial and Modelling Information Report	Section 9 Section 8.4	
5.4.20(1)	amount of opening tax losses (if any) and particulars of how it was calculated	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$O\$80	We are forecasting no tax losses in the CPP next period
5.4.20(2)	information describing the nature and amounts of significant items giving rise to any opening tax losses			We are forecasting no tax losses in the CPP next period
5.4.20(3)	information demonstrating that any opening tax losses arose from the supply of electricity distribution services			We are forecasting no tax losses in the CPP next period
5.4.21	Permanent differences information	Financial and Modelling Information Report	Section 8.2	
5.4.21(1)	sum of positive permanent differences	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$O\$85	
5.4.21(2)	sum of negative permanent differences	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs'!\$O\$103	
5.4.21(3)	amounts and nature of items used to determine-	Financial and Modelling Information Report	Section 8.2	
5.4.21(3)	(a) positive permanent differences; and (b) negative permanent differences	Financial and Modelling Information Report	Section 8.2	
5.4.22	Amortisation of initial differences in asset values information	Financial and Modelling Information Report	Section 8.3.1	
5.4.22(1)	opening unamortised balance of the initial differences in asset values	Application Financial and Modelling Information Report	Appendix 6 Sections 1.3 and 8.3.1	Modification & Exemption - letter 12 April 2017 Modified requirements as per ComCom letter We have been granted an exemption from having to provide the opening balance by asset category.
5.4.22(2)	amortisation in respect of the disclosure year	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 TAXx'!\$C\$94	
5.4.22(3)	average weighted remaining useful life of the assets relevant to calculation of the initial regulatory tax asset value	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.3 Initial differences'!\$K\$123	
5.4.23	Amortisation of revaluations information	Application Financial and Modelling Information Report	Section 6.2 (specifically Paragraph 42, 55 and 56) and Appendix 6 Section 8.3.2	Email from Grant Weston (ComCom) dated 26 May 2017. We agree with your proposed approach to deriving the weighted average remaining useful life of assets for the disclosures required by clause 5.4.23 on the basis of Opening RAB for the relevant year/Total depreciation for the year. In accordance with clause 5.4.18, the disclosures in clause 5.4.23 need to be made for all disclosure years after the latest submitted ID disclosures, through to the end of the last year of the CPP period.
5.4.23(1)	unamortised balance of revaluations to date			Calculated as the difference between closing RAB and closing RAB excluding revaluations.
5.4.23(2)	adjusted depreciation	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.4 RAB excl revals roll'!\$L\$1435	
5.4.23(3)	average weighted remaining useful life of the assets used to determine the amortisation of revaluations	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.1 RAB roll forward'!\$C\$1456	Revaluations are amortised over an asset's remaining life. We have determined this by using the RAB remaining useful life weighted by RAB depreciation.
5.4.23(4)	particulars of how the average weighted remaining useful life was calculated	Financial and Modelling Information Report	Section 8.3.2	Revaluations are amortised over an asset's remaining life. We have determined this by using the RAB remaining useful life weighted by RAB depreciation.
5.4.24	Deferred tax information	Financial and Modelling Information Report	Section 8.6	
5.4.24(1)	opening deferred tax	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx'!\$C\$26	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.24(2)	analysis of temporary differences and other adjustments by nature that give rise to opening deferred tax value	Financial and Modelling Information Report	Section 8.6.1	
5.4.24(3)	closing deferred tax	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx!\$C\$43	
5.4.24(4)	reconciliation of opening deferred tax to closing deferred tax by nature of temporary differences and other adjustments	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx!\$C\$43	
5.4.25	Temporary differences information	Financial and Modelling Information Report	Section 8.6.1	
5.4.25(1)	description of the methodology and depreciation rates by asset category used to determine the forecast tax depreciation	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx!\$C\$46	Tax depreciation rates are detailed in module 4.2 Tax depreciation. We do not distinguish asset categories in forecasting tax depreciation
5.4.25(2)	amounts and nature of other forecast temporary differences	Financial and Modelling Information Report	Section 8.6.1	
5.4.25(3)	particulars of the calculation of the tax effect of temporary differences showing tax rates used	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]1.0 DTAXx!\$C\$39	
5.4.26	Regulatory tax asset value information	Financial and Modelling Information Report	Section 8.6.2	
5.4.26(1)	sum of tax asset values at the start of the disclosure year	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation!\$K\$597	
5.4.26(2)	sum of regulatory tax asset values at the start of the disclosure year	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation!\$K\$614	
5.4.26(3)	weighted average remaining tax life of assets employed	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation!\$K\$602	The remaining useful life is derived by dividing opening RTAV by tax depreciation for each year.
5.4.26(4)	tax depreciation methodology employed	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation!\$K\$8	
5.4.26(5)	particulars of the calculation used to derive the regulatory tax asset values at the start of the disclosure year from the tax asset values at the start of the disclosure year	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation!\$K\$627	
5.4.26(6)	sum of regulatory tax asset values at the end of the disclosure year	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation!\$K\$601	
5.4.26(7)	reconciliation between the sum of regulatory tax asset values at the start of the disclosure year and the sum of regulatory tax asset values at the end of the disclosure year, showing the values of capital additions, disposals, tax depreciation and other asset adjustments including cost allocation adjustments.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.2 Tax depreciation!\$K\$601	
SECTION 7	Cost of capital information			
5.4.27	Information regarding WACC and TCSD allowance	Financial and Modelling Information Report	Sections 5, 9.1 and Appendix A	General references to clause only
5.4.27(1)	A CPP proposal must, subject to subclause (2), identify the 67th percentile estimate of WACC used for the purpose of clause 5.4.7(1).	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$O\$57	
5.4.27(2)	For the purpose of subclause (1), the identified 67th percentile estimate of WACC is the applicable cost of capital specified in clause 5.3.22.	Application CPP Financial Model	Section 8 (specifically Paragraphs 84 - 106), Appendix 5 and 6 [CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Direct inputs!\$O\$57	Our model applies the IM compliant cost of capital and also proposes an alternative forecast cost of capital.
5.4.27(3)	Where a term credit spread differential allowance is proposed, a CPP proposal must contain all data, information, calculations, and assumptions used to determine any proposed term credit spread differential.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]4.5 TCSD!\$A\$1	
SECTION 8	Expenditure information			
5.4.28	Capex, opex, demand and network qualitative information			
5.4.28	The information specified in Schedule D must be- (a) contained in a CPP proposal; and (b) provided in accordance with the requirements of that schedule.	Application	Section 7.4 and Appendix 8	
5.4.29	Capex, opex, demand and network quantitative information			
5.4.29(1)	A CPP proposal must contain the information specified in the regulatory templates and that information must be- (a) in spreadsheet format whereby each item of data is linked between all cells to which it is relevant, irrespective of whether such cells are on the same or different tabs; and (b) provided in accordance with the instructions specified in clause 5.4.30.	CPP Financial Model		
5.4.29(2)	'Regulatory templates' means the tables included in Schedule E named- (a) Table 1: Projects and programmes;	Application CPP Financial Model	Section 7.5 and Appendix 9 [CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 1!\$A\$1	Tables 1 - 9 are part of the Financial Model - see 5.4.30(1)

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.29(2)	(b) Table 2: Capex summary;	Application Financial and Modelling Information Report CPP Financial Model	Section 6.2 (specifically Paragraphs 42 and 45) and Appendix 6 Sections 1.3 and 6.4.11 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 2'!\$A\$3	Modification & Exemption - letter 12 April 2017 We have gained an exemption from completing Table 2C (commissioned asset values) on the basis that historical information does not exist The Commission has approved an exemption to report value of commissioned assets in the current period in aggregate rather than disaggregated by capex category
5.4.29(2)	(c) Table 3: Opex summary;	Application Financial and Modelling Information Report CPP Financial Model	Section 6.2 (specifically Paragraphs 42 and 46 - 48) and Appendix 6 Sections 1.3 and 10.4.1 '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 3'!\$H\$8	Email from Grant Weston (ComCom) dated 26 May 2017 I have checked this one with our expenditure evaluation team. On the basis that supporting information will be available from you if they wish to drill down into the numbers once we receive the proposal, and on your advice that your categorisation of opex for both historical data and forecast data is consistent and that you have used your "preventive maintenance/corrective maintenance" categories for this schedule across all applicable years (including recasting the 2012 numbers from the old ID categories), we will accept your proposed categorisation. Note that this re-categorisation will not apply when you make your ID disclosures – for consistency with the rest of the sector we will require Powerco to make the opex disclosures as categorised in the ID determination.
5.4.29(2)	(d) Table 4: Capex projects and programmes;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 4'!\$H\$18	
5.4.29(2)	(e) Table 5: Capex by asset categories;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 5'!\$H\$11	
5.4.29(2)	(f) Table 6: Opex projects and programmes;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 6'!\$A\$2	
5.4.29(2)	(g) Table 7: Non-network opex;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 7'!\$A\$3	
5.4.29(2)	(h) Table 8: Aggregate forecast commissioned assets by asset categories;	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 8'!\$H\$9	
5.4.29(2)	(i) Table 9: Cost escalation factors; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 9'!\$A\$1	
5.4.29(2)	(j) Table 10: Network demand forecasts.	Application	Appendix 9	
5.4.29(3)	Where data provided in accordance with subclause (1) has been computed or derived from other amounts or values on the spreadsheet through the use of formulae, the underlying formulae for the cells containing the data must be accessible.	CPP Financial Model	Report Output Worksheets	
5.4.29(4)	For the purpose of subclause (1), terms used in the regulatory templates must be interpreted in the same way as those terms are defined for the purpose of Schedule D.	CPP Financial Model	Report Output Worksheets	
5.4.30	Instructions for completion of the regulatory templates	Financial and Modelling Information Report	Section 10	Escalations, reclassifications and adjustments made to previously disclosed historical expenditure that makes them comparable to forecast expenditure
5.4.30(1)	Provide the information specified in Table 1: Projects and programmes of the regulatory templates for all projects or programmes that form part of the CPP proposal.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 1'!\$A\$1	
5.4.30(2)	Provide the information specified in Table 2: Capex summary of the regulatory templates using the information provided in Table 4: Capex projects and programmes of the regulatory templates where-	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 2'!\$A\$1	
5.4.30(2)	(a) the values in Table 2: Capex summary must reconcile with the total values in Table 4: Capex projects and programmes and Table 8: Aggregate forecast commissioned assets by asset categories of the regulatory templates; and	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 4'!\$B\$108	An error check ensures that this condition is satisfied.
5.4.30(2)	(b) the total forecast value of capex resulting in commissioned assets in Table 2c of Schedule E must reconcile with the total value of commissioned assets in Table 2d of Schedule F.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 2'!\$M\$76	An error check ensures that this condition is satisfied.
5.4.30(3)	Provide the information in Table 3: Opex summary of the regulatory templates using the information provided in Table 6: Opex projects and programmes of the regulatory templates.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 3'!\$H\$8	
5.4.30(4)	Provide the information specified in Table 4: Capex projects and programmes and Table 6: Opex projects and programmes of the regulatory templates for each project and for each programme.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 4'!\$H\$18, '[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 6'!\$A\$2	
5.4.30(5)	Provide the information specified in Table 5: Capex by asset categories of the regulatory templates.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 5'!\$H\$11	
5.4.30(6)	Provide the information specified in Table 7: Non-network opex of the regulatory templates in respect of system operation and network support opex and business support opex.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 7'!\$A\$3	
5.4.30(7)	Provide the information specified in Table 8: Aggregate forecast commissioned assets by asset categories of the regulatory templates.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 8'!\$H\$9	
5.4.30(8)	Provide the information specified in Table 9: Cost escalation factors of the regulatory templates for each of the cost escalators used to convert real prices to nominal prices.	CPP Financial Model	[CPP Financial Model - Final submission - 12-Jun-2017.xlsx]Schedule E table 9'!\$A\$1	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.4.30(9)	Provide the information specified in Table 10: Network demand forecasts of the regulatory templates.	Application	Appendix 9	
5.4.30(10)	For the purpose of specifying the relevant capex category or opex category in accordance with subclause (4), where expenditure within each project or programme is relevant to more than one capex category or opex category- (a) select the capex category or opex category that is most relevant based on the nature of the expenditure; or (b) redefine the project or programme into two or more new projects or programmes and reallocate the expenditure so as to resolve the overlap.			Information only relevant to how information is produced / allocated for Tables 4 and 6. Relevant to portfolio mapping rather than model structure
SECTION 9 Information relevant to prices				
5.4.31	Information on proposed new pass-through costs	Financial and Modelling Information Report	Section 11.2.1	No proposed pass-through costs
5.4.31	A CPP proposal must contain details of any cost not specified in clause 3.1.2(2) that is sought to be specified as a new pass-through cost in accordance with clause 3.1.2(1)(b), including information on- (a) how the cost is likely to arise;			No proposed pass-through costs
5.4.31	(b) who the cost would be payable to;			No proposed pass-through costs
5.4.31	(c) how the cost would be calculated;			No proposed pass-through costs
5.4.31	(d) any good or service the EDB would receive in exchange; and			No proposed pass-through costs
5.4.31	(e) how the cost meets the criteria specified in clause 3.1.2(3).			No proposed pass-through costs
5.4.32	Information on proposed recoverable costs relating to costs of making CPP application	Financial and Modelling Information Report	Section 11.2.2 and Appendix B	
5.4.32	Where a CPP applicant seeks specification in the CPP determination of a recoverable cost to which clause 3.1.3(1)(j), 3.1.3(1)(k), or 3.1.3(1)(l) applies, it must provide, in relation to each auditor, verifier or engineer who was engaged to provide an opinion on some aspect of the CPP proposal in accordance with a requirement of this Part- (a) any document making a public or limited circulation request for proposals to carry out the work; (b) the terms of reference for the work; (c) invoices for services undertaken in respect of the work; and (d) receipts for payment by the CPP applicant.			
SECTION 10 Information relevant to alternative methodologies				
5.4.33	Demonstration that alternative methodologies have equivalent effect	Application Financial and Modelling Information Report	Section 9 Section 6.1.1	No alternate methodologies are proposed
5.4.33(1)	Where a CPP applicant applies alternative methodologies in accordance with clause 5.3.26, it must provide: (a) a list and description of each alternative methodology applied; (b) an indication, at the relevant locations within the CPP application, as to where the alternative methodologies have been applied; (c) reasons why each of the alternative methodologies have been applied; and (d) evidence demonstrating that each alternative methodology complies with clause 5.3.26(3).			
5.4.33(2)	Paragraph (1)(d) may be satisfied by submitting a certificate signed by a senior manager of the CPP applicant setting out the factual basis on which he or she believes each alternative methodology complies with clause 5.3.26(3).			
SUBPART 5 Consumer consultation, verification, audit and certification				
5.5.1	Consumer consultation			
5.5.1 (1)	By no later than 40 working days prior to submission of the CPP proposal, the CPP applicant must have adequately notified its consumers-	Main Proposal Consultation Report	Chapter 5.5 Chapter 7 and Appendix 5	Figures 5.2 to 5.5 (Main Proposal) show when and how we communicated
5.5.1 (1)	(a) that it intends to make a CPP proposal;	Consultation Report	Appendix 5	Have Your Say document - refer to Message from CEO (page 1). Also yourenergyfuture website
5.5.1 (1)	(b) of the expected effect on the revenue and quality of its electricity distribution services were the Commission to determine a CPP entirely in accordance with the intended CPP proposal;	Consultation Report	Appendix 5	Have Your Say document - refer to Sections 6 - 10 (pages 13 - 27). Also yourenergyfuture website
5.5.1 (1)	(c) of the price versus quality trade-offs made in the expenditure alternatives considered in the intended CPP proposal, where these are directly associated with the rationale for seeking the CPP proposal, which are required to be disclosed under clause 5.4.2;	Consultation Report	Appendix 5	Have Your Say document - refer to Section 10 and Appendices (pages 24 - 27 and 30 - 46). Also yourenergyfuture website

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.5.1 (1)	(d) if it intends to propose to include a quality standard variation under clause 5.4.5, why the proposed quality standard variation has been chosen over alternative quality standards;	Consultation Report	Appendix 5	Have Your Say document - refer to pages 13 - 14 and 24 - 26. Also youenergyfuture website
5.5.1 (1)	(e) where and how further information in respect of the intended CPP proposal may be obtained;	Consultation Report	Appendix 5	Have Your Say document - refer to Section 1 (page 2). Overview document - refer to pages 1 and 7. Also youenergyfuture website
5.5.1 (1)	(f) of the process for making submissions to the EDB in respect of the intended CPP proposal; and	Consultation Report	Appendix 5	Overview document - refer to page 7. Also youenergyfuture website
5.5.1 (1)	(g) of their opportunity to participate in the consultation process required of the Commission by s 53T of the Act after any CPP proposal is received and considered compliant by the Commission.	Consultation Report	Appendix 5	Have Your Say document - refer to Section 5 (pages 11 - 12) . Overview document - refer to page 7. Also youenergyfuture website
5.5.1 (2)	For the purpose of subclause (1)(e), where further information is available in hard copy only, the applicant must have ensured that any further information was readily available for inspection at the stated location.			
5.5.1 (3)	For the purpose of subclause (1), the CPP applicant must- (a) provide all relevant information; (b) provide information in a manner that promotes consumer engagement; (c) make best endeavours to express information clearly, including by use of plain language and the avoidance of jargon; and (d) provide consumers with (or notified them where to obtain) the information through a medium or media appropriate to the natures of the consumer base.	Main Proposal Consultation Report	Chapter 5 Chapters 1 to 10 and Appendix 5	Provided on website plus various channels including Overview and Have Your Say documents, group forums, advertising and one-on-one conversations
5.5.2	Verification			
5.5.2 (1)	A CPP proposal must be verified by a verifier.	Final Independent Verifier report Main Proposal	Appendix G Chapter 6	Verification Certificate
5.5.2 (2)	The verifier must be engaged in accordance with Schedule F.	Terms of Engagement	ConTrack 2016-207C	Parties: Powerco Limited / Farrier Swier Consulting Pty Limited Executed: 12 December 2016
5.5.2 (3)	The CPP applicant must provide the verifier with-	Application Final Independent Verifier report	Section 5.2.1 Chapter 1.5 and Appendix A	Met as requested through Ansarada Dataroom - refer documents and Q&A. Appendix A of report lists all the Information provided with Table 10 showing relied upon information, Table 11 showing relied upon responses to questions and Table 12 showing other supporting information. Chapter 1.5 describes the process of document and information submission to the Verifier
5.5.2 (3)	(a) the materials-			
5.5.2 (3)	(i) required by the verifier to verify the CPP proposal in accordance with the terms of his, her or its engagement and Schedule G; and			
5.5.2 (3)	(ii) that it intends to submit to the Commission as a CPP proposal;			
5.5.2 (3)	(b) subject to paragraph (c), the materials referred to in paragraph (a) prior to the verifier commencing verification in accordance with Schedule G;			
5.5.2 (3)	(c) upon the verifier's request, the information described in clause D10 pertaining to identified programmes after the verifier has notified the CPP applicant of its selection of identified programmes;			
5.5.2 (3)	(d) any information requested by the verifier pursuant to the verifier's right to ask for such information pursuant to his, her or its deed of engagement, as specified in clause F6(2)(d); and			
5.5.2 (3)	(e) in advance of the verifier's selection of identified programmes, summary information on the forecast projects and programmes, in the format specified in Table 1: Projects and programmes of the regulatory templates.			
5.5.3	Audit and assurance			
5.5.3 (1)	A CPP application must include a report by an auditor that states whether or not:	Application	Appendix 3	ConTrack 2017-024C
5.5.3 (1)	(a) as far as appears from an examination of them, proper records to enable the compilation of information required by Subpart 4 have been kept by the CPP applicant;			Parties: Powerco Limited / Deloitte Executed: 6 April 2017
5.5.3 (1)	(b) in the case of actual financial information relating to the current period, that information has been prepared in all material respects in accordance with the input methodologies set out in this determination, and that it has been audited in accordance with applicable auditing standards issued by the External Reporting Board in accordance with its functions under the Financial Reporting Act 2013 or any equivalent standards that replace these standards;			Refer to: 3. General scope of our Responsibilities 4. Scope of Work
5.5.3 (1)	(c) in the case of forecast financial information relating to the next period, that information has been compiled in all material respects in accordance with the input methodologies set out in this determination, and that it has been examined in accordance with applicable assurance engagement standards issued by the External Reporting Board in accordance with its functions under the Financial Reporting Act 2013 or any equivalent standards that replace these standards or other appropriate standards;			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
5.5.3 (1)	(d) in the case of quantitative historical information provided in spreadsheets, the information is properly compiled on the basis of the relevant underlying source information; and			
5.5.3 (1)	(e) in the case of quantitative forecast information provided in spreadsheets, the information is properly compiled on the basis of relevant and reasonable disclosed assumptions.			
5.5.3 (2)	For the avoidance of doubt, the auditor must provide an opinion as to whether-	Application	Appendix 3	
5.5.3 (2)	(a) in respect of operating costs not directly attributable, the opex forecast was provided by the CPP applicant as specified in clause 5.3.5; and			
5.5.3 (2)	(b) in respect of regulated service asset values not directly attributable, the forecast value of commissioned assets were provided by the CPP applicant in accordance with clause 5.3.6(3)(b) and as specified in clause 5.3.11(2)(b).			
5.5.4	Certification			
5.5.4 (1)	In the case of all information of a quantitative nature, other than forecast information, provided in accordance with this Part, no fewer than 2 directors of the CPP applicant must certify in writing his or her belief that-	Application	Appendix 4	Format is per ConTrack 2017-xxx, CPP Certification Process Memorandum - Schedule 2: Template Certificate
5.5.4 (1)	(a) the information was derived and is provided in accordance with the relevant requirements; and			
5.5.4 (1)	(b) it properly represents the results of financial or non-financial operations as the case may be.			
5.5.4 (2)	In the case of all information of a qualitative nature, other than forecast information, provided in accordance with this Part, no fewer than 2 directors of the CPP applicant must certify in writing his or her belief that-	Application	Appendix 4	
5.5.4 (2)	(a) the information is provided in accordance with the relevant requirements; and			
5.5.4 (2)	(b) it properly represents the events that occurred during the current period.			
5.5.4 (3)	In the case of all forecast information provided in accordance with this Part, no fewer than 2 directors of the CPP applicant must certify in writing his or her belief that-	Application	Appendix 4	
5.5.4 (3)	(a) the information was derived and is provided in accordance with the relevant requirements; and			
5.5.4 (3)	(b) the assumptions made are reasonable.			
5.5.4 (4)	No fewer than 2 directors of the CPP applicant must certify in writing-	Application	Appendix 4	All Verifier requests complied with as per 5.5.2(3) above Auditor engaged as per ConTrack 2017-024C
5.5.4 (4)	(a) that, to the best of his or her knowledge, the verifier was engaged by the CPP applicant in accordance with Schedule F;			
5.5.4 (4)	(b) that, to the best of his or her knowledge, the CPP applicant provided the verifier with all the information specified in Part 5, including its schedules, relevant to Schedule F;			
5.5.4 (4)	(c) that, to the best of his or her knowledge, the information described in clause 5.5.2(3)(e) was provided to the verifier in advance of the verifier's selection of identified programmes;			
5.5.4 (4)	(d) a description of any information not provided to the verifier following the verifier's request;			
5.5.4 (4)	(e) reasons, which, in his or her opinion, justified any non-provision of such information;			
5.5.4 (4)	(f) that, to the best of his or her knowledge, the-			
5.5.4 (4)	(i) matters the auditor was engaged to audit included the matters specified in clause 5.5.3; and			
5.5.4 (4)	(ii) auditor was instructed to report on at least the matters described in clause 5.1.4; and			
5.5.4 (4)	(g) that the-			
5.5.4 (4)	(i) audit report provided pursuant to clause 5.1.4;			
5.5.4 (4)	(ii) verification report; and			
5.5.4 (4)	(iii) other certifications required by this clause,			
5.5.4 (4)	all relate to the same CPP proposal.			
5.5.4 (5)	Where-	Application	Section 9	Not relevant
5.5.4 (5)	(a) a director has certified a matter of opinion in accordance with this clause; and			
5.5.4 (5)	(b) his or her opinion has changed before the Commission's determination of the CPP in question.			
5.5.4 (5)	that director must notify the Commission as soon as reasonably practicable.			
5.5.4 (6)	Where-			
5.5.4 (6)	(a) a director has certified a matter of fact in accordance with this clause; and			
5.5.4 (6)	(b) before the Commission's determination of the CPP in question he or she-			
5.5.4 (6)	(i) becomes aware that the fact is untrue; or			
5.5.4 (6)	(ii) has significant cause to doubt the accuracy of that fact,			
5.5.4 (6)	that director must notify the Commission as soon as reasonably practicable.			
5.5.4 (7)	For the avoidance of doubt, the certifications required by the different subclauses of this clause may be made by the same or different directors.			
SCHEDULE G TERMS OF REFERENCE FOR VERIFIERS				

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
G1	Interpretation			
G1 (1)	Words in bold in this schedule that are defined in another schedule bear the same meanings as specified in that other schedule.			
G1 (2)	Any requirement to provide an opinion, report on or consider a particular matter must be construed as-			
G1 (2)	(a) requiring consideration only of the material identified by the requirement in question; and			
G1 (2)	(b) a requirement to provide the opinion or report on the matter in the verification report.			
G2	Verifier's role, purpose and obligations			
G2	The verifier's role, purpose and obligations include-			
G2	(a) engaging with the CPP applicant in an independent manner in accordance with this Terms of Reference;	Final Independent Verifier report	Chapter 1.4 and Appendix G	Verification Certification
G2	(b) assessing the extent to which the CPP applicant's policies allow the CPP applicant to meet the expenditure objective;	Final Independent Verifier report	Chapters 1.7.1 to 1.7.5	
G2	(c) assessing the extent to which the CPP applicant's policies have been implemented;	Final Independent Verifier report	Chapter 1.7.2	
G2	(d) prior to the Commission's assessment of the CPP proposal, assessing whether the CPP applicant has provided the verifier with the information specified in clause 5.5.2(3);	Final Independent Verifier report	Chapters 1.5, 1.78, 6 and Appendix A	
G2	(e) prior to the Commission's assessment of the CPP proposal, providing an opinion to the CPP applicant on whether the CPP applicant's capex forecasts, opex forecasts and key assumptions meet the expenditure objective;	Final Independent Verifier report	Chapters 1.7.1 to 1.7.5	
G2	(f) prior to the Commission's assessment of the CPP proposal, assessing the extent to which the CPP applicant is able to deliver its capex forecast and opex forecast during the CPP regulatory period;	Final Independent Verifier report	Chapters 1.7.2 and 1.7.6	
G2	(g) prior to the Commission's assessment of the CPP proposal, providing an opinion on the extent and effectiveness of the CPP applicant's consultation with its consumers; and	Final Independent Verifier report	Chapters 1.7.2, 1.7.7, 2.4.3 and 2.4.4	
G2	(h) providing a list of the key issues which it considers the Commission should focus on when assessing the CPP proposal.	Final Independent Verifier report	Chapter 1.7.9 (Table 2)	
G3	Service measures, levels and quality standards	Final Independent Verifier report	Chapter 2	
G3 (1)	The verifier must review, assess and report on-			
G3 (1)	(a) whether the CPP applicant has proposed service measures relevant to a complete range of key service attributes that are meaningful and important to consumers;	Final Independent Verifier report	Chapters 2.2.3, 2.2.4, 2.4.3 and 2.4.4	
G3 (1)	(b) whether the CPP applicant has undertaken an appropriate process to determine the service measures and service levels, such as consultation with relevant consumers;	Final Independent Verifier report	Chapters 2.2.3, 2.2.4, 2.3.3, 2.3.4, 2.3.5, 2.4.3 and 2.4.4	
G3 (1)	(c) whether any step change in any service level is explained and justified; and	Final Independent Verifier report	Chapters 2.3.3, 2.3.4, 2.3.5, 2.4.3, 2.4.4	
G3 (1)	(d) the extent and effectiveness of a CPP applicant's consultation with its consumers, as specified in clause 5.5.1.	Final Independent Verifier report	Chapters 2.4.3 and 2.4.4	
G3 (2)	Where the CPP applicant intends to propose a quality standard variation in the CPP proposal under clause 5.4.5, the verifier must review, assess and report on the extent to which the quality standard variation better reflects the realistically achievable performance of the EDB over the CPP regulatory period.	Final Independent Verifier report	Chapters 2.5.3 and 2.5.4	
G4	Selection of identified programmes			
G4 (1)	For the purposes of the reviews under clauses G5(1)(d) and G6(1)(g), the verifier must select no more than 20 projects or programmes to be 'identified programmes'.	Final Independent Verifier report	Appendix C (Table 12)	
G4 (2)	In determining which, and how many, projects or programmes to select as identified programmes, the verifier must consider-	Final Independent Verifier report	Chapters 4.5.1, 4.5.2 and Appendix C	
G4 (2)	(a) the long term interests of consumers;			
G4 (2)	(b) the Commission's ability to effectively review whether the CPP applicant's capex forecast and opex forecast are consistent with the expenditure objective;			
G4 (2)	(c) the CPP applicant's rationale for seeking a CPP;			
G4 (2)	(d) its ability to provide an opinion on whether the capex forecast information in the intended CPP proposal has been prepared in accordance with the policies and planning standards-			
G4 (2)	(i) in aggregate; and			
G4 (2)	(ii) for each of the capex categories;			
G4 (2)	(e) its ability to provide an opinion on whether the opex forecast information in the intended CPP proposal has been prepared in accordance with the policies and planning standards-			
G4 (2)	(i) in aggregate; and			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
G4 (2)	(ii) for each of the opex categories;			
G4 (2)	(f) its ability to assess any quality standard variation proposed; and			
G4 (2)	(g) the materiality of the programmes or projects to the CPP proposal, the capex forecast and the opex forecast.			
G4 (3)	The identified programmes selected in accordance with subclause (1) must address-	Final Independent Verifier report	Appendix C, Table 13	
G4 (3)	(a) a key risk that the CPP applicant is exposed to;			
G4 (3)	(b) a key driver of the need to submit a CPP proposal; or			
G4 (3)	(c) an obligation that has a significant impact in the context of the CPP applicant's overall business.			
G4 (4)	The verifier must-			
G4 (4)	(a) notify the CPP applicant of its selected projects or programmes; and			
G4 (4)	(b) not change its selection after such notification.			
G5	Capex forecast	Final Independent Verifier report	Chapters 3 and 5	
G5 (1)	The verifier must-			
G5 (1)	(a) provide an opinion as to whether the-			
G5 (1)	(i) policies;	Final Independent Verifier report	Chapter 3.2.2	
G5 (1)	(ii) planning standards; and	Final Independent Verifier report	Chapter 3.2.2	
G5 (1)	(iii) key assumptions,	Final Independent Verifier report	Chapters 3.3.3, 5.4.3 and 5.4.4	
G5 (1)	relied upon by the CPP applicant in determining the capex forecast are of the nature and quality required for that capex forecast to meet the expenditure objective;			
G5 (1)	(b) provide an opinion as to whether the capex forecast has been prepared in accordance with the policies and planning standards at both the aggregate system level and for each of the capex categories:	Final Independent Verifier report	Chapters 3.2.2, 5.4.3 and 5.4.4	
G5 (1)	(c) provide an opinion on the reasonableness of the key assumptions relevant to capex relied upon the CPP applicant including-	Final Independent Verifier report	Chapters 3.3.3, 5.4.3 and 5.4.4	
G5 (1)	(i) the method and information used to develop them;			
G5 (1)	(ii) how they were applied; and			
G5 (1)	(iii) their effect or impact on the capex forecast by comparison to their effect or impact on actual capex:			
G5 (1)	(d) report conclusions of a detailed review of identified programmes that are capex projects or capex programmes including, but not limited to assessment of-	Final Independent Verifier report	Chapters 3.4.3, 5.4.3 and 5.4.4	
G5 (1)	(i) whether relevant policies and planning standards were applied appropriately;			
G5 (1)	(ii) whether policies regarding the need for, and prioritisation of, the project or programme are reasonable and have been applied appropriately;			
G5 (1)	(iii) the process undertaken by the CPP applicant to determine the reasonableness and cost-effectiveness of the chosen solution, including the use of cost-benefit analyses to target efficient solutions:			
G5 (1)	(iv) the approach used to prioritise capex projects over time including the application of that approach for the next period;			
G5 (1)	(v) the project capital costing methodology and formulation, including unit rate sources, the method used to test the efficiency of unit rates and the level of contingencies included for projects:			
G5 (1)	(vi) the impact on other cost categories including the relationship with opex;			
G5 (1)	(vii) links with other projects;			
G5 (1)	(viii) cost control and delivery performance for actual capex;			
G5 (1)	(ix) the efficiency of the proposed approach to procurement; and			
G5 (1)	(x) whether it should be included as a contingent project or part of a contingent project;			
G5 (1)	(e) provide an opinion as to overall deliverability of work covered by the capex categories in the next period; and	Final Independent Verifier report	Chapters 3.5.3	
G5 (1)	(f) provide an opinion as to the reasonableness and adequacy of any asset replacement models used to prepare the capex forecast including an assessment of-	Final Independent Verifier report	Chapters 3.6.3, 5.4.3 and 5.4.4	
G5 (1)	(i) the inputs used within the model; and			
G5 (1)	(ii) the methods the CPP applicant used to check the reasonableness of the forecasts and related expenditure.			
G5 (2)	Based on its analysis under this clause the verifier must provide its opinion on whether the applicant's forecast of total capex meets the expenditure objective and, if not identify-	Final Independent Verifier report	Chapters 3.1.3, 3.1.4, 3.4.3, 5.4.3 and 5.4.4	
G5 (2)	(a) whether the provision of further information is required to enable assessment against the expenditure objective to be undertaken and, if so, the type of information required:			
G5 (2)	(b) which of the CPP applicant's forecast capex programmes for each capex category might warrant further assessment by the Commission; and			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
G5 (2)	(c) what type of assessment would be the most effective.			
G6	Opex forecast	Final Independent Verifier report	Chapters 4 and 5	
G6 (1)	The verifier must-			
G6 (1)	(a) provide an opinion as to whether the-	Final Independent Verifier report	Chapters 4.2.3, 4.3.3, 5.4.3 and 5.4.4	
G6 (1)	(i) policies,			
G6 (1)	(ii) planning standards; and			
G6 (1)	(iii) key assumptions,			
G6 (1)	relied upon by the CPP applicant in determining the opex forecast are of the nature and quality required for that opex forecast to meet the expenditure objective;			
G6 (1)	(b) provide an opinion as to whether the opex forecast has been prepared in accordance with the policies and planning standards, at both the aggregate system level and for each of the opex categories:	Final Independent Verifier report	Chapters 4.2.3, 5.4.3 and 5.4.4	
G6 (1)	(c) provide an opinion on the reasonableness of the key assumptions relevant to opex relied upon by the CPP applicant including-	Final Independent Verifier report	Chapters 4.3.3, 5.4.3 and 5.4.4	
G6 (1)	(i) the method and information used to develop them;			
G6 (1)	(ii) how they have been applied; and			
G6 (1)	(iii) their effect or impact on the opex forecast by comparison to their effect or impact on actual opex;			
G6 (1)	(d) review, assess and report on any other opex drivers not covered by the key assumptions that have led to an increase in the opex forecast including whether the quantum of such an increase is required to meet the expenditure objective;	Final Independent Verifier report	Chapter 4.4.3	
G6 (1)	(e) provide an opinion as to the reasonableness of the methodology used in forecasting opex (such as cost benchmarking or internal historic cost trending), including the relationship between the opex forecast and capex forecast;	Final Independent Verifier report	Chapters 4.8.3, 5.4.3 and 5.4.4	
G6 (1)	(f) provide an opinion as to the reasonableness of any opex reduction initiatives undertaken or planned during the current period or the next period	Final Independent Verifier report	Chapters 4.6.3, 5.4.3 and 5.4.4	
G6 (1)	(g) report conclusions of a detailed review of identified programmes that are opex projects or opex programmes, but is not limited to, an assessment of-	Final Independent Verifier report	Chapters 4.5.3, 5.4.3 and 5.4.4	
G6 (1)	(i) whether relevant policies and planning standards were applied appropriately;			
G6 (1)	(ii) whether policies regarding the need for, and prioritisation of, the project or programme are reasonable and have been applied appropriately;			
G6 (1)	(iii) the process undertaken by the CPP applicant to determine the reasonableness and cost-effectiveness of the chosen solution, including the use of cost-benefit analyses to target efficient solutions:			
G6 (1)	(iv) the approach used to prioritise opex projects over time including the application of that approach for the next period;			
G6 (1)	(v) the project operating cost methodology and formulation, including unit rate sources, the method used to test the efficiency of unit rates and the level of contingencies included for projects;			
G6 (1)	(vi) the impact on other cost categories including the relationship with capex;			
G6 (1)	(vii) links with other projects;			
G6 (1)	(viii) cost control and delivery performance for actual opex;			
G6 (1)	(ix) the efficiency of the proposed approach to procurement; and			
G6 (1)	(x) whether it should be included as a contingent project or part of a contingent project;			
G6 (1)	(h) provide an opinion as to overall deliverability of work covered by the opex categories in the next period; and	Final Independent Verifier report	Chapter 4.7.3	
G6 (1)	(i) provide an opinion as to the reasonableness and adequacy of any opex models used to prepare the opex forecast including an assessment of-	Final Independent Verifier report	Chapters 4.8.3, 5.4.3 and 5.4.4	
G6 (1)	(i) the inputs used within the model; and			
G6 (1)	(ii) any methods the CPP applicant used to check the reasonableness of the forecasts and related expenditure.			
G6 (2)	Based on analysis in accordance with this clause, the verifier must provide an opinion on whether the CPP applicant's forecast of total opex meets the expenditure objective and, if not, identify-	Final Independent Verifier report	Chapters 4.1.3, 4.1.4, 5.4.3 and 5.4.4	
G6 (2)	(a) whether the provision of further information is required to enable assessment against the expenditure objective to be undertaken and, if so, the type of information required;			
G6 (2)	(b) which of the CPP applicant's forecast opex programmes for each opex category might warrant further assessment by the Commission; and			
G6 (2)	(c) what type of assessment would be the most effective.			
G7	Capital contributions	Final Independent Verifier report	Chapter 5	
G7	The verifier must provide an opinion as to whether the forecast of capital contributions-	Final Independent Verifier report	Chapters 5.1.3 and 5.1.4	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
G7	(a) is reasonable; and			
G7	(b) consistent with other aspects of the CPP proposal, in particular-			
G7	(i) the capex forecast; and			
G7	(ii) forecast demand data provided in accordance with clause D6.			
G8	Demand forecasts	Final Independent Verifier report	Chapter 5.2	
G8 (1)	The verifier must provide an opinion as to whether-	Final Independent Verifier report	Chapters 5.2.3 and 5.2.4	
G8 (1)	(a) the key assumptions, key input data and forecasting methods used in determining demand forecasts were reasonable; and			
G8 (1)	(b) it was appropriate to use the demand forecasts resulting from these methods and assumptions to determine the-			
G8 (1)	(i) capex forecast; and			
G8 (1)	(ii) opex forecast.			
G9	Assessment techniques			
G9 (1)	When-	Final Independent Verifier report	Appendix B	
G9 (1)	(a) undertaking analysis and reviews of information; and			
G9 (1)	(b) considering the matters,			
G9 (1)	required by this Schedule, the verifier must use some or all of the following assessment techniques:			
G9 (1)	(c) process benchmarking;			
G9 (1)	(d) process or functional modelling;			
G9 (1)	(e) unit rate benchmarking;			
G9 (1)	(f) trending or time-series analysis;			
G9 (1)	(g) high level governance and process reviews;			
G9 (1)	(h) internal benchmarking of forecast costs against costs in the current period;			
G9 (1)	(i) capex category and opex category benchmarking;			
G9 (1)	(j) project and programme sampling; and			
G9 (1)	(k) critiques or independent development of-			
G9 (1)	(i) demand forecasts;			
G9 (1)	(ii) labour unit cost forecasts;			
G9 (1)	(iii) materials forecasts;			
G9 (1)	(iv) plant forecasts; and			
G9 (1)	(v) equipment unit cost forecasts.			
G9 (2)	The verifier must explain why particular techniques listed in subclause (1) were applied and others were not applied.	Final Independent Verifier report	Appendix B, Table 11	
G9 (3)	Where, for the purpose of applying any of the techniques listed in subclause (1), the verifier uses information that is not provided to it by the CPP applicant, the verifier must, in respect of that information-	Final Independent Verifier report	Chapter 6	Information relied upon includes Commerce Commissions' information disclosure database and footnotes throughout the report - such as footnote 1 (page 6), footnote 67 (page 143) and footnote 94 (page 221)
G9 (3)	(a) describe in the draft verification report its nature and source and the reason for wishing to rely on it;			
G9 (3)	(b) subject to subclause (4), provide it to the CPP applicant;			
G9 (3)	(c) when finalising the verification report, take into account any comments made about it by the CPP applicant in response to the draft verification report; and			
G9 (3)	(d) where, notwithstanding paragraph (c), the verifier continues to rely on it, describe in the verification report-			
G9 (3)	(i) the nature and source of the information relied upon and the reason for relying on it; and			
G9 (3)	(ii) the CPP applicant's concerns in respect thereof.			
G9 (4)	Subclause (3)(b) does not apply if the verifier's terms of use of the information prevent such disclosure.			
G10	Contingent projects	Application	Section 9	No contingent projects proposed.
G10 (1)	For each proposed contingent project, the verifier must provide an opinion as to whether that project satisfies the following criteria:	Final Independent Verifier report	Chapter 5.3	See also Application, Paragraph 78
G10 (1)	(a) it is-			
G10 (1)	(i) reasonably required of an EDB in meeting the expenditure objective; and			
G10 (1)	(ii) one that associated assets are likely to be commissioned,			
G10 (1)	during the CPP regulatory period;			
G10 (1)	(b) a commencement date cannot be forecast with an appropriate degree of specificity by comparison with other proposed projects;			
G10 (1)	(c) the total of capex forecast and opex forecast in relation to the project-			
G10 (1)	(i) as disclosed in the CPP proposal exceeds 10% of the value of the CPP applicant's annual revenue in the most recently completed disclosure year in respect of an ID determination;			
G10 (1)	(ii) is reasonable in dollar terms; and			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
G10 (1)	(iii) would be likely, when forecast with reasonable certainty, to meet the expenditure objective.			
G10 (2)	For each proposed trigger event, the verifier must provide an opinion as to whether it meets the requirements of clause 5.6.5(3).			
G11	Completeness of CPP proposal			
G11	A verification report must-			
G11	(a) list the information in, and relating to, the CPP proposal provided by the CPP applicant to the verifier, that was relied upon by the verifier in fulfilling its obligations under Schedule G;	Final Independent Verifier report	Chapter 6 and Appendix A	
G11	(b) state each type of information in respect of which this schedule requires the verifier's consideration or opinion that the verifier considers has been omitted from the CPP proposal, including information that is incomplete or insufficient, and the relevant requirement in Part 5, Subpart 4 to provide the information in question;	Final Independent Verifier report	Chapters 1.7.1, 1.7.2 (Table 1) and 6 as well as relevant parts of Chapters 2 to 5 and in conclusions from the program review on Appendix D	
G11	(c) where information is identified as insufficient in accordance with paragraph (b), state the nature of additional information the verifier considers that the CPP proposal requires to fulfil the information requirement in question;	Final Independent Verifier report	Chapters 1.7.1, 1.7.9 (Table 2) and 6 as well as relevant parts of Chapters 2 to 5 and in conclusions from the program review on Appendix D	
G11	(d) state the extent to which the omission, incompleteness or insufficiency of information has impaired the verifier's judgement as to whether the capex forecast and opex forecast for the next period meets the expenditure objective; and	Final Independent Verifier report	Chapters 1.7.1, 1.7.9 (Table 2) and 6 as well as relevant parts of Chapters 2 to 5 and in conclusions from the program review on Appendix D	
G11	(e) explain why the verifier has selected the identified programmes in accordance with clause G4(1).	Final Independent Verifier report	Chapter 6 and Appendix C	
G12	Overview of key issues and additional information requirements			
G12	Based on its assessment, the verifier must, in the verification report-	Final Independent Verifier report	Chapter 1.7.9, Table 2	
G12	(a) provide a list of the key issues that it considers the Commission should focus on when undertaking its own assessment of the information to which the assessment related:			
G12	(b) specify information identified in the CPP proposal that, were it to be provided, would assist the Commission's assessment of the CPP proposal; and			
G12	(c) identify any other information it reasonably believes would-			
G12	(i) be held by the CPP applicant; and			
G12	(ii) assist the Commission's assessment of the CPP proposal.			

APPENDIX 2: LETTER CONFIRMING AMENDMENT TO DPP

5 April 2017

Richard Fletcher
General Manager Regulation and Corporate Affairs
PowerCo Limited

By email: richard.fletcher@powerco.co.nz

Dear Richard

Powerco's request for an additional window to make a CPP Proposal

1. You have made the following requests for amendments to the Electricity Distribution Services Default Price-Quality Path Determination 2015 ("DPP") on behalf of Powerco Limited:
 - 1.1 On 16 January 2017 you requested an amendment to the DPP to provide an additional CPP window for the period of the six working days leading up to and including 12 June 2017 ("January Request").
 - 1.2 On 23 March 2017 you requested an amendment to the CPP to provide an additional CPP window for the period from 5 June 2017 to 30 June 2017 (inclusive) ("March Request").
2. Our decision is to grant the January Request and to decline the March Request.
3. We had delayed our decision with respect to the January Request until now because you had signalled that the March Request was coming, and we would not have had to reach a decision on the January Request had we reached a different decision on the March Request.
4. A summary of our reasons for each decision follows.

Decision with respect to the January Request

5. Our decision is to grant the January Request.
6. We reached that decision for the following reasons:
 - 6.1 The purpose of the DPP providing specific windows for CPP proposals is to allow us to plan for such proposals and ensure we have resources available to deal with them. However, we have been given ample notice that Powerco was planning to submit its CPP proposal by 12 June 2017, and as such we have planned to receive it.

- 6.2 The six days ending 12 June 2017 is an appropriate time for the CPP proposal to be made because, subject to us making a request under s 53S(2)(b) of the Act, it would result in a decision being made by 31 March 2018.
- 6.3 We prefer to remain flexible when working with EDBs with respect to CPP proposals and amending the DPP to allow additional windows as required advances that flexibility.
7. We decided that we were not required to consult prior to making a decision on the January Request in terms of s 52Q(1) because the amendment was non-material.
8. We will take steps to effect the amendment of the DPP in accordance with the January Request in due course.

Decision with respect to the March Request

9. Our decision is to decline the March Request.
10. We reached that decision for the following reasons:
 - 10.1 With the CPP proposal being submitted after 12 June 2017 we would not be able to use the full time afforded under the Act to evaluate the CPP and have it take effect from 1 April 2018. We consider that the timeframes available to us to consider the CPP proposal are challenging and to properly consider it we are likely to require all of the time available to us under the Act.
 - 10.2 If we were to endeavour to determine a CPP in time to take effect on 1 April 2018 (by taking less than the statutory time available), but were unable to determine the CPP by that time and had to revert to a 1 April 2019 start date, this change could involve considerable complexity and additional work.
 - 10.3 If the CPP proposal is determined after 31 March 2018, it would not take effect until 1 April 2019. The DPP already provides CPP windows which would enable a request to be determined in time to take effect on 1 April 2019. If the CPP proposal is not going to be determined in time to take effect on 1 April 2018, there is no reason for one of these existing windows not to be used.
 - 10.4 The March Request states that Powerco continues to target a 12 June 2017 submission date, despite its request for a longer window. Given that a 12 June 2017 submission date remains possible, we consider that Powerco should ensure it meets that date.
11. Should there be a substantive risk that Powerco cannot provide a compliant application by 12 June, then we suggest that you make any necessary revisions to the application and submit the application at the next window.

Next steps

12. We intend to publish an amended determination, giving effect to the change in the application window by the end of May.
13. If you wish to discuss our decision further please contact Dane Gunnell.

Yours sincerely

A handwritten signature in blue ink that reads "Sue Begg". The signature is written in a cursive style with a large initial 'S'.

Sue Begg
Deputy Chair

APPENDIX 3: AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Directors of Powerco Limited

Report on the Customised Price-Quality Path Proposal

We have been engaged by Powerco Limited ('Powerco') to conduct an assurance engagement on whether Powerco's Customised Price-Quality Path Proposal dated 12 June 2017 (the 'CPP Proposal'), as supported by the accompanying spreadsheets in the CPP Submission Dataroom, complies with the Electricity Distribution Services Input Methodologies Determination 2012 (consolidated in February 2017) ('the Determination').

Board of Director's Responsibilities

The Board of Directors is responsible for the preparation of the CPP Proposal in accordance with the Determination. This responsibility includes the design, implementation and maintenance of internal control as is necessary to enable the preparation of the CPP Proposal that is free from material misstatement, whether due to fraud or error. In particular, Part 5, subpart 5.5.4 of the Determination notes that the Board of Directors are responsible for ensuring that the information contained within the CPP Proposal has been derived and provided in accordance with the Determination and properly reflects Powerco's operations and events which occurred during the current period, and that the assumptions made in respect of the forecast information for the next period in the CPP Proposal are reasonable.

The 'current period' means the five disclosure years ended 31 March 2016, and the 'next period' means the two year assessment period ending 31 March 2018 and the five year CPP period ending 31 March 2023.

Auditor's Responsibility

Our responsibility is to express an opinion on the CPP Proposal as required by clauses 5.1.4 and 5.5.3 of the Determination. Our engagement has been conducted in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ISAE (NZ) 3000') issued by the External Reporting Board and the Standard on Assurance Engagements 3100: *Compliance Engagements* ('SAE 3100') issued by the External Reporting Board in order to provide reasonable assurance over the historical information and limited assurance over forecast information.

Actual historical financial information for the current period

A reasonable assurance engagement involves performing procedures to obtain audit evidence about the matters on which we are required to form an opinion. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the historical financial information in the CPP Proposal, whether due to fraud, error or non-compliance with the Determination. In making those risk assessments the auditor considers internal control relevant to Powerco's preparation of the CPP Proposal in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Powerco's internal control.

Where amounts and disclosures were previously audited under the electricity information disclosure and default price quality path compliance statement engagements our procedures were limited to agreeing the amounts and disclosures to the underlying records, and, where possible, to the audited electricity information disclosure or to the default price quality path compliance statements of Powerco, and assessing whether the information presented has been prepared in accordance with the Determination, in all material respects.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Forecast financial information for the next period

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of the responsible party, and applying analytical and other review procedures in order to determine whether anything has come to our attention to suggest that the forecast financial information in the model has not been prepared, in all material respects, in accordance with the input methodologies set out in the Determination and on the basis of reasonable and relevant assumptions.

For the avoidance of doubt our procedures included tests in respect of the operating costs and regulated service assets which are not directly attributable as identified in 5.5.3(2) of the Determination.

Forecast financial information, including the basis and assumptions, is the sole responsibility of Powerco. We accept no responsibility for them, or the ultimate accuracy and realisation of the forecasts. Furthermore, the forecast financial information is based on assumptions as disclosed in the CPP Proposal. Actual results are likely to be different from the forecast financial information since anticipated events frequently do not occur as expected as the variation could be material. As a result we do not guarantee or otherwise warrant or accept any responsibility for any variations between actual results and forecasts or for the achievement of forecasts.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent Limitations

Because of the inherent limitations in evidence gathering procedures and internal control and compliance systems, it is possible that fraud, error or non-compliance may occur and not be detected.

As the procedures performed in relation to the historical financial information are not performed continuously throughout the current period and the procedures performed in respect of Powerco's compliance with the Determination are undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where Powerco may not have complied with the Determination.

In addition, the review procedures performed on the forecast financial information relating to the next period, are not designed to detect all instances of non-compliance with the Determination as they generally comprise making enquiries, primarily of the responsible party, and applying analytical and other review procedures.

The opinion expressed in this report has been formed on the above basis.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements specified by the Determination, as well as Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Other than in our capacity as auditor of the statutory financial statements and the provision of other assurance services including the audit of regulatory disclosure statements and trustee reporting, we have no relationship with or interests in Powerco or any of its subsidiaries. These services have not impaired our independence as auditor of the CPP Proposal.

The firm applies Professional and Ethical Standard 3 (Amended): *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* issued by the New Zealand Auditing and Assurance Standards Board, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use of Report

This report is provided solely for your use and solely for the purpose of preparing and presenting the CPP Proposal. We understand that a copy of our report has been requested by the Commerce Commission solely for the purpose of assessing the CPP Proposal. We agree that a copy of our report may be provided to the Commerce Commission. This report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written consent. We accept or assume no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement including without limitation, liability for negligence in relation to the opinion expressed in this report.

Opinion

This opinion has been formed on the basis of, and is subject to, the inherent limitations outlined elsewhere in this independent assurance report.

In our opinion, in respect of the historical information included in the CPP Proposal:

- the actual financial information relating to the current period has been prepared in all material respects in accordance with the input methodologies set out in the Determination; and
- the quantitative historical information provided in spreadsheets is properly compiled on the basis of the relevant underlying source information.

In our opinion, in respect of the forecast information included in the CPP Proposal, nothing has come to our attention to suggest that:

- the forecast financial information relating to the next period has not been compiled in all material respects in accordance with the input methodologies set out in the Determination; and
- the quantitative forecast information provided in spreadsheets is not properly compiled on the basis of relevant and reasonable disclosed assumptions.

In addition:

- we have obtained all the information and explanations we have required; and
- as far as appears from an examination of them, proper records to enable the compilation of information required by Part 5, subpart 4 of the Determination have been kept by Powerco.

Deloitte Limited

Chartered Accountants

12 June 2017

Wellington, New Zealand

APPENDIX 4: DIRECTORS' CERTIFICATION

CERTIFICATION OF INFORMATION FOR CPP PROPOSAL

In accordance with clause 5.5.4 of the Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010 (*Determination*), we, John Loughlin and Paul Callow, being directors of Powerco Limited (*Powerco*), certify in respect of Powerco's CPP proposal dated 12 June 2017:

Information of a quantitative nature

that, in the case of all information of a quantitative nature, other than forecast information, provided in accordance with Part 5 of the Determination, we believe that:

- a) the information was derived and is provided in accordance with the relevant requirements; and
- b) it properly represents the results of financial or non-financial operations as the case may be.

Information of a qualitative nature

that, in the case of all information of a qualitative nature, other than forecast information, provided in accordance with Part 5 of the Determination, we believe that:

- a) the information is provided in accordance with the relevant requirements; and
- b) it properly represents the events that occurred during the current period.

Forecast information

that, in the case of all forecast information provided in accordance with Part 5 of the Determination, we believe that:

- a) the information was derived and is provided in accordance with the relevant requirements; and
- b) the assumptions made are reasonable.

Verification and audit

that, to the best of our knowledge, the verifier was engaged by the Powerco in accordance with Schedule F of the Determination;

that, to the best of our knowledge, Powerco provided the verifier with all the information specified in Part 5 of the Determination, including its schedules, relevant to Schedule F of the Determination;

that, to the best of our knowledge, the information described in clause 5.5.2(3)(e) was provided to the verifier in advance of the verifier's selection of identified programmes;

that, to the best of our knowledge, the-

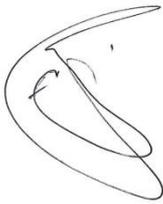
- a) matters the auditor was engaged to audit included the matters specified in clause 5.5.3 of the Determination; and

- b) auditor was instructed to report on at least the matters described in clause 5.1.4 of the Determination; and

that the-

- a) audit and assurance reports provided pursuant to clause 5.1.4 of the Determination;
- b) verification report provided pursuant to 5.1.3 of the Determination; and
- c) other certifications in this document,

all relate to the same CPP proposal.



John Loughlin
Director



Paul Callow
Director

**APPENDIX 5: COPY OF THE COMMISSION'S APPROVAL OF POWERCO'S
MODIFICATIONS AND EXEMPTIONS REQUESTS**

12 April 2017

Richard Fletcher
General Manager Regulation and Corporate Affairs
Powerco Limited

By email: richard.fletcher@powerco.co.nz

Dear Richard

Powerco application for modifications and exemptions

1. On 23 March 2017 Powerco Limited (Powerco) applied for modifications to, and exemptions from, the Electricity Distribution Services Input Methodologies Determination 2012¹ (IMs) under clause 5.1.6 of the IMs.
2. We approve modifications to, and exemptions from, the following IM clauses:
 - 2.1 Clause 5.4.12, which related to depreciation information.
 - 2.2 Table 2c, Schedule E, which relates to actual and forecast commissioned asset valuations.
 - 2.3 Clause 5.4.9(4)(d), which relates to which years cost allocation information must be provided for.
 - 2.4 Clause 5.4.19(2), which relates to regulatory tax allowance information.
 - 2.5 Clause 5.4.22, which relates to amortisation of initial differences in asset value information.
3. This letter will address each of the exemptions and modifications sought by Powerco and sets out any conditions applicable to our approval.
4. The exemptions and modifications approved in this letter only apply to a CPP proposal submitted by Powerco in June 2017.
5. The Commission has considered each of the modifications and exemptions proposed by Powerco on its merits and in the context of Powerco's proposed 2017 CPP proposal. Nothing in this letter should be taken as an indication that a similar modification or exemption would be approved with respect to a different CPP proposal. In addition, although this letter makes a brief summary of some of Powerco's submissions in support of its application for modifications and exemptions, the approval of the corresponding modification or exemption is not an endorsement of Powerco's submissions.

¹ As consolidated 28 February 2017.

Depreciation information - clause 5.4.12

6. Under clause 5.4.12(2) an applicant must provide information for the sum of depreciation by either asset category or type of asset where the standard depreciation method is used, or for each type of asset where an alternative method of calculating depreciation is used.
7. Powerco seeks to modify this requirement so that it only needs to provide the total sum of depreciation where it uses the standard depreciation method, rather than the sum of depreciation by either asset category or type of asset. This modification is sought on the basis that Powerco considers the added disaggregation required by the IMs unnecessary and the cost of complying is disproportionately high.
8. We are satisfied that the modification to cl 5.4.12 in this case will not detract, to an extent that is more than minor, from the Commission's evaluation or determination of the CPP proposal or the ability of interested persons to consider and provide their views on the CPP proposal.
9. Accordingly, the Commission approves the modification of cl 5.4.12 by:

9.1 removing the following text:

- (1) In respect of each disclosure year of the CPP regulatory period, the CPP applicant must provide the information specified in this clause.
- (2) The sum of **depreciation**
 - (a) by either asset category or each type of asset for which the proposed method of determining depreciation is the **standard depreciation method**; and
 - (b) for each type of asset where the proposed method of determining depreciation is an **alternative depreciation method**.

9.2 and replacing it with the following text:

- (1) In respect of each disclosure year of the CPP regulatory period, the CPP applicant must provide the information specified in this clause:
 - (a) the sum of **depreciation** where the proposed method of determining depreciation is the **standard depreciation method**; and
 - (b) the sum of depreciation for each type of asset where the proposed method of determining depreciation is an **alternative depreciation method**.

Value of commissioned assets - Table 2c, Schedule E

10. Table 2 of Schedule E requires an applicant to provide historic, current and forecast values of commissioned assets by defined capex categories.

11. Powerco seeks to be exempted from the requirement to complete this table. This exemption is sought on the basis that the historic information does not exist and Powerco consider it unhelpful to the consideration of, and consultation on, its CPP proposal.
12. We are satisfied that exempting Powerco from the requirement to complete Table 2c, Schedule E in this case will not detract, to an extent that is more than minor, from the Commission's evaluation or determination of the CPP proposal or the ability of interested persons to consider and provide their views on the CPP proposal.
13. Accordingly, the Commission approves an exemption from the requirement to complete Table 2c, Schedule E.

Cost allocation information - clause 5.4.9(4)(d)

14. Clause 5.4.9(4)(d) requires that the cost allocation information in Schedule B must be provided for the disclosure year prior to submitting the CPP proposal (which, based on a submission date on or around 12 June 2017, is the year ended 31 March 2017) if it has not already been disclosed in accordance with an ID determination at the time the CPP proposal is submitted.
15. Powerco seeks to modify this requirement so that:
 - 15.1 In its CPP proposal it:
 - 15.1.1 provides the information in Schedule B for the year ended 31 March 2016 instead of for the year ended 31 March 2017; and
 - 15.1.2 confirms that the cost allocation methodology for the 2016/2017 RAB will be the same as that used for the 2015/2016 RAB or indicates any proposed changes in that methodology.
 - 15.2 It will provide the Schedule B information for the year ending 31 March 2017 as soon as it is available.
16. Powerco seeks this modification on the basis that it will have insufficient time to complete its financial information on an audited basis prior to the date it intends to submit the CPP proposal.
17. We are satisfied that the modification to cl 5.4.9(4)(d) in this case will not detract, to an extent that is more than minor from the Commission's evaluation or determination of the CPP proposal or the ability of interested persons to consider and provide their views on the CPP Proposal.

18. Accordingly, the Commission approves the modification of cl 5.4.9(d) by:

18.1 removing the following text:

- (d) the information in Schedule B must be provided-
 - (i) for the **disclosure year** prior to submitting the **CPP proposal** If it has not been disclosed in accordance with an **ID determination**; and
 - (ii) for the **next period** where a value in units in an **allocator metric** has been changed by at least 5% from the value used in the **disclosure year** referred to in (i).

18.2 and replacing it with the following text:

- (d) the information in Schedule B must be provided-
 - (i) for the year ended 31 March 2016; and
 - (ii) for the **next period** where a value in units in an **allocator metric** has been changed by at least 5% from the value used in the year ended 31 March 2016;
- (e) in support of Schedule B the **CPP Proposal** must contain:
 - (i) confirmation that the allocation methodology used for the **closing RAB value** and **operating expenditure** for the year ended 31 March 2017 is the same as the allocation methodology used for the **closing RAB value** and **operating expenditure** for the year ended 31 March 2016; or
 - (ii) provide a detailed description of any differences between the allocation methodology used for the **closing RAB value** and **operating expenditure** for the year ended 31 March 2017 and the allocation methodology used for the **closing RAB value** and **operating expenditure** for the year ended 31 March 2016.

18.3 on the condition that Powerco provides the information in Schedule B for the year ended 31 March 2017 as soon as it is available, but not later than 1 September 2017.

Tax information - clause 5.4.19(2)

19. Clause 5.4.19(2) requires forecast tax information relating to “other regulated income” to be provided for each disclosure year in the CPP period.
20. Powerco seeks to be exempted from this clause.
21. This exemption is sought on the basis that the tax information relating to “other regulated income” will not be necessary or useful to the Commission’s consideration of the CPP proposal.
22. We are satisfied that exempting Powerco from cl in this case 5.4.19(2) will not detract, to an extent that is more than minor from the Commission’s evaluation or determination of the CPP proposal or the ability of interested persons to consider and provide their views on the CPP Proposal.

23. Accordingly, the Commission approves an exemption from cl 5.4.19(2).

Difference in asset values - Clause 5.4.22

24. Clause 5.4.22(1) requires the opening unamortised balance of the initial difference in asset values to be disclosed by asset category.

25. Powerco seeks to modify this requirement so that it provides the initial difference in asset values at an aggregate level.

26. Powerco seeks this modification on the basis that it considers the requirement to provide the information by asset category overly complex, unreasonable and unnecessary.

27. We are satisfied that the modification to cl 5.4.22(1) in this case will not detract, to an extent that is more than minor, from the Commission's evaluation or determination of the CPP proposal or the ability of interested persons to consider and provide their views on the CPP Proposal.

28. Accordingly, the Commission approves the modification of cl 5.4.22(1) by:

28.1 removing the following text:

- (1) opening unamortised balance of the initial differences in asset values by asset category

28.2 and replacing it with the following text:

- (1) opening unamortised balance of the initial differences in asset values

Yours sincerely



Sue Begg
Deputy Chair

APPENDIX 6: MODIFICATIONS AND EXEMPTIONS RELIED UPON BY POWERCO

Modifications and exemptions approved on 12 April 2017

	Modification / exemption	Compliance with conditions	Document references
1	<p>Depreciation information- clause 5.4.12</p> <p>Substitute for clauses 5.4.12(1) and (2) the following words:</p> <p>(1) <i>In respect of each disclosure year of the CPP regulatory period, the CPP applicant must provide the information specified in this clause:</i></p> <p>a. <i>the sum of depreciation where the proposed method of determining depreciation is the standard depreciation method; and</i></p> <p>b. <i>the sum of depreciation for each type of asset where the proposed method of determining depreciation is an alternative depreciation method.</i></p> <p>Conditions: none.</p>	No conditions.	Financial and Modelling Information report, section 6.3.1
2	<p>Value of commissioned assets – Table 2c, Schedule E</p> <p>Powerco is exempted from the requirement to complete Table 2c, Schedule E.</p> <p>Conditions: none.</p>	No conditions.	CPP Application, Appendix 9, Schedule E, <i>Capex, Opex, Demand and Network Quantitative Information</i> , Table 2c.
3	<p>Cost allocation information – clause 5.4.9(4)(d)</p> <p>Substitute for clauses 5.4.9(4)(d) the following words:</p> <p>(d) <i>the information in Schedule B must be provided-</i></p> <p>(i) <i>for the year ended 31 March 2016; and</i></p> <p>(i) <i>for the next period where a value in units in an allocator metric has been changed by at least 5% from the value used in the year ended 31 March 2016;</i></p> <p>(e) <i>in support of Schedule B the CPP Proposal must contain:</i></p> <p>(i) <i>confirmation that the allocation methodology used for the closing RAB value and operating expenditure for the year ended 31 March 2017 is the same as the allocation methodology used for the closing RAB value and operating expenditure for the year ended 31 March 2016; or</i></p> <p>(ii) <i>provide a detailed description of any differences between the allocation</i></p>	The condition is prospective. Powerco anticipates providing the information in Schedule B for the year ended 31 March 2017 no later than 1 September 2017.	CPP Application, Appendix 7, Schedule B, <i>Cost Allocation Information</i>

	Modification / exemption	Compliance with conditions	Document references
	<p><i>methodology used for the closing RAB value and operating expenditure for the year ended 31 March 2017 and the allocation methodology used for the closing RAB value and operating expenditure for the year ended 31 March 2016.</i></p> <p>Conditions: Powerco provides the information in Schedule B for the year ended 31 March 2017 as soon as it is available, but not later than 1 September 2017.</p>		
4	<p>Tax information – clause 5.4.19(2)</p> <p>Powerco is exempted from the requirement to provide information relating to “other regulated income” under clause 5.4.19(2).</p> <p>Conditions: none.</p>	No conditions.	Financial and Modelling Information report, section 8.1
5	<p>Difference in asset values – clause 5.4.22</p> <p>Substitute for clause 5.4.22(1) the following words:</p> <p>(1) <i>opening unamortised balance of the initial differences in asset values.</i></p> <p>Conditions: none.</p>	No conditions.	Financial and Modelling Information report, section 8.3.1

Modifications and exemptions applied for on 11 June 2017

	Modification / exemption	Compliance with conditions	Document references
1	<p>Commissioned assets information – clause 5.4.14</p> <p>Apply subclause 5.4.14(3) as if “subclause (1)(e)” was replaced by “subclause (1)(c)”. Apply subclause 5.4.14(4) as if “subclause (1)(f)” was replaced by “subclause (1)(d)”. Conditions: none</p>	No conditions.	Financial and Modelling Information Report, section 6.4.11
2	<p>Opex categories – Schedule E, Table 3</p> <p>Powerco requests a modification to allow it to report data against the Opex categories outlined in its request, rather than those specified by the Commission. Conditions: none</p>	No conditions.	CPP Application, Appendix 9, Schedule E, Table 3

	Modification / exemption	Compliance with conditions	Document references
3	<p>Cost allocation information – clause 5.4.9(4)(d)</p> <p>Substitute for clauses 5.4.9(d) and (e), as modified on 12 April 2017, the following:</p> <p><i>(d) the information in Schedule B must be provided for the year ended 31 March 2016;</i></p> <p><i>(e) if a value in units in an allocator metric for the value of commissioned non-network assets for the next period has been changed by at least 5% from the value used in the year ended 31 March 2016, the CPP applicant must provide an explanation as to how the cost allocators have been applied to those commissioned assets.</i></p> <p>Conditions: Powerco provides the information in Schedule B for the year ended 31 March 2017 as soon as it is available, but not later than 1 September 2017.</p>	<p>The condition is prospective.</p> <p>Powerco anticipates providing the information in Schedule B for the year ended 31 March 2017 no later than 1 September 2017.</p>	<p>CPP Application, Appendix 7, Schedule B, <i>Cost Allocation Information</i></p>
4	<p>Amortisation of revaluations – clause 5.4.23</p> <p>Derive the weighted average remaining useful life of assets on the basis of opening RAB for the relevant year divided by total depreciation for the year.</p> <p>Conditions: none.</p>	<p>No conditions.</p>	<p>CPP Financial Model, [CPP Financial Model - Calculation Modules - v2.0 - 6 June.xlsm]4.1 RAB roll forward!\$C\$1</p>
5	<p>Information regarding priority of proposal – clause 5.4.3</p> <p>An exemption from the requirement to provide the information in clause 5.4.3.</p> <p>Conditions: none.</p>	<p>No conditions.</p>	<p>CPP Application, section 6.2.5.</p>
6	<p>Definition of “current period” – clause 1.1.4</p> <p>Replace the definition of “current period” with the following:</p> <p><i>Current period means the five disclosure years from 1 April 2011 to 31 March 2016.</i></p> <p>Conditions: none.</p>	<p>No conditions.</p>	<p>Wherever information is required for the “current period”</p>

APPENDIX 7: SCHEDULE B: COST ALLOCATION INFORMATION

Schedule B - Cost allocation information

Electricity Distribution Business

Table	Table name
<u>Table 1</u>	Allocation of regulated asset values
<u>Table 2</u>	Report supporting allocations of asset values (Non-public)
<u>Table 3</u>	Allocation of operating costs
<u>Table 4</u>	Report supporting allocation of operating costs (non-public)
<u>Table 5</u>	Rationale for selecting proxy allocator

Table 1: Allocation of asset values

	Value allocated (\$'000s) Electricity distribution services
Subtransmission lines	
Directly attributable	68,432
Not directly attributable	–
Total attributable to regulated service	68,432
Subtransmission cables	
Directly attributable	27,864
Not directly attributable	–
Total attributable to regulated service	27,864
Zone substations	
Directly attributable	153,098
Not directly attributable	–
Total attributable to regulated service	153,098
Distribution and LV lines	
Directly attributable	391,395
Not directly attributable	–
Total attributable to regulated service	391,395
Distribution and LV cables	
Directly attributable	312,839
Not directly attributable	–
Total attributable to regulated service	312,839
Distribution substations and transformers	
Directly attributable	251,602
Not directly attributable	–
Total attributable to regulated service	251,602
Distribution switchgear	
Directly attributable	124,375
Not directly attributable	–
Total attributable to regulated service	124,375
Other network assets	
Directly attributable	166,744
Not directly attributable	–
Total attributable to regulated service	166,744
Non-network assets	
Directly attributable	8,321
Not directly attributable	23,343
Total attributable to regulated service	31,664
Regulated service asset value directly attributable	1,504,670
Regulated service asset value not directly attributable	23,343
Total closing RAB value	1,528,013

Table 2: Report supporting allocations of asset values (non-public)

This table requires additional detail on the asset allocation methodology applied in allocating asset values that are not directly attributable, to support the information provided in Table 1.

Asset description	Allocation methodology type	Allocator	Allocator type	Allocator Metric (%)		Value allocated (\$000)				OVABAA allocation increase (\$000)
				Electricity distribution services	Non-electricity distribution services	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	
Subtransmission lines										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Subtransmission cables										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Zone substations										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Distribution and LV lines										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Distribution and LV cables										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Distribution substations and transformers										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Distribution switchgear										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Other network assets										
										-
										-
										-
Subtotal not directly attributable						-	-	-	-	-
Non-network assets										
Corporate Assets	ABAA	Fixed Assets	Proxy	81.95%	18.05%		23,343	5,141	28,484	
										-
										-
										-
Subtotal not directly attributable						-	23,343	5,141	28,484	-
Total regulated service asset value not directory attributable						-	23,343	5,141	28,484	-

* include additional rows if needed

Table 3: Allocation of operating costs

	Value allocated (\$'000s)				OVABAA allocation increase (\$'000s)
	Arm's length deduction	Electricity distribution services	Non- electricity distribution services	Total	
Service interruptions and emergencies					
Directly attributable		6,732			
Not directly attributable	-	-	-	-	-
Total attributable to regulated service		6,732			
Vegetation management					
Directly attributable		6,026			
Not directly attributable	-	-	-	-	-
Total attributable to regulated service		6,026			
Routine and corrective maintenance and inspection					
Directly attributable		9,822			
Not directly attributable	-	-	-	-	-
Total attributable to regulated service		9,822			
Asset replacement and renewal					
Directly attributable		6,688			
Not directly attributable	-	-	-	-	-
Total attributable to regulated service		6,688			
System operations and network support					
Directly attributable		10,096			
Not directly attributable	-	687	151	839	-
Total attributable to regulated service		10,784			
Business support					
Directly attributable		5,311			
Not directly attributable	-	23,705	5,089	28,794	-
Total attributable to regulated service		29,016			
Operating costs directly attributable		44,675			
Operating costs not directly attributable	-	24,393	5,240	29,633	-
Operating expenditure		69,068			

Table 4: Report supporting allocation of operating costs (non-public)

Cost description	Allocation methodology type	Cost allocator	Allocator type	Allocator Metric (%)		Value allocated (\$000)				OVABAA allocation increase (\$000)
				Electricity distribution services	Non-electricity distribution services	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	
Service interruptions and emergencies										
										-
										-
										-
Not directly attributable						-	-	-	-	-
Vegetation management										
										-
										-
										-
Not directly attributable						-	-	-	-	-
Routine and corrective maintenance and inspection										
										-
										-
										-
Not directly attributable						-	-	-	-	-
Asset replacement and renewal										
										-
										-
										-
Not directly attributable						-	-	-	-	-
System operations and network support										
Network IS Management	ABAA	Fixed Assets	Proxy	82%	18%	0	687	151	839	
										-
										-
Not directly attributable						-	687	151	839	-
Business support										
Corporate Services	ABAA	Distributions line charge revenue	Proxy	84%	16%	0	9,246	1,759	11,005	
Human Resources	ABAA	Employee numbers	Proxy	80%	20%	0	1,320	336	1,656	
Legal and Regulatory Management	ABAA	Time spent/Fixed Assets	Proxy	79%	21%	0	1,637	434	2,071	
Insurance	ABAA	Indemnity value/vehicle numbers/Employee numbers	Causal	91%	9%	0	1,032	98	1,130	
Facility Costs	ABAA	Employee numbers/Fixed Assets	Causal	75%	25%	0	1,305	443	1,748	
Informations Systems and Projects	ABAA	Fixed Assets	Proxy	82%	18%	0	9,165	2,019	11,184	
Not directly attributable						-	23,705	5,089	28,794	-
Operating costs not directly attributable						-	24,393	5,240	29,633	-

Table 5: Rationale for selecting proxy allocator

Tables 5a and 5b must be completed for each line item where proxy allocated is used

Table 5a: Rationale for selecting proxy allocator for asset values

Asset description	Allocation methodology type	Allocator	Allocator type	Rationale for selecting proxy allocator
Subtransmission lines				
Subtransmission cables				
Zone substations				
Distribution and LV lines				
Distribution and LV cables				
Distribution substations and transformers				
Distribution switchgear				
Other network assets				
Non-network assets				
Corporate Assets	ABAA	Fixed Assets	Proxy	Shared non-network assets are created and used within our business to support our asset management functionality.

Table 5b: Rationale for selecting proxy allocator for operating expenses

Cost description	Allocation methodology type	Cost allocator	Allocator type	Rationale for selecting proxy allocator
Service interruptions and emergencies				
Vegetation management				
Routine and corrective maintenance and inspection				
Asset replacement and renewal				
System operations and network support				
Network IS Management	ABAA	Fixed Assets	Proxy	IT systems created and used within our business are to support our asset management functionality
Business support				
Corporate Services	ABAA	Distributions line charge revenue	Proxy	In the absence of another driver revenue is likely to be the fairest allocator of shared costs
Human Resources	ABAA	Employee numbers	Proxy	Headcount in Electricity and Gas drive the costs in HR
Legal and Regulatory Management	ABAA	Time spent/Fixed Assets	Proxy	There is a defined workload from each regulatory business. Legal services generally used to support our asset management functionality
Informations Systems and Projects	ABAA	Fixed Assets	Proxy	IT systems created and used within our business are to support our asset management functionality

**APPENDIX 8: SCHEDULE D: CAPITAL AND OPERATING EXPENDITURE
INFORMATION**

Electricity Distribution Services Input Methodologies Determination 2012 (28 February 2017)

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
Schedule D	CAPITAL AND OPERATING EXPENDITURE INFORMATION	GENERAL NOTE:		Includes the information provided under the stated subclause of Attachment A of the ID Determination. Bold red font denotes references which are relevant also to this specific reference
D1	Interpretation			
D2	Instructions relating to provision of information			
D2(1)	A CPP proposal must- (a) include all information required in- (i) Attachment A of the ID determination or any successor to that Attachment A; and (ii) this schedule; unless the Commission has approved a modification or exemption from the CPP application requirements under clause 5.1.6 and has included the relevant information related to the exemption or modification as set out in clause 5.1.8; (b) contain a table that, in respect of each clause of this schedule- (i) provides a reference to the place where, in the CPP proposal, a response is provided; and (ii) gives the title and page reference to any separate document identified in response, including in the case where the document in question is provided in the CPP proposal.	Application 2017 Asset Management Plan	Appendix 8 (Schedule D) Appendix 14: Regulatory Requirements Look-up	Schedule D attached in Application 2017 AMP includes Appendix 14
D2(2)	Where information provided in accordance with these requirements differs from the most recent information provided by the EDB to the Commission in accordance with any obligation under Part 4 of the Act, a CPP proposal must- (a) identify the differences; and (b) give reasons for such differences.			
D2(3)	Where information required by this schedule is omitted from a CPP proposal, the CPP proposal must contain an explanation for each such omission.			
D2(4)	A CPP applicant may comply with subclause (1) by- (a) reproducing its asset management plan with the additional material required by this schedule included; or (b) providing the information required by this schedule separately from its asset management plan.			We are providing this schedule separately from the asset management plan but referencing between them where relevant. See D2(1)
D2(5)	For the purpose of subclause 3.4 of Attachment A of the ID determination, additional information required to be included in the CPP proposal need only apply to the- (a) current period; (b) assessment period; and (c) next period.			
D2(6)	Detailed information described in clause D10 in relation to identified programmes- (a) need only be provided to the verifier upon the verifier's requests; and (b) where provided under (a), must be included in the CPP proposal as provided to the Commission in the CPP application.	Final Independent Verifier report	Chapter 1.5 and Appendix D	All documents provided to the Verifier are in the Ansarada Dataroom and documented in the Final Independent Verifier report in Appendix A - Information provided, specifically Table 10 Relied Upon Information, Table 11 Relied Upon Responses to Questions and Table 12 Other Supporting Information Provided. Chapter 1.5 describes the process of document and information submission to the Verifier. Appendix D list the selected projects and Tables 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40 and 42 list the relevant documents for each selected project
D3	Governance, organisation structure and business processes			
D3(1)	In addition to the information required by clause 3.7 of Attachment A of the ID determination, provide			Attachment A - clause 3.7: Chapter 6.2.2, 6.3, 7.5 and 8.4
D3(1)	(a) the current organisational structure of the EDB and a description of any separate organisation used to manage capex and opex:	Application	Section 7.4 and Appendix 10	
D3(1)	(b) the number of full time equivalent employees, employed by the applicant, broken down by business units:	Application	Section 7.4 and Appendix 10	
D3(1)	(c) an explanation of the arrangements for undertaking system operations and network support activities, and the extent that these functions are centralised and outsourced;	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 8.3.2 and 8.3.4 Chapters 10.3 and 23.8 06.01 Deliverability Plan (throughout)	

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
D3(1)	(d) where any cost is shared with organisational activities that do not involve providing regulated electricity distribution services, the basis on which these costs have been allocated and included in the forecast; and	Main Proposal 2017 Asset Management Plan Financial and Modelling Information Report	Chapter 16.2 Chapters 26.2.2.2 Section 7.2	
D3(1)	(e) a description of any anticipated changes during the next period to the organisational structure.	Main Proposal Dataroom	Chapters 8.3, 9.3.1, 15.9, 16 Overview, 16.2, 16.3 and 16.5 04.01.05.06 SONS POD (pages 7 - 11) 04.01.11 Business Case for Asset Management Strategy Increase (pages 4 - 6 and 12 - 13) 04.01.12 Business Case for In House Call Centre (pages (8 - 9) 05.01.09 Corporate Opex POD Steps - Supporting Material (throughout) 05.02.03 POD Corporate Opex (throughout)	
D3(2)	In addition to the information required by clause 3.12 of Attachment A of the ID determination-			<u>Attachment A - clause 3.12:</u> Chapters 10.4 , 10.5, 22.4 , 22.5 and Appendix 12
D3(2)	(a) provide a commentary on the sources of asset management information;	2017 Asset Management Plan	Chapter 22	
D3(2)	(b) and other relevant data that has been relied upon in preparing the forecasts, including- (i) a description of the quality of this information and data; and (ii) details of any assumptions that have been made to fill any information or data gaps.	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 9 and 10 to 16 Chapters 11.4, 12, 13, 15 to 21, 23, 24.4, 25.4, 26.3 (see Table 26.9) and 26.4 05.01.05 New Foundation (ERP) Material - Asset and Financial Management System Renewal Options (throughout) 05.01.07 Powerco ERP Needs Case (pages 5 - 13) 05.02.07 Electricity CPP IS Capex POD (pages 1 - 4 and 7)	Dataroom documents provide additional details on system and data quality issues; also the process, assumptions and risks associated with that forecast
D3(3)	In addition to the information required by clause 3.13 of Attachment A of the ID determination, describe the procedures and processes used by the EDB to- (a) plan and develop; (b) estimate the cost of; (c) approve; (d) implement; and (e) monitor; the capex and opex projects and programmes described in the CPP proposal, and develop unit costs, and assess whether the costs are comparable with industry costs	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 10.4, 10.5, 11.3.2, 11.5 to 11.10, 12.3 to 12.7, 13.7 and 15 Chapters 6, 7, 9, 10.2, 11, 12, 13, 15 to 21, 26.3 (see Table 26.9) and 26.4 04.02.07 Opex and Capex Benchmarking (pages 2 - 19) 04.01.05.03 POD Corrective Maintenance (pages 4 - 13) 04.01.05.04 POD Preventive Maintenance and Inspection (pages 4 - 11) 04.01.05.05 POD Reactive Maintenance (pages 4 - 10) 04.01.05.06 SONS POD (pages 8 - 21) 04.01.05.07 Consumer Connections POD (pages 2 - 5) 05.02.03 POD Corporate Opex (throughout) 04.01.01 Maintenance Strategy (pages 38 - 49) 04.01.01.01 Maintenance Strategy - additional table Appendix 2 04.01.02 Vegetation Management Strategy (pages 27 - 38) 04.01.09 Electricity Demand Forecasting Guidelines (throughout)	<u>Attachment A - clause 3.13:</u> Chapters 7.2, 8 , 9.7 and 23 Document 04.02.07 shows our benchmarking comparability with industry costs in 9 expenditure categories whereas document 07.04 with other leading performers. The 6 POD documents provide details on the drivers, forecasting approach, key assumptions and inputs used to develop the unit costs and therefore the cost estimates and expenditure forecasts. Maintenance Strategy, Vegetation Strategy and Electricity Demand Forecasting Guidelines references provide similar information
D3(4)	In addition to the information required by clause 3.7 of Attachment A of the ID determination provide- (a) an overview of any internal challenge, review and approval process applied before the forecasts were finalised for inclusion in the CPP proposal;	Main Proposal 2017 Asset Management Plan	Chapters 4.2, 7.1, 11.4, 12.4, 13.4, 14.4, 15.4 and 16.4 Chapters 6.5 and 6.8	<u>Attachment A - clause 3.7:</u> Chapter 6.2.2, 6.3, 7.5 and 8.4
D3(4)	(b) a statement as to whether or not the forecast includes provision for efficiency improvements over time and, if so, a description of how this provision is reflected in the forecasts; and	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 7, 10.5, 11.5 to 11.10, 12.5.2, 12.7.2, 13.7.3, 15.5.3, 15.6.3, 15.7.3, 15.8.3 and 15.9.3 Chapter 26.2, eg 26.2.1 04.01.05.03 POD Corrective Maintenance (pages 3 and 12) 04.01.05.04 POD Preventive Maintenance and Inspection (pages 3, 4 and 11) 04.01.05.05 POD Reactive Maintenance (pages 3 and 10) 04.01.05.06 SONS POD (pages 8, 18 and 19) 04.02.04.03 Network Opex - Step Changes - Corrective Maintenance (throughout) 04.02.04.04 Network Opex - Step Changes - Preventive Maintenance and Inspection (throughout) 04.01.11 Business Case for Asset Management Strategy Increase (pages 6 - 23)	The Benefit and Trend sections of each POD document (4) discuss efficiencies and how these are reflected in the estimates. The Network Opex Step Change documents (2) describe overall efficiency improvements as well as benefits and cost estimate impacts by initiative The Business Case document describes benefits and quantifies the expected benefit in terms of capex, opex and reliability stabilisation
D3(4)	(c) a statement of how the approval process treats the risks on cost estimates and timing of projects due to deviations of forecast assumptions.	Main Proposal 2017 Asset Management Plan	Chapters 10.4 and 10.5 Chapters 6.5.4.3 and 6.5.4.4	
D4	Network asset information			
D4	In relation to the information required by clause 4 of Attachment A of the ID determination- (a) where information is based on estimates, this must be explicitly stated; and (b) quantities of assets must be presented in a way that clearly describes the size and scope of regulated assets, but need not include detailed lists or schedules as would be included in a complete asset register or inventory.	2017 Asset Management Plan	Estimates stated as 'Projected as at 2027' as in Figure 15.7, 15.12, 16.4, 16.11, 16.15, 17.3, 17.6, 18.8, 18.13, 19.5, 19.10, 20.5, 20.10 and 20.14 Quantities are stated 'as at 2016' - some examples see Chapter 3, Tables 3.1 and 3.2, Chapter 15, Table 15.2	<u>Attachment A - clause 4:</u> Chapters 3, 7.3.2, 11, 13.4.1, 14, 15 to 21, Appendix 2 (Schedule 12b), 4, 7 and 13
D5	Service levels			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
D5	Where not included in information provided in respect of clause 5 of Attachment A of the ID determination, provide- (a) a description as to how each performance indicator and performance target described in accordance with clause 5 of Attachment A of the ID determination- (i) relates to the EDB's relevant policies; and (ii) reflects the expenditure objective; (b) for each performance indicator identified and defined in accordance with subclause (a): (i) the measured performance for each year of the current period; and (ii) the target performance for each year of the next period; (c) a comparison and evaluation of each actual service level achieved for the disclosure years in the current period against each relevant performance target, including explanations for all significant variances.	2017 Asset Management Plan Dataroom	Chapters 5 and 26 01.01.01 Asset Management Strategy (pages 4 - 7) 01.02.12 350P001 Network Asset Management Policy	<u>Attachment A - clause 5:</u> Chapter 9 The signed Network Asset Management Policy is also provided (in addition to its inclusion in the Asset Management Strategy document) Figures 9.8 to 9.18 in Chapter 9 of the Asset Management Plan 2017 Variances commented on under relevant Figures in Chapter 9 of the Asset Management plan 2017 eg Figures 9.8 and 9.9
D6	Network development planning			
D6(1)	The description of network development plans required in clause 11 of Attachment A of the ID determination must include the additional information specified in this clause.			<u>Attachment A - clause 11:</u> Chapters 6.3, 6.5, 7, 10, 11, 13, 15 to 21, Appendix 7, 8 and 13
D6(2)	For system growth capex, consumer connection capex, asset relocation capex and reliability, safety and environment capex- (a) identify all relevant documents, policies and consultants' reports that were taken into account in preparing these capex forecasts; and (b) where appropriate, identify their relevance to each category of capex.	Dataroom	04.01.03 Network Development Plan 04.01.09 Electricity Demand Forecasting Guidelines 01.02.62 ZP01594 Powerco Security of Supply 01.02.61 Electricity Network Options Analysis Guideline 04.01.08 Electricity Capital Contribution Guide 04.01.16 Business Case for Network Evolution Activities 04.02.02.19 Communications Plan 07.03 Guide for Security of Supply August 2013	
D6(3)	In addition to the information required by clauses 11.1-11.6 of Attachment A of the ID determination, provide the rationale for the planning criteria and other key drivers and assumptions for network development for system growth capex, consumer connection capex, asset relocation capex and reliability, safety and environment capex.	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 12, 13.5 and 13.6 Chapters 24.4, 25.4, 26.3 (See Table 26.9) and 26.4 04.01.03 Network Development Plan (pages 4 - 21 and then throughout from page 24) 04.01.09 Electricity Demand Forecasting Guidelines (throughout) 01.02.62 ZP01594 Powerco Security of Supply (throughout) 01.02.61 Electricity Network Options Analysis Guideline (throughout) 04.01.16 Business Case for Network Evolution Activities (throughout) 04.02.02.19 Communications Plan (throughout) 04.01.05.07 Consumer Connections Capex POD (throughout) 04.01.08 Electricity Capital Contribution Guide (throughout) 04.02.04.05 Output Growth Factors used in BST models (throughout)	<u>Attachment A - clauses 11.1 - 11.6:</u> Chapters 7, 11 , 13.4, 13.5, 15 to 21 and Appendix 13 Network Development Plan section 4 provides an overview of the investment planning process whereas section 6 - 19 provide more detailed information within each planning area, including demand forecasts, network configuration and investment plans
D6(4)	In addition to the information required by clause 11.7 of Attachment A of the ID determination, provide the rationale for the prioritisation process and criteria.	Main Proposal Dataroom	Chapters 9.2 and 9.3 04.01.03 Network Development Plan (pages 18 and 19)	<u>Attachment A - clause 11.7:</u> Chapters 6.3, 6.5 , 7.2 and 7.4.1
D6(5)	In addition to the information on demand forecasts required by clause 11.8 of Attachment A of the ID determination- (a) describe and explain the methodology used to prepare the relevant forecasts, including- (i) any sensitivity analysis undertaken; (ii) any weather normalisation methodology used and how weather data has been used; and (iii) the models used (including each model's key inputs and assumptions); and (b) provide- (i) an outline of the treatment of very large loads, uncertain loads and significant loads transferred, or expected to be transferred, between different parts of the network (e.g. between zone substations and/or between feeders); (ii) details of the location, types and aggregate levels of any distributed generation and assumptions relating to the impact they may have on network forecasts; and (iii) details of the effect that any demand management systems or initiatives and any other new or emerging technologies may have on the network forecasts and the extent that they have been included in the forecasts in the CPP proposal.	Main Proposal 2017 Asset Management Plan Dataroom	Chapter 12.3 Chapter 11.5 (Table 11.29 lists DG greater than 1 MW) and Chapter 26.3 (Table 26.9) 04.01.03 Network Development Plan (pages 24 - 170) 04.01.09 Electricity Demand Forecasting Guidelines (throughout) 04.01.16 Business Case for Network Evolution Activities (throughout) 04.02.02.01 Demand Summary 04.02.02.02 Demand - Demand Forecast ICP Data 04.02.02.03 Demand - Eastern Zone Sub Forecast Model 04.02.02.04 Demand - Feeder Forecast 2016 04.02.02.05 Demand - GXP Forecast 2016 Model 04.02.02.06 Demand - Western Zone Sub Forecast Model	<u>Attachment A - Clause 11.8:</u> Chapters 7.2.3, 11.4 (specifically Tables) and Appendix 7. D6(5)(a)(i) and (ii) - refer documents 04.01.03 Network Development Plan and 04.01.09 Electricity Demand Forecasting Guidelines D6(5)(a)(iii) - refer Demand Forecast Models D6(5)(b)(i) - refer to documents 04.01.03 Network Development Plan and 04.01.09 Electricity Demand Forecasting Guidelines D6(5)(b)(ii) - refer to AMP 2017 references D6(5)(b)(iii) - refer to 04.01.16 Business Case for Network Evolution Activities

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
D6(6)	For the forecasts of consumer connections, embedded generation and electricity volumes provided in the relevant templates in Schedule E- (a) describe and explain the methodology used to prepare the relevant forecasts including- (i) any sensitivity analysis undertaken; (ii) any weather normalisation methodology used and how weather data has been used; and (iii) the models used (including each model's key inputs and assumptions);	Main Proposal 2017 Asset Management Plan Dataram	Chapters 12.3 and 13.5 Chapters 7.2.3, 11.5.2 (Table 11.29), 13.3 and 24.4 04.01.09 Electricity Demand Forecasting Guidelines (throughout) 04.01.05.07 Consumer Connections Capex POD (throughout) 04.02.04.05 Output Growth Factors Used in BST Models (throughout) 04.02.02.07 Forecast Number of Consumer Connections (model) 60-61 Consumer Connection and Asset Relocation Forecast Expenditure Forecast Model	For embedded generation see AMP 2017 references
D6(7)	In addition to the information required by clause 11.9 of Attachment A of the ID determination, provide- (a) for system growth capex, a description of, and the rationale for, the planning standards, and key assumptions relied on by the EDB in determining the need to augment its network; (b) for reliability, safety and environment capex, a description of any models developed by or for the EDB to determine the reliability, safety and environment capex including the rationale for all key input assumptions; and (c) for consumer connection capex and asset relocation capex- (i) key assumptions and a list of policies relevant to apportioning costs, where costs are not fully recovered from a capital contribution; (ii) the rationale and basis for determining the forecast amount, including a description of any modelling used; and (iii) provide this information separately for consumer connection capex and for asset relocation capex	Main Proposal 2017 Asset Management Plan Dataram	Chapters 12.3, 12.4, 12.7, 13.3 - 13.7 Chapters 7.2.3, 12, 15 to 21, 24.3.1, 24.4, 25.3, 25.4, 26.3, 26.3 (see Table 26.9) and Appendix 13 01.02.62 ZP01594 Powerco Security of Supply (throughout) 01.02.61 Electricity Network Options Analysis Guideline (throughout) 04.01.16 Business Case for Network Evolutions Activities (throughout) 04.02.02.19 Communications Plan (throughout) 04.01.05.07 Consumer Connections Capex POD (throughout) 04.01.08 Electricity Capital Contribution Guide (throughout) 04.02.04.05 Output Growth Factors used in BST Models (throughout)	<u>Attachment A - clause 11.9:</u> Chapter 10, 11.4, 13.4, 13.5 and Appendix 8 (a) refer 01.02.62 Powerco Security of Supply (b) refer 01.02.62 Powerco Security of Supply, 04.01.16 Business Case for Network Evolutions Activities and 04.02.02.19 Communications Plan. Note that many Growth and Security projects also address long term reliability (c) refer 04.01.05.07 Consumer Connections POD, 04.02.04.05 Output Growth Factors used in BST Models and 04.01.08 Electricity Capital Contributions Guide. There is no Asset Relocation POD so the only valid references are AMP 2017 Chapters 25.3 and 25.4.
D6(8)	In addition to the information required in clause 11.10 of Attachment A of the ID determination, for each system growth capex project and programme included in the capex forecast provide- (a) a description of the project or programme, including the assumed number and ratings of significant new assets and, where appropriate, a single-line diagram showing how it is assumed that the assets will be integrated into the existing network; (b) the estimated cost of the project or programme, disaggregated by disclosure year, including costs already incurred in the current period; and (c) details of the effect any new or emerging technologies may have and the extent that they have been considered.	Application Main Proposal Dataram	Appendix 9 Chapter 12.5 and 12.6 04.01.03 Network Development Plan (pages 24 - 170) 04.01.16 Business Case for Network Evolutions Activities (throughout) 04.02.02.19 Communications Plan (throughout)	<u>Attachment A - clause 11.10:</u> Chapter 11.4 and Appendix 8 (a) and (c) - refer to 04.01.03 Network Development Plan which includes single-line diagrams. (b) - refer to Schedule E, Tables 1 and 4 in the Application, Appendix 9
D6(9)	In addition to the information required in clause 11.10 of Attachment A of the ID determination, for each reliability, safety and environment capex project and programme included in the capex forecast provide- (a) a description of the project or programme including the assumed number and ratings of significant new assets; (b) a discussion of key assumptions and the rationale for making those assumptions; (c) a description of models used and key input assumptions and data sources, including a discussion of relevant data systems and any limitations in the data; (d) an indication of the project's or programme's current status in the planning process; and (e) the estimated cost of the project or programme, disaggregated by disclosure year, including costs already incurred in the current period.	Application Main Proposal 2017 Asset Management Plan Dataram	Appendix 9 Chapter 12.7 Chapters 12 (see Table 12.1) and 26.3 (see Table 26.9) 04.01.03 Network Development Plan (pages 24 - 170)	<u>Attachment A - clause 11.10:</u> Chapter 11.4 and Appendix 8 (e) - refer to Schedule E, Tables 1 and 4 in the Application, Appendix 9
D6(10)	In addition to the information required in clause 11.10 of Attachment A of the ID determination, for any consumer connection capex and asset relocation capex project and programme, provide a description and the estimated costs of any specific project or programme included in the forecast.	Main Proposal 2017 Asset Management Plan	Chapters 13.5 and 13.6 Chapters 24.4.2 and 25.4	<u>Attachment A - clause 11.10:</u> Chapter 11.4 and Appendix 8 No specific projects have been identified as per AMP disclosure
D6(11)	In addition to the information required by clause 11.12 of Attachment A of the ID determination, and, where not provided in response to subclause (2), identify the EDB's policies regarding the application of new or emerging technologies.	Main Proposal	Chapter 13.7	<u>Attachment A - clause 11.12:</u> Chapters 7.2.9, 13 and Appendix 13
D7	Lifecycle asset management planning (maintenance and renewal)			
D7(1)	The description of Lifecycle Asset Management Planning required in clause 12 of Attachment A of the ID determination must include the additional information specified in this clause.			<u>Attachment A - Clause 12:</u> Chapters 8.2, 11, 13, 15 to 21, 23.2, 23.3, 23.4, 23.5, 23.7, Appendix 9 and 10.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
D7(2)	In addition to information required by clauses 3.13 and 3.14 of Attachment A of the ID determination, describe the organisation that the EDB uses to manage network maintenance and associated expenditure, including the physical arrangements for undertaking these activities and the extent that these functions are centralised and outsourced.	Main Proposal 2017 Asset Management Plan Dataroom	Chapter 8 Chapter 7.5 06.01 Deliverability Plan (throughout)	<u>Attachment A - clauses 3.13 and 3.14:</u> Chapters 6, 7.2, 8 , 9.7 and 23
D7(3)	In addition to the information required by clauses 12.1 and 12.2 of Attachment A of the ID determination, for each of service interruptions and emergencies opex, vegetation management opex and routine and corrective maintenance and inspection opex describe the approach used to prepare the expenditure forecast and provide- (a) details and a rationale for each relevant key assumption; (b) a description of any models used; (c) a description of any new expenditure or forecast changes to the level of expenditure on existing network opex programmes over the course of the next period that will have a material effect on the network opex forecast, including- (i) the rationale for and timing of these changes; (ii) an assessment of the impact of these changes on the service levels provided by the EDB; and (iii) the impact of these changes on the opex forecast.	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 8, 15.1 - 15.5 and 15.7 - 15.8 Chapters 26.2.2 and 26.3 (see Table 26.9) 04.01.01 Maintenance Strategy (throughout) 04.01.01.01 Maintenance Strategy - additional table Appendix 2 04.01.02 Vegetation Management Strategy (throughout) 04.01.05.04 POD - Preventive Maintenance and inspection (throughout) 04.01.05.05 POD - Reactive Maintenance (throughout) 04.01.11 Business Case for Asset Management Strategy Increase 04.02.04.04 Network Opex Step Changes - Preventive Maintenance and Inspection (throughout) 04.02.04.05 Output Growth Factors used in BST models (throughout) 04.02.04.07 Approach to Modelling Second Cuts in Vegetation Model (throughout)	<u>Attachment A - clauses 12.1 and 12.2:</u> Chapters 8.2, 15 to 21, 23.2, 23.3, 23.4 , Appendix 9 and 10. A detailed description of the strategies, objectives, drivers, volumes, approach to cost forecasting and deliverability is given in the Strategy documents 04.01.01 Maintenance Strategy, 04.01.01.01 Additional Table Appendix 2 and 04.01.02 Vegetation Management Strategy and 04.02.04.07 Approach to Modelling second Cuts in Vegetation Model. The two POD documents provide an overview specific to each area (preventive & inspection and reactive). Also included is information on forecast expenditure and proposed step changes. More detailed information on the step changes, (rationale, timing, impact) is provided in the Network Opex Step Change document (04.02.04.04) and the Output Growth Factors used in BST models (04.02.04.05)
D7(4)	Identify all relevant documents, policies and consultants' reports that were taken into account in preparing the forecasts of service interruptions and emergencies opex, vegetation management opex and routine and corrective maintenance and inspection opex;	Dataroom	01.01.01 Asset Management Strategy 04.01.01 Maintenance Strategy 04.04.01.01 Maintenance Strategy - additional table Appendix 2 04.01.02 Vegetation Management Strategy 01.02.61 Electricity Network Options Analysis Guideline 04.01.04.01 Fleet Management Plan - Cables 04.01.04.02 Fleet Management Plan - Distribution Switchgear 04.01.04.03 Fleet Management Plan - Distribution Transformers 04.01.04.04 Fleet Management Plan - Overhead Conductors 04.01.04.05 Fleet Management Plan - Overhead Structures 04.01.04.06 Fleet Management Plan - Zone Substations 04.01.04.07 Fleet Management Plan - Secondary Systems 04.01.05.04 POD - Preventive Maintenance and inspection 04.01.05.05 POD - Reactive Maintenance 04.02.04.04 Network Opex Step Changes - Preventive Maintenance and Inspection 04.01.11 Business Case for Asset Management Strategy Increase 06.01 Deliverability Plan 07.02 EEA - Risk Based Vegetation Guide - 2016	The seven dataroom Fleet Management Plans provide maintenance regimes and frequencies in Chapter 4.3. Document 04.01.11 Business Case for Asset Management Strategy Increase details opex forecast efficiencies that are expected to arise towards the end of the CPP period (pages 8-9 and 15-22)
D7(5)	In addition to the information required by clause 12.3 of Attachment A of the ID determination, for asset replacement and renewal capex and asset replacement and renewal opex provide- (a) a description of the criteria used to determine whether the expenditure is capex or opex; and (b) a description of the prioritisation methodology adopted for asset replacement projects and programmes.	Main Proposal 2017 Asset Management Plan Dataroom	Chapter 11 Chapters 6.5.4.4, 7.3, 7.4, 8.2, 8.3 and 14.3 01.02.21 350S001 Guide to the Capitalisation of Network Asset Expenditures 01.02.58 124S005 Internal Cost Capitalisation Procedure 01.02.30 392S034 Powerco Asset Criticality Definition - Electricity Networks - AEN 04.01.04.01 Fleet Management Plan - Cables (pages 11 - 17 and 22 - 24) 04.01.04.02 Fleet Management Plan - Distribution Switchgear (pages 14 - 21 and 26 - 29) 04.01.04.03 Fleet Management Plan - Distribution Transformers (pages 11 - 16 and 21 - 24) 04.01.04.04 Fleet Management Plan - Overhead Conductors (pages 11 - 21 and 26 - 28) 04.01.04.05 Fleet Management Plan - Overhead Structures (pages 12 - 19 and 24 - 27) 04.01.04.06 Fleet Management Plan - Zone Substations (pages 17 - 27 and 32 - 35) 04.01.04.07 Fleet Management Plan - Secondary Systems (pages 16 - 20 and 25 - 27)	<u>Attachment A - clause 12.3:</u> Chapters 11, 13, 15 to 21 , 23.3.3, 23.4.3, 23.5.3, 23.7.4 and Appendix 9 (a) refer to the first 2 dataroom documents (01.02.21 and 01.02.58) (b) refer to AMP Chapters 7.3 and 7.4 and 01.02.03 Powerco Asset Criticality Definition and Fleet Plans - sections 2.3 and 4.3

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
D7(6)	Identify all relevant documents, policies and consultants' reports that were taken into account in preparing the forecasts of asset replacement and renewal capex or asset replacement and renewal opex;	Dataroom	01.01.01 Asset Management Strategy 04.01.01 Maintenance Strategy 04.01.01.01 Maintenance Strategy - additional table Appendix 2 01.02.61 Electricity Network Options Analysis Guideline 04.01.04.01 Fleet Management Plan - Cables 04.01.04.02 Fleet Management Plan - Distribution Switchgear 04.01.04.03 Fleet Management Plan - Distribution Transformers 04.01.04.04 Fleet Management Plan - Overhead Conductors 04.01.04.05 Fleet Management Plan - Overhead Structures 04.01.04.06 Fleet Management Plan - Zone Substations 04.01.04.07 Fleet Management Plan - Secondary Systems 04.01.11 Business Case for Asset Management Strategy Increase 06.01 Deliverability Plan	Document 04.01.11 Business Case for Asset Management Strategy Increase details renewal forecast efficiencies that are expected to arise towards the end of the CPP period (pages 8-9 and 15-22) Survivorship models etc
D7(7)	In addition to the information required by subclauses 12.3.3 – 12.3.5 of Attachment A of the ID determination, for each asset replacement and renewal capex or asset replacement and renewal opex project and programme provide- (a) a description of and the rationale for the projects and programmes; (b) where relevant, an overview of any network and non-network alternatives considered and the basis for selecting the preferred solution; (c) an indication of the project's or programme's current status in the planning process; (d) the actual and forecast expenditure on each project or programme described in subclause (a) disaggregated by regulatory year in both the current period and the next period; and (e) a description of the methodology used by the EDB to determine the forecast expenditure over the next period on the projects or programmes described in subclause (a) including where applicable- (i) the key assumptions and the rationale for the key assumptions and policies; (ii) any relevant modelling and the rationale for material model input assumptions; and (iii) a commentary on the source of the unit costs or components of cost, the accuracy of the cost estimates and the treatment of cost uncertainty where there are not explicitly stated elsewhere.	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 11, 15.1 to 15.4 and 15.6 Chapters 7.3.2, 7.3.3, 14, 23.4, 26.3 (see Table 26.9), 26.4 and Appendix 2 - Schedules 11A and 11B 04.01.04.01 Fleet Management Plan - Cables (pages 6 - 33) 04.01.04.02 Fleet Management Plan - Distribution Switchgear (pages 6 - 42) 04.01.04.03 Fleet Management Plan - Distribution Transformers (pages 5 - 35) 04.01.04.04 Fleet Management Plan - Overhead Conductors (pages 6 - 41) 04.01.04.05 Fleet Management Plan - Overhead Structures (pages 6 - 41) 04.01.04.06 Fleet Management Plan - Zone Substations (pages 6 - 50) 04.01.04.07 Fleet Management Plan - Secondary Systems (pages 6 - 37) 04.02.04.02 Network Opex Step Change Documents 04.02.04.03 Network Opex Step Changes - Corrective Maintenance	<u>Attachment A - subclauses 12.3.3 - 12.3.5:</u> Chapters 15 – 21 and Appendix 9 AMP Chapter 7.3.2 describes the fleet categories and provides a Portfolio to Asset Fleet mapping, with further details in chapters 7.3.3 and 14, which provides an introduction to our fleet management plans which are provided by each asset category (7 broad portfolios) in Chapters 15 to 21 and in further detail in the dataroom. Referencing below relates to each Fleet Management Plan in the dataroom. (a) The description and rationale for each programme are given in Chapters 2 and 3 of each plan (b) See Emerging Technologies in Chapter 2.3 (either 2.3.4 or 2.3.5) of each plan. (c) and (d) See Appendix A.1 Renewals Capital Works programme in each plan. Also refer to AMP Schedules 11a and 11b (Appendix 2) (e) See Chapter 4 of each Fleet Plan. Unit Rates and Costs are provided under Chapter 4.4.1 of each plan and also in the Appendices of the Fleet Management Plans for Distribution Transformers (A.3), Overhead Structures (A.2) and Zone Substations (A.3). This is in addition to information provided in AMP Chapters (A.3). This is in addition to information provided in AMP Chapters (a) Renewal quantities are given in Appendix A.1 of each fleet management plan. (b) No ARR capex replacement projects planned for the CPP Period include substantial redesign of an asset layout such that the relevant Single Line Diagram(SLD) would materially change. ARR capex projects sometimes include replacement of assets with different 'modern equivalent assets', which may require some minor asset layout changes but the new asset performs the same overall function as previous. Examples of this include replacement of outdoor switchgear with indoor switchgear, or conversion of a pole mounted transformer with a ground mounted transformer. SLD changes for these works are minor, but could include for example the addition of a bus coupling circuit breaker in an indoor switchboard where as the outdoor switchgear only had bus disconnectors.
D7(8)	For an asset replacement and renewal capex project provide- (a) assumed number and ratings of significant new assets; and (b) a single-line diagram showing how the project will be integrated into the existing network for projects involving a redesign of asset layout.	2017 Asset Management Plan Dataroom	Chapters 15 to 21 and Appendix 9 04.01.04.01 Fleet Management Plan - Cables (pages 31 - 33) 04.01.04.02 Fleet Management Plan - Distribution Switchgear (pages 38 - 42) 04.01.04.03 Fleet Management Plan - Distribution Transformers (pages 31 - 34) 04.01.04.04 Fleet Management Plan - Overhead Conductors (pages 38 - 41) 04.01.04.05 Fleet Management Plan - Overhead Structures (pages 38 - 40) 04.01.04.06 Fleet Management Plan - Zone Substations (pages 44 - 49) 04.01.04.07 Fleet Management Plan - Secondary Systems (pages 33 - 37)	(a) Renewal quantities are given in Appendix A.1 of each fleet management plan. (b) No ARR capex replacement projects planned for the CPP Period include substantial redesign of an asset layout such that the relevant Single Line Diagram(SLD) would materially change. ARR capex projects sometimes include replacement of assets with different 'modern equivalent assets', which may require some minor asset layout changes but the new asset performs the same overall function as previous. Examples of this include replacement of outdoor switchgear with indoor switchgear, or conversion of a pole mounted transformer with a ground mounted transformer. SLD changes for these works are minor, but could include for example the addition of a bus coupling circuit breaker in an indoor switchboard where as the outdoor switchgear only had bus disconnectors.
D7(9)	Explain how any anticipated system growth associated with the replacement of assets before the end of their asset life has been taken into account in the asset replacement and renewal capex forecast for the next period.	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 10.5.2, 11 and 15.6 Chapters 7.3.3, 8.3, 15 to 21 and 26.2 04.01.04.01 Fleet Management Plan - Cables (pages 24 - 30) 04.01.04.02 Fleet Management Plan - Distribution Switchgear (pages 30 - 37) 04.01.04.03 Fleet Management Plan - Distribution Transformers (pages 24 - 30) 04.01.04.04 Fleet Management Plan - Overhead Conductors (pages 29 - 36) 04.01.04.05 Fleet Management Plan - Overhead Structures (pages 27 - 36) 04.01.04.06 Fleet Management Plan - Zone Substations (pages 36 - 42) 04.01.04.07 Fleet Management Plan - Secondary Systems (pages 27 - 32)	Refer to Chapter 5.4.4 Renew or Dispose of each fleet management plan

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
D8	Non-system fixed assets capital expenditure information			Includes the information provided under the stated subclause of Attachment A of the ID Determination. Bold red font denotes references which are relevant also to this specific reference
D8(1)	In addition to the information required by clause 13 of Attachment A of the ID determination, for non-network fixed assets capex in the capex forecast provide the rationale and the basis for determining the forecast amount, including a description of any modelling used for the expenditure in the largest two of the following expenditure categories by dollar value- (a) asset management systems; (b) information and technology systems; (c) motor vehicles; (d) office buildings, depots and workshops; (e) office furniture and equipment; and (f) tools, plant and machinery.	Main Proposal Dataroom	Chapter 14 05.01.03 New Foundation (ERP) material - Powerco Information Systems Strategy - Options Analysis Report 05.01.04 New Foundations (ERP) material - Powerco Request for Information Presentation October 2014 05.01.05 New Foundation (ERP) material - Asset and Financial Management System renewal option 05.01.07 Powerco ERP Needs Case 05.02.07 170410 Electricity CPP IS Capex POD 05.01.06 Third Horizon - New Plymouth Facilities Step Change Justification 05.02.06 Facilities Business Case POD	Attachment A - clause 13: Chapter 22, 26 and Appendix 12 Applies to ERP and JST Facilities Development only
D8(2)	The information required by subclause (1) need not be provided if the total non-network assets capex forecast is less than 5% of the total capex forecast.			Applies to ERP and JST Facilities Development as detailed above
D9	Business support, system operations and network support operating expenditure			
D9(1)	Provide sufficient details of the extent that business support and system operations and network support costs have been included in the capex forecast for each disclosure year of both the current period and the next period.	2017 Asset Management Plan Financial and Modelling Information Report Dataroom	Chapter 23.8 Section 6.4.4 01.02.58 124S005 Internal Cost Capitalisation Procedure	See footnote 111
D9(2)	Identify all relevant documents, policies and consultants' reports that were taken into account in preparing these opex forecasts.	Dataroom	06.01 Deliverability Plan 04.01.05.06 SONS POD 04.01.11 Business Case for Asset Management Strategy Increase 04.01.12 Business Case for In House Call Centre 04.01.16 Business Case for Network Evolutions Activities 05.01.08 CPP IS Capability and Expenditure 05.01.06 Third Horizon - New Plymouth Facilities Step Change Justification 05.01.07 Powerco ERP Needs Case 05.01.09 Corporate Opex POD Steps - Supporting material 05.02.03 POD Corporate Opex	
D9(3)	Describe any anticipated material changes to the information provided in subclause (1) over the course of the next period and discuss- (a) the rationale for and timing of the changes; and (b) the impact of the changes on the opex forecast.	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 8.3.2, 8.3.4, 15.9 and 16 Chapters 10.3 and 23.8 06.01 Deliverability Plan 04.01.05.06 SONS POD 04.01.11 Business Case for Asset Management Strategy Increase 04.01.12 Business Case for In House Call Centre 04.01.16 Business Case for Network Evolutions Activities 05.01.08 CPP IS Capability and Expenditure 05.01.06 Third Horizon - New Plymouth Facilities Step Change Justification 05.01.07 Powerco ERP Needs Case 05.01.09 Corporate Opex POD Steps - Supporting Material 05.02.03 POD Corporate Opex	The dataroom documents were both used to prepare the forecasts and contain details of material changes taking place over the CPP forecast years
D9(4)	Describe the approach used to prepare the relevant opex forecast including- (a) each relevant key assumption including the rationale for the assumption; (b) any models used; and (c) the rationale for any new expenditure or step change from current levels of expenditure over the next period.	Main Proposal 2017 Asset Management Plan Dataroom	Chapters 8.3.2, 10.4.3, 15.9 and 16 Chapters 10.3, 23.8, 26.2.2 and 26.4.3 06.01 Deliverability Plan (pages 13 - 16) 04.01.05.06 SONS POD (throughout) 04.01.11 Business Case for Asset Management Strategy Increase (throughout) 04.01.12 Business Case for In House Call Centre (throughout) 04.01.16 Business Case for Network Evolutions activities (page 4) 05.01.08 CPP IS Capability and Expenditure (throughout) 05.01.06 Third Horizon - New Plymouth Facilities Step Change Justification (throughout) 05.01.09 Corporate Opex POD Steps - Supporting Material 05.02.03 POD Corporate Opex (throughout) 05.01.07 Powerco ERP Needs Case	Document 05.01.07 provides the justification for some of the step change in IS Opex during the CPP period
D9(5)	Where appropriate, the information required by this clause should be provided separately for business support opex and for system operations and network support opex.			Business support opex is provided separately to that for system operations and network support opex
D10	Identified programmes			

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments	
D10(1)	Where not already required to be disclosed by Attachment A of the ID determination, for each identified programme provide- (a) a description of the project or programme including- (i) what the project or programme will accomplish; (ii) the location of the project or, if relevant, the location of the programme; (iii) assumed quantities and ratings of major assets, including the rationale for these assumptions; (iv) where relevant, a high-level single-line diagram showing the assumed layout of the project and interfaces with the existing network; and (v) any other information consistent with the nature of the project or programme that is necessary to fully describe the scope of the project and what is involved in its implementation;			Relied upon documents and responses to questions are provided to the Verifier are in the Ansarada Dataroom and documented in the Final Independent Verifier report in Appendix A - Information provided, specifically Table 10 Relied Upon Information Table 11 Relied Upon Responses to Questions. Table 12. Other Supporting Information Provided list other material provided to the verifier. Refer to D2(6).	
D10(1)	(b) a description of the rationale for the project or programme including- (i) the extent that the project or programme meets the expenditure objective; and (ii) the impact of not progressing within the CPP regulatory period;				
D10(1)	(c) a statement as to the project's or programme's current status in the planning process;				
D10(1)	(d) an overview of potential alternatives, including non-network alternatives, and the basis for selecting the preferred option with the information provided to be commensurate with the project's or programme's current status in the planning process;				
D10(1)	(e) the rationale for the proposed timing of the project or, where relevant, the rational for the proposed timing of the programme;				
D10(1)	(f) where applicable, an assessment of the impact of the project or programme on the service levels provided by the EDB;				
D10(1)	(g) if a programme is a continuation or extension of an existing programme, the rationale for any material changes in the forecast expenditure from the level of expenditure on the programme during the current period;				
D10(1)	(h) a detailed breakdown of the estimate of the project or programme costs, disaggregated by disclosure year, including a similar breakdown of any project or programme costs incurred during the current period;				
D10(1)	(i) in addition to the breakdown provided in response to subclause (f)- (i) a description of the methodology used to prepare the estimate; (ii) where applicable, the quantities provided for in the project or programme cost; and (iii) identification of scope or cost uncertainties and an explanation of how such uncertainties have been taken into account in the estimate;				
D10(1)	(j) details of how the EDB proposes to measure and manage the efficiency of the implementation of the project or programme; and				
D10(1)	(k) a description of any cost benefit analyses relevant to the project or programme undertaken by or for the EDB.				
D11	Risk management				
D11(1)	In addition to the information required by clause 14.3 of Attachment A of the ID determination, for any proposed self-insurance allowance- (a) provide- (i) a description of the uncertainties covered by the allowance; (ii) the methodology used to calculate the self-insurance risk premium (e.g. probability multiplied by consequence); (iii) a report on the calculation of each self-insurance risk premium from an actuary who is qualified to provide such advice; and (iv) any quotes obtained from external insurers; and (b) explain why compensation should be provided for the uncertainty.	Application	Section 9		<u>Attachment A - clause 14.3:</u> Chapter 6.9 No self-insurance allowances currently or proposed

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments Includes the information provided under the stated subclause of Attachment A of the ID Determination. Bold red font denotes references which are relevant also to this specific reference
D11(2)	In respect of each quote provided in accordance with subclause (1)(a)(iv)- (a) state- (i) the amount insured for which the quote related (if not included in the quote itself); (ii) the annual premium payable or paid by the EDB; (iii) the size of any deductible; (iv) the terms and conditions of the insurance; and (v) why it is not considered suitable.			No applicable
D11(3)	Explain whether and, if so, how the costs of remediating the effects of each uncertainty for which the allowance is sought may be recovered through any other mechanism.			Not applicable
D12	Related parties			
D12(1)	Identify and describe all related parties in respect of whom costs are disclosed for the last disclosure year of the current period, and relationships with those related parties.	Application Financial and Modelling Information Report	Section 9 Section 6.4.11	
D12(2)	Describe, at an aggregate level the- (a) nature of the services undertaken by all related parties in the last year of the current period; and (b) processes for procuring services undertaken by related parties, or by anticipated related parties, during the last year of the current period and the assessment period.			
D12(3)	For services identified in accordance with subclause (2), describe- (a) whether similar services are expected to be provided by related parties, or by anticipated related parties, during the next period; (b) whether any additional services are expected to be provided by related parties, or by anticipated related parties, during the CPP regulatory period; and (c) the basis for establishing the related party transaction values for the purpose of the capex forecast and the opex forecast.			
D12(4)	Describe the nature of the contract for any periodic services, including the duration of any such contract.			Not applicable
D12 (5)	For each service identified in accordance with subclause (2), provide an example of- (a) any tendering process used to procure the service; (b) relevant documents used to tender for the provision of the service, including, but not limited to, requests for tender, and tender submissions; (c) explain- (i) whether the service procured are provided under a discrete contract or provided as part of a broader operational contract (or similar): and (ii) whether the service was procured on a genuinely competitive basis and if not, why not; and (d) methodologies, consultants' reports, or key assumptions used to determine components of the costs included in the contract price.			
D13	Deliverability			
D13(1)	In addition to clauses 14 and 16 of Attachment A of the ID determination provide an overview of, and description of outputs from, any deliverability risk assessment that the EDB has completed for part or all of the capex forecast and the opex forecast.	Main Proposal Dataram	Chapter 8	<u>Attachment A - clauses 14 and 16:</u> Chapters 5, 6 and Appendix 8.

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments
D13(2)	Where it has not been provided in risk assessment information under subclause (1), provide an overview of the EDB plans to ensure the deliverability of the activities provided for in the capex forecast and the opex forecast, with particular reference to- (a) a description of the prioritisation or other methodologies used to optimise delivery; (b) how consenting processes are managed to optimise delivery; (c) the extent that the activities provided for in the capex forecast and the opex forecast will be undertaken internally or outsourced; (d) the EDB's ability to implement any planned step change from historical levels of expenditure and workload, including- (i) the ability of contractors available to the EDB to deliver any proposed increase in workload; (ii) the current level of skilled personnel, including engineering and project management personnel, available to the EDB compared to the anticipated requirement over the next period; and (iii) the measures the EDB plans to take to source and secure required additional personnel; and (e) how the EDB aligns resource schedules where shared resources are used for different opex-related and capex-related tasks.	Main Proposal 2017 Asset Management Plan Dataroom	Chapter 9.3 Chapters 6.5.4.4, 7.4, 7.5, 8, 10.2, 10.3 and 23 06.01 Deliverability Plan (throughout) 06.02 Electrix Recruitment Strategy for Powerco 2018 - Letter 06.03 161220 Resourcing Plan CPP Foundation Agreement 04.01.11 Business Case for Asset Management Strategy Increase (pages 12 - 14)	(a): refer Deliverability Plan (06.01) (b): refer Deliverability Plan (06.01), pages 14 - 16 (c): refer Deliverability Plan (throughout) (d): refer Deliverability Plan (throughout) with supporting documents from Electrix and Northpower and, specifically for (d)(ii), Business Case for Asset Management Strategy Increase (04.01.11), Appendix A, pages 12 - 14. (e): refer to AMP Chapter 6.5.4.4 which describes forecast resource smoothing (internal and external), 7.5.2 for capex delivery and 8.4.4.1 for opex delivery
D14	Unit costs and expenditure escalators			
D14	(1) Explain the methodologies applied to convert constant price capex forecast and opex forecast to the nominal price capex forecast and opex forecast. (2) Explain why the methodologies applied, each key assumption, and the resulting quantum are reasonable. (3) For each key assumption, including unit rates, indexes, weightings, and contingency factors- (a) identify- (i) the key assumption; (ii) source material from which it was derived; and (iii) the components of expenditure to which it applies; and (b) explain- (i) how it has been applied in the capex forecast and opex forecast; (ii) the quantum of costs in the capex forecast and opex forecast resulting from the application of the key assumption; and (iii) whether, and if so, how the key assumption relates to capex and opex incurred during the current period.	2017 Asset Management Plan Financial and Modelling Information Report Dataroom	Chapters 26.3, 26.4 and Schedule 2 Appendix 14A Sections 6.4.7 and 7.1 07.13 Cost Escalators - NZIER Report April 2017 (throughout) 07.14 Cost Escalators - NZIER - Data Tables March 2017 04.01.04.01 Fleet Management Plan - Cables (pages 28 - 30) 04.01.04.02 Fleet Management Plan - Distribution Switchgear (pages 36 and 37) 04.01.04.03 Fleet Management Plan - Distribution Transformers (pages 29, 30 and 35) 04.01.04.04 Fleet Management Plan - Overhead Conductors (pages 35 and 36) 04.01.04.05 Fleet Management Plan - Overhead Structures (pages 35, 36 and 41) 04.01.04.06 Fleet Management Plan - Zone Substations (pages 42 and 50) 04.01.04.07 Fleet Management Plan - Secondary Systems (page 31) 04.02.04.03 Network Opex Step Changes - Corrective Maintenance 04.01.05.03 POD - Corrective Maintenance (pages 4 - 13) 04.01.05.04 POD - Preventive Maintenance and Inspection (pages 4 - 11) 04.01.05.05 POD - Reactive Maintenance (pages 4 - 10) 04.01.05.06 SONS POD (pages 8 - 21) 04.01.11 Business Case for Asset Management Strategy Increase (pages 12 - 14)	(1): refer to AMP Chapter 26.3.2 and Financial and Modelling Information report references (2): refer to AMP Chapter 26.3.2 and Financial and Modelling Information report references (3): Expenditure Escalators - refer to Financial and Modelling Information report references and NZIER documents 3(a): Unit Rates - refer to AMP Chapters 26.3 and 26.4 with further detail provided in the POD documents (4) 3(b): Unit Rates - refer to Fleet Management Plans and POD documents. The Business Case for Asset Management Strategy Increase (04.01.11) details efficiencies (% or FY16 real \$000).
D15	Contingent project information			
D15(1)	For each proposed contingent project- (a) provide- (i) an overall description including the aims and objectives of the project; (ii) completed regulatory templates for capex and opex forecasts using the best available information to hand; and (iii) information as to how the project satisfies the criteria specified in clause 5.6.5(2); (b) propose a trigger event and explain how the event meets the requirements of clause 5.6.5(3); (c) provide- (i) all relevant documents (including policies and consultants' reports) that were taken into account in preparing the capex forecast and opex forecast for the contingent project, including those that relate to its deliverability; (ii) each relevant key assumption; and (iii) each relevant key assumption; (d) explain- (i) all departures from any conclusions and recommendations contained in each consultant's report identified in accordance with subclause (c)(i); and (ii) the methodology used to generate the capex and opex forecast for the proposed contingent project; (e) explain for each policy identified in response to subclause (c)(i)- (i) how it was taken into account and complied with; and (ii) how the relevant planning standards were incorporated; and	Application	Section 9	No contingent projects proposed
				Not applicable

Reference	Requirement	Addressed By	Specific Document References	Notes / Comments Includes the information provided under the stated subclause of Attachment A of the ID Determination. Bold red font denotes references which are relevant also to this specific reference
D15(2)	<p>(f) describe for each key assumption identified in accordance with subclause (c)(ii)- (i) the method and information used to develop the assumption; and (ii) how it has been applied and its effect on the capex and opex</p> <p>Where any proposed contingent project is likely to terminate after the end of the next period, in addition to the information required by subclause (1), provide any additional information relevant to forecast capex and forecast opex to the end of the contingent project</p>			

**APPENDIX 9: SCHEDULE E: CAPEX, OPEX, DEMAND AND NETWORK
QUANTITATIVE INFORMATION**

Electricity Distribution Services Input Methodology Determination

CPP proposal

Capital and operating expenditure templates

Tables 1 to 10

Company Name	<input type="text" value="Powerco"/>
Proposal Date	<input type="text" value="12 June 2017"/>
CPP regulatory period	<input type="text" value="FY2019 to FY2023"/>

Prepared on

Template Version

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Table 1	Projects and programmes
Table 2	Capex summary
Table 3	Opex summary
Table 4	Capex projects and programmes
Table 5	Capex by asset categories
Table 6	Opex projects and programmes
Table 7	Non-network opex
Table 8	Aggregate forecast commissioned assets by asset categories
Table 9	Cost escalation factors
Table 10	Network demand forecasts

Table 1: Projects and programmes
Table 1a Summary of all capex projects and programmes

Number	Project reference	Project/programme name	Primary Capex category	Brief description of project/programme	Forecast costs in constant prices \$('000)	Reference to primary supporting information
1	1	Overhead structures	Asset replacement and renewal	Renewals capex on Overhead structures	177,602	Main proposal - chapter 11
2	2	Overhead conductors	Asset replacement and renewal	Renewals capex on Overhead conductors	55,248	Main proposal - chapter 11
3	3	Cables	Asset replacement and renewal	Renewals capex on Cables	33,010	Main proposal - chapter 11
4	4	Zone substations	Asset replacement and renewal	Renewals capex on Zone substations	71,726	Main proposal - chapter 11
5	5	Distribution transformers	Asset replacement and renewal	Renewals capex on Distribution transformers	40,931	Main proposal - chapter 11
6	6	Distribution switchgear	Asset replacement and renewal	Renewals capex on Distribution switchgear	43,620	Main proposal - chapter 11
7	7	Secondary systems	Asset replacement and renewal	Renewals capex on Secondary systems	28,280	Main proposal - chapter 11
8	10	Papamoa	System growth	New subtransmission switchgear and circuits from Te Matai GXP to a new zone substation at Papamoa (Wairakei), to supply greenfield urban development and offload Mt	243	Main proposal - chapter 12
9	11	Palmerston North	System growth	^{Mairangi GXP} New subtransmission circuits, subtransmission upgrade and a new zone substation (Ferguson) to reinforce supply to Palmerston North CBD	14,815	Main proposal - chapter 12
10	12	Putaruru	System growth	New 110kV circuit from Arapuni and new GXP at Putaruru to support Hinuera GXP	22,196	Main proposal - chapter 12
11	13	Whangamata	System growth	Energy storage and diesel generation installation at Whangamata to provide backup to Whangamata CBD	7,656	Main proposal - chapter 12
12	14	Omokoroa	System growth	Additional subtransmission circuit from Greerton, Tauranga, to Omokoroa zone substation to support the northern Tauranga subtransmission network	12,278	Main proposal - chapter 12
13	15	Kopu-Tairua	System growth	Capacity upgrade of the subtransmission circuit between Kopu GXP and Tairua substation to remove operational constraints	8,571	Main proposal - chapter 12
14	16	Kopu-Kauaeranga	System growth	New subtransmission circuit between Kopu GXP and the existing subtransmission line at Kauaeranga Valley, Thames, to reinforce supply to Whitianga and Thames.	6,124	Main proposal - chapter 12
15	17	Moturoa - NPL GXP	System growth	New subtransmission switchgear and circuits between Moturoa substation and Carrington Street GXP to facilitate the decommissioning of the Transpower New Plymouth GXP at Port of	5,232	Main proposal - chapter 12
16	18	Kerepehi-Paeroa	System growth	^{Taranaki} New subtransmission link between Paeroa zone substation and Kerepehi zone substation to support Kerepehi	5,881	Main proposal - chapter 12
17	19	Whenuakite	System growth	New subtransmission and zone substation to support load growth at Cooks Beach, Hahei, hotwater Beach. Whitianga south	6,963	Main proposal - chapter 12
18	20	Matarangi	System growth	New subtransmission and zone substation to support load growth at Matarangi beach and Whitianga north.	8,165	Main proposal - chapter 12
19	21	Putaruru-Tirau	System growth	New subtransmission circuit between Tirau zone substation and Putaruru zone substation to improve reliability	6,725	Main proposal - chapter 12
20	22	Kaimarama-Whitianga	System growth	Additional subtransmission circuit between Kaimarama and Whitianga substation to remove operational constraints and improve reliability to Coromandel, Tairua and	6,066	Main proposal - chapter 12
21	23	Kereone-Walton	System growth	^{Whitianga} Reinforcement of the subtransmission between Kerone and Walton substation to support Hinuera and improve load transfer to Piako GXP	6,307	Main proposal - chapter 12
22	24	Feilding-Sanson-Bulls	System growth	New subtransmission circuit between Sanson zone substation and Bulls zone substation including a new zone substation at Ohakea to facilitate growth and improve reliability.	6,006	Main proposal - chapter 12
23	25	Minor growth & security works	System growth		132,634	Main proposal - chapter 12
24	26	Pyes Pa	System growth	New zone substation to supply greenfield development at Tauriko, Pyes Pa.	2,785	Main proposal - chapter 12
25	27	Inglewood	System growth	Conversion of the existing 6.6kV distribution network at Inglewood to 11kV	5,928	Main proposal - chapter 12
26	51	Reliability	Quality of supply	Includes network automation projects to help manage the reliability performance of our network.	21,345	Main proposal - chapter 12
27	52	Network evolution	System growth	Provides for research and development of new network and non-network solutions or applications, testing of these applications on our network and developing promising solutions into fully-fledged business applications.	18,126	Main proposal - chapter 13
28	60	Consumer connection	Consumer connection	Consumer connections expenditure	51,235	Main proposal - chapter 13
29	61	Asset relocations	Asset relocations	Asset relocations expenditure	3,897	Main proposal - chapter 13
30	70	ICT capex	Non-network assets	ICT capex	53,072	Main proposal - chapter 14
31	72	Facilities capex	Non-network assets	Facilities capex	10,309	Main proposal - chapter 14

Include additional rows if needed

Table 1b Summary of all opex projects and programmes

Number	Project reference	Project/programme name	Opex category	Brief description of project/programme	Forecast costs in constant prices \$(000)	Reference to primary supporting information
1	ARR	Corrective maintenance	Asset replacement and renewal	Corrective maintenance operating expenditure	65,584	Main proposal - chapter 15
2	RCI	Preventive maintenance and inspection	Routine and corrective maintenance and inspection	Preventive maintenance and inspection operating expenditure	58,539	Main proposal - chapter 15
3	SIE	Reactive maintenance	Service interruptions and emergencies	Reactive maintenance operating expenditure	36,570	Main proposal - chapter 15
4	SON	System operations and network support	System operations and network support	System operations and network support operating expenditure	82,486	Main proposal - chapter 15
5	VEG	Vegetation management	Vegetation management	Vegetation management operating expenditure	46,041	Main proposal - chapter 15
6	COR	Corporate	Business support	Corporate operating expenditure	116,333	Main proposal - chapter 16
7	FAC	Facilities	Business support	Facilities operating expenditure	9,883	Main proposal - chapter 16
8	I&G	Insurance and governance	Business support	Insurance and governance operating expenditure	10,986	Main proposal - chapter 16
9	IST	ICT Opex	Business support	ICT Opex operating expenditure	28,146	Main proposal - chapter 16

*include additional rows if needed

Table 2: Capex summary

2a Actual and forecast capex in constant prices \$(000)
Capex Categories

Consumer connection
System growth
Asset replacement and renewal
Asset relocations
Reliability, safety and environment:
Quality of supply
Legislative and regulatory
Other reliability, safety and environment
Total reliability, safety and environment

Total expenditure on network assets
Total expenditure on non-network assets
Total expenditure on assets

	Current period					Assessment Period		CPP Regulatory Period					Total CPP
	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$000 (in constant prices)												
Consumer connection	16,815	18,377	16,664	26,265	32,469	36,770	35,608	32,018	31,075	30,447	26,442	28,250	148,232
System growth	26,269	29,178	30,210	31,872	25,332	36,197	49,794	59,719	52,732	56,124	58,417	55,711	282,703
Asset replacement and renewal	39,095	41,590	52,670	51,657	58,959	61,059	62,283	79,285	87,826	89,938	88,310	84,823	430,182
Asset relocations	2,431	2,896	1,398	2,329	2,350	2,661	2,292	2,263	2,273	2,270	2,246	2,220	11,272
<i>Reliability, safety and environment:</i>													
Quality of supply	2,056	1,979	2,284	3,683	5,034	2,860	2,662	3,184	4,591	4,720	4,529	4,322	21,346
Legislative and regulatory	-	-	-	-	-	-	-	1,551	1,558	1,556	-	-	4,665
Other reliability, safety and environment	-	-	-	-	-	2,442	1,234	2,827	3,137	2,934	3,176	3,496	15,570
Total reliability, safety and environment	2,056	1,979	2,284	3,683	5,034	5,302	3,896	7,562	9,286	9,210	7,705	7,818	41,581
Total expenditure on network assets	86,666	94,020	103,226	115,806	124,144	141,989	153,873	180,847	183,192	187,989	183,120	178,822	913,970
Total expenditure on non-network assets	6,259	6,499	6,135	4,359	5,808	5,327	19,202	20,774	9,765	14,932	9,213	8,696	63,380
Total expenditure on assets	92,925	100,519	109,361	120,165	129,952	147,316	173,075	201,621	192,957	202,921	192,333	187,518	977,350

2b Actual and forecast capex in nominal prices \$(000)
Capex Categories

Consumer connection
System growth
Asset replacement and renewal
Asset relocations
Reliability, safety and environment:
Quality of supply
Legislative and regulatory
Other reliability, safety and environment
Total reliability, safety and environment

Total expenditure on network assets
Expenditure on non-network assets
Total expenditure on assets

plus Cost of financing
less Value of capital contributions
plus Value of vested assets
Total capital expenditure

	Current period					Assessment Period		CPP Regulatory Period					Total CPP
	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$000 (in nominal prices)												
Consumer connection	16,249	17,916	16,460	26,178	32,469	37,109	36,454	33,826	33,724	33,768	30,019	32,797	164,134
System growth	25,388	28,449	29,839	31,766	25,332	36,529	50,976	63,340	57,694	63,423	67,303	66,267	318,027
Asset replacement and renewal	37,785	40,551	52,023	51,484	58,959	61,618	63,762	84,237	96,052	100,567	101,325	99,948	482,129
Asset relocations	2,350	2,824	1,380	2,322	2,350	2,685	2,346	2,367	2,433	2,484	2,513	2,542	12,339
<i>Reliability, safety and environment:</i>													
Quality of supply	1,988	1,930	2,256	3,671	5,034	2,886	2,725	3,320	4,888	5,134	5,046	4,938	23,326
Legislative and regulatory	-	-	-	-	-	-	-	1,617	1,662	1,701	-	-	4,980
Other reliability, safety and environment	-	-	-	-	-	2,464	1,263	3,124	3,622	3,479	3,852	4,329	18,406
Total reliability, safety and environment	1,988	1,930	2,256	3,671	5,034	5,350	3,988	8,061	10,172	10,314	8,898	9,267	46,712
Total expenditure on network assets	83,760	91,670	101,958	115,421	124,144	143,291	157,526	191,831	200,075	210,556	210,058	210,821	1,023,341
Expenditure on non-network assets	6,049	6,337	6,059	4,344	5,808	5,375	19,658	21,659	10,372	16,161	10,211	9,870	68,273
Total expenditure on assets	89,809	98,007	108,017	119,765	129,952	148,666	177,184	213,490	210,447	226,717	220,269	220,691	1,091,614
<i>plus</i> Cost of financing						1,138	2,119	3,784	1,545	2,347	2,659	2,457	12,792
<i>less</i> Value of capital contributions	13,300	14,454	12,268	17,815	19,939	24,333	25,154	23,425	23,150	23,206	20,731	22,429	112,941
<i>plus</i> Value of vested assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditure	76,509	83,553	95,749	101,950	110,013	125,471	154,149	193,849	188,842	205,858	202,197	200,719	991,465

2c Actual and forecast commissioned asset values in nominal prices \$(000)
Capex Categories

Consumer connection
System growth
Asset replacement and renewal
Asset relocations and undergrounding
Reliability, safety and environment:
Quality of supply
Legislative and regulatory
Environment
Total reliability, safety and environment

Total forecast network capex
Total forecast non-network capex
Total value of commissioned assets

	Current period					Assessment Period		CPP Regulatory Period					Total CPP
	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$000 (in nominal prices)												
Consumer connection						14,239	13,347	12,354	12,207	12,288	11,398	11,805	60,052
System growth						24,504	28,019	95,743	50,911	46,286	86,065	93,045	372,050
Asset replacement and renewal						41,765	43,594	52,807	63,320	70,084	72,991	73,392	332,594
Asset relocations and undergrounding						1,029	897	831	853	876	894	912	4,366
<i>Reliability, safety and environment:</i>													
Quality of supply						3,595	2,778	3,157	4,435	5,109	5,123	5,019	22,843
Legislative and regulatory						1,745	2,068	3,332	3,890	3,656	2,400	1,667	14,945
Environment						18,882	19,053	25,824	31,185	31,697	31,009	30,523	150,238
Total reliability, safety and environment						24,222	23,899	32,313	39,510	40,462	38,532	37,209	188,026
Total forecast network capex						105,759	109,756	194,048	166,801	169,996	209,880	216,363	957,088
Total forecast non-network capex						5,167	6,266	32,490	12,341	16,943	11,265	10,067	83,106
Total value of commissioned assets	66,670	77,635	101,470	102,247	113,407	110,926	116,022	226,538	179,142	186,939	221,145	226,430	1,040,194

2d Actual and forecast commissioned asset values by provider in nominal prices (\$000)

EDB
Related party
Other sources
Unknown
Total value of commissioned assets

Totals in table 2c and table 2d must reconcile.

EDB	-	-	-	-	-	-	-	-	-	-	-	-	-
Related party	-	-	-	-	-	-	-	-	-	-	-	-	-
Other sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Unknown	66,670	77,635	101,470	102,247	113,407	110,926	116,022	226,538	179,142	186,939	221,145	226,430	1,040,194
Total value of commissioned assets	66,670	77,635	101,470	102,247	113,407	110,926	116,022	226,538	179,142	186,939	221,145	226,430	1,040,194

Table 3: Opex summary

3a Actual and forecast opex in constant prices \$(000)

Opex Categories

Reactive maintenance
 Vegetation management
 Preventive maintenance and inspection
 Corrective maintenance
Total network opex
 System operations and network support
 Business support
Total non-network opex
Total operating expenditure

Current period					Assessment Period		CPP Regulatory Period					Total CPP period
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
\$(000) in constant prices												
6,530	5,492	6,518	7,030	6,732	6,733	7,081	7,214	7,311	7,409	7,348	7,288	36,570
6,613	5,686	4,808	5,025	6,026	5,750	5,500	9,939	9,237	8,957	9,231	8,677	46,041
8,469	10,261	8,429	6,496	7,479	7,294	8,396	11,261	12,134	12,409	11,408	11,328	58,540
9,770	7,952	11,528	10,349	9,031	12,096	11,979	12,585	13,818	13,829	12,894	12,457	65,583
31,382	29,391	31,283	28,900	29,268	31,873	32,956	40,999	42,500	42,604	40,881	39,750	206,734
7,019	7,795	8,609	9,770	10,751	12,034	13,913	15,463	16,479	17,057	16,786	16,701	82,486
24,166	25,930	25,457	26,803	29,346	32,903	32,037	32,966	33,846	33,460	32,938	32,138	165,348
31,185	33,725	34,066	36,573	40,097	44,937	45,950	48,429	50,325	50,517	49,724	48,839	247,834
62,567	63,116	65,349	65,473	69,365	76,810	78,906	89,428	92,825	93,121	90,605	88,589	454,568

3b Actual and forecast opex in nominal prices \$(000)

Opex Categories

Reactive maintenance
 Vegetation management
 Preventive maintenance and inspection
 Corrective maintenance
Total network opex
 System operations and network support
 Business support
Total non-network opex
Total operating expenditure

Current period					Assessment Period		CPP Regulatory Period					Total CPP period
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
\$(000) in nominal prices												
6,311	5,355	6,438	7,006	6,732	6,795	7,249	7,524	7,788	8,058	8,148	8,243	39,761
6,392	5,544	4,749	5,009	6,026	5,803	5,631	10,367	9,840	9,742	10,236	9,814	49,999
8,185	10,005	8,325	6,474	7,479	7,361	8,595	11,751	12,935	13,512	12,665	12,828	63,691
9,443	7,753	11,387	10,314	9,031	12,207	12,264	13,133	14,731	15,058	14,315	14,107	71,344
30,331	28,657	30,899	28,803	29,268	32,166	33,739	42,775	45,294	46,370	45,364	44,992	224,795
6,784	7,601	8,503	9,737	10,751	12,144	14,243	16,114	17,527	18,512	18,570	18,846	89,569
23,354	25,281	25,144	26,715	29,346	33,204	32,797	34,409	36,098	36,458	36,595	36,419	179,979
30,138	32,882	33,647	36,452	40,097	45,348	47,040	50,523	53,625	54,970	55,165	55,265	269,548
60,469	61,539	64,546	65,255	69,365	77,514	80,779	93,298	98,919	101,340	100,529	100,257	494,343

3c Actual and forecast opex by provider (optional)

EDB
 Related party
 Other sources
 Unknown

60,469	61,539	64,546	65,255	69,365	77,514	80,779	93,298	98,919	101,340	100,529	100,257	494,343

Table 4: Capex projects and programmes

The tables in this sheet may be presented on separate sheets
Adjust the column width as required

Project reference	Project/programme name	Actual and forecast capex in constant prices \$('000)											Actual and forecast capex in nominal prices \$('000)											Forecast commissioned assets values in nominal terms \$('000)												
		Current period				Assessment Period		CPP Regulatory Period					Total CPP Period	Current period				Assessment Period		CPP Regulatory Period					Total CPP Period	Assessment Period		CPP Regulatory Period			Total CPP Period					
		CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4		Year 5	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3		Year 4	Year 5	CA	CA+1	Year 1		Year 2	Year 3	Year 4	Year 5	
4a Consumer connection																																				
Consumer types defined by EDB																																				
60	Consumer connection	16,815	18,377	16,664	26,265	32,469	36,770	35,608	32,018	31,075	30,447	26,442	28,250	148,232	16,249	17,916	16,460	26,178	32,469	37,109	36,454	33,826	33,724	33,768	30,019	32,797	164,134	14,239	13,347	12,354	12,207	12,288	11,398	11,805	60,052	
*Include additional rows if needed																																				
Total consumer connection expenditure		16,815	18,377	16,664	26,265	32,469	36,770	35,608	32,018	31,075	30,447	26,442	28,250	148,232	16,249	17,916	16,460	26,178	32,469	37,109	36,454	33,826	33,724	33,768	30,019	32,797	164,134	14,239	13,347	12,354	12,207	12,288	11,398	11,805	60,052	
less Capital contributions funding consumer connection		11,566	12,776	11,576	18,585	18,589	22,485	23,085	21,029	20,320	19,931	17,281	18,436	96,997	11,274	12,456	11,434	16,528	18,589	22,691	23,633	21,879	21,572	21,596	19,108	20,795	104,950	10,000	9,000	8,000	7,900	7,900	7,000	7,200	30,000	
Total consumer connection less capital contributions		5,149	5,601	5,088	7,680	13,880	14,285	12,523	10,989	10,755	10,516	9,161	9,814	51,235	4,975	5,460	5,026	9,650	13,880	14,418	12,821	11,947	12,152	12,172	10,911	12,002	59,184	4,239	4,347	4,354	4,307	4,388	4,398	4,805	30,052	
4b System growth																																				
10	Pajamaa	931	82	237	285	-	7,347	6,102	243	-	-	-	243	900	80	234	284	-	7,414	6,247	259	-	-	-	-	259	-	-	18,073	-	-	-	-	18,073		
11	Palmerston North	-	168	1,790	456	3,013	7,153	1,399	-	-	-	3,873	9,543	14,815	-	166	1,784	456	3,041	7,323	1,495	-	-	4,449	11,325	17,269	-	-	16,096	-	-	-	16,429	32,325		
12	Putaruru	193	626	480	244	446	341	338	334	5,258	8,465	8,139	22,196	187	610	474	243	446	344	346	351	5,728	9,604	9,493	25,176	-	-	-	-	-	31,997	-	31,997			
13	Whangamata	186	59	58	-	-	60	762	6,100	1,119	59	57	321	7,556	180	57	57	-	61	780	6,376	1,192	64	63	365	8,060	-	-	10,002	-	-	-	-	10,002		
14	Okoroaia	-	-	-	-	-	-	1,306	6,444	3,648	880	-	12,278	-	-	-	-	-	1,376	7,060	4,103	1,013	-	-	13,552	-	-	-	-	-	14,537	-	14,537			
15	Kopu-Tairua	-	-	-	-	-	-	435	3,791	3,188	1,592	-	8,571	-	-	-	-	-	445	3,963	3,412	1,745	-	-	9,120	-	-	4,556	3,507	1,790	-	-	9,853			
16	Kopu-Kaueranga	289	144	274	136	710	-	220	2,955	297	297	1,446	1,129	6,124	279	141	271	136	710	-	225	3,089	316	322	1,632	1,304	6,663	-	-	6,516	-	-	-	-	6,516	
17	Moturoa - NPL GXP	-	-	-	-	-	-	3,534	5,232	-	-	-	-	5,232	-	-	-	-	-	-	3,618	5,540	-	-	-	5,540	-	-	9,624	-	-	-	-	9,624		
19	Whenuakite	-	-	-	-	-	-	190	237	238	238	1,487	4,764	6,964	-	-	-	-	-	194	247	253	257	1,648	5,697	8,102	-	-	-	-	-	-	-	8,806		
20	Matarangi	-	-	-	-	-	-	83	83	1,441	4,025	2,533	8,165	-	-	-	-	-	86	88	1,559	4,584	3,001	9,318	-	-	-	-	-	10,041	10,041					
21	Putaruru-Tirau	-	-	-	-	-	-	-	2,288	4,437	-	-	6,725	-	-	-	-	-	-	2,492	4,967	-	-	-	7,459	-	-	-	-	7,803	-	-	7,803			
22	Kaimarama-Whitianga	-	-	-	-	-	-	165	165	1,398	2,122	2,215	6,065	-	-	-	-	-	172	176	1,659	2,444	2,626	7,077	-	-	-	-	-	7,668	7,668					
23	Kereone-Walton	-	-	-	-	-	-	-	-	1,193	3,662	1,452	6,307	-	-	-	-	-	-	-	1,300	4,207	1,716	7,223	-	-	-	-	-	7,800	7,800					
24	Felding-Sarson-Bulls	-	-	-	-	-	-	-	-	-	2,407	3,367	6,005	-	-	-	-	-	-	-	-	2,878	4,023	7,142	-	-	-	-	-	7,551	7,551					
25	Minor growth & security works	14,983	24,768	26,264	22,356	23,178	24,890	26,094	29,719	27,895	27,444	21,603	25,973	132,634	14,481	24,149	25,942	22,282	23,178	25,118	26,714	31,601	30,491	31,234	24,967	31,134	149,427	24,478	26,187	30,304	31,151	31,316	27,097	29,657	149,525	
52	Network evolution	227	150	801	304	80	-	2,672	2,852	2,867	3,568	4,428	4,412	18,127	219	146	791	303	80	-	2,735	2,974	3,060	3,901	4,960	5,076	19,971	26	1,832	2,925	3,063	3,679	4,692	5,093	19,452	
*Include additional rows if needed																																				
Total system growth expenditure		26,269	29,178	30,210	31,872	25,332	36,197	49,794	59,719	52,732	56,124	58,417	55,711	282,703	25,388	28,449	29,839	31,766	25,332	36,529	50,976	63,340	57,694	63,423	67,303	66,267	318,027	24,504	28,019	95,743	50,911	46,286	86,065	93,045	372,050	
less Capital contributions funding system growth		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total system growth less capital contributions		26,269	29,178	30,210	31,872	25,332	36,197	49,794	59,719	52,732	56,124	58,417	55,711	282,703	25,388	28,449	29,839	31,766	25,332	36,529	50,976	63,340	57,694	63,423	67,303	66,267	318,027	24,504	28,019	95,743	50,911	46,286	86,065	93,045	372,050	
4c Asset replacement and renewal by projects or programmes																																				
1	Overhead structures	13,785	14,459	22,457	18,774	22,871	23,276	23,345	29,669	35,578	37,702	37,799	36,855	177,603	13,323	14,098	22,182	18,711	22,871	23,489	23,900	30,937	37,906	41,066	42,176	42,184	194,269	23,286	23,766	28,924	36,053	40,496	42,267	42,605	190,345	
2	Overhead conductors	1,294	2,174	4,015	2,604	3,230	4,090	4,327	6,809	8,431	11,310	13,821	14,877	55,248	1,250	2,119	3,965	2,595	3,230	4,127	4,430	7,173	9,123	12,566	15,777	17,511	62,150	3,831	4,330	6,339	8,590	11,624	14,971	17,183	58,707	
3	Cables	4,906	8,275	4,117	7,661	5,371	11,455	6,699	6,639	7,441	6,832	6,367	5,730	33,009	4,742	8,068	4,066	7,636	5,371	11,560	6,858	6,999	8,056	7,584	7,260	6,727	36,626	9,518	8,410	7,023	7,799	7,806	7,429	6,949	37,006	
4	Zone substations	3,234	3,215	5,674	5,009	6,359	5,839	10,983	13,198	13,499	13,782	12,419	11,256	64,154	3,126	3,135	5,605	4,992	6,359	5,893	11,243	14,396	15,419	15,984	14,805	13,824	74,428	67	1,872	2,052	698	1,470	2,075	1,472	7,767	
5	Distribution transformers	7,102	5,690	7,255	8,049	9,743	5,769	5,761	7,169	7,253	7,211	7,036	7,023	35,992	6,864	5,548	7,166	8,022	9,743	5,822	5,897	8,068	8,600	8,736	8,786	8,973	43,163	240	186	196	195	83	19	173	666	
6	Distribution switchgear	6,959	6,997	7,504	7,793	9,847	7,695	8,186	8,654	8,531	8,442	8,406	6,826	40,859	6,726	6,823	7,411	7,767	9,847	7,765	8,381	9,211	9,377	9,537	9,763	8,134	46,022	4,076	4,075	4,429	4,601	4,642	4,634	4,009	22,315	
7	Secondary systems	1,815	780	1,648	1,767	1,538	2,935	2,982	7,147	7,093	4,659	2,462	2,256	23,617	1,754	760	1,628	1,761	1,538	2,962	3,053	7,453	7,571	5,094	2,758	2,595	25,471	747	955	3,844	5,384	3,963	1,596	1,001	15,788	
*Include additional rows if needed																																				
Total asset replacement and renewal expenditure		39,095	41,590	52,670	51,657	58,959	61,059	62,283	79,285	87,826	89,938	88,310	84,823	430,182	37,785	40,551	52,023	51,484	58,959	61,618	63,762	84,237	96,052	100,567	101,325	99,948	482,129	41,765	43,594	52,807	63,320	70,084	72,991	73,392	332,594	
less Capital contributions funding asset replacement and renewal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total asset replacement and renewal less capital contributions		39,095	41,590	52,670	51,657	58,959	61,059	62,283	79,285	87,826	89,938	88,310	84,823	430,182	37,785	40,551	52,023	51,484	58,959	61,618	63,762	84,237	96,052	100,567	101,325	99,948	482,129	41,765	43,594	52,807	63,320	70,084	72,991	73,392	332,594	
4d Asset relocations																																				
Project or programme*																																				
61	Asset relocations	2,431	2,896	1,398	2,329	2,350	2,661	2,292	2,263	2,273	2,270	2,246	2,220	11,272	2,350	2,824	1,380	2,322	2,350	2,685	2,346	2,367	2,433	2,484	2,513	2,542	12,339	1,029	897	831	853	876	894	912	4,366	
*Include additional rows if needed																																				
Total asset relocations expenditure		2,431	2,896	1,398	2,329	2,350	2,661	2,292	2,263	2,273	2,270	2,246	2,220	11,272	2,350	2,824	1,380	2,322	2,350	2,685	2,346	2,367	2,433	2,484	2,513	2,542	12,339	1,029	897	831	853	876	894	912	4,366	
less Capital contributions funding asset relocations		2,096	2,049	845	1,290	1,350	1,627	1,486	1,486	1,486	1,469	1,449	1,376	7,376	2,026	1,998	834	1,287	1,350</																	

Table 5: Capex by asset categories

Actual and forecast capex in constant prices \$(000)												
Current period					Assessment Period		CPP Regulatory Period					Total CPP period
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
1,553	2,463	2,457	1,469	2,103	1,571	2,403	8,953	6,040	5,155	8,882	8,481	37,511
2,143	3,105	3,033	3,411	1,884	7,130	11,264	9,959	15,931	14,671	18,186	12,462	71,209
13,556	13,967	11,003	11,218	5,433	8,843	10,756	16,229	6,940	17,074	12,097	15,692	68,032
2,619	2,742	3,787	4,156	4,166	4,330	4,217	4,053	4,112	4,147	4,042	3,935	20,289
2,466	2,753	3,651	3,855	3,873	4,111	5,223	4,516	3,769	3,738	3,823	4,089	19,935
461	483	667	732	734	762	743	3,001	3,613	1,481	712	693	9,500
2,647	2,806	3,844	4,188	4,200	4,360	4,236	4,063	4,121	4,157	4,079	4,096	20,516
824	859	1,768	2,843	2,939	5,090	10,952	8,945	8,206	5,701	6,596	6,263	35,711
26,269	29,178	30,210	31,872	25,332	36,197	49,794	59,719	52,732	56,124	58,417	55,711	282,703
Less												
System growth less capital contributions	26,269	29,178	30,210	31,872	25,332	36,197	49,794	59,719	52,732	56,124	55,711	282,703

5b Asset Replacement and Renewal

Subtransmission lines	1,812	2,511	3,450	3,363	3,800	4,237	3,723	4,537	5,892	4,809	3,891	2,623	21,752
Subtransmission cables	696	1,451	182	1,451	472	5,422	491	-	595	-	-	-	595
Zone substations	3,228	2,644	2,965	4,961	7,745	7,833	11,535	15,525	15,682	14,000	12,742	12,119	70,068
Distribution and LV lines	13,267	14,122	23,021	18,014	22,303	23,128	23,949	31,940	38,115	44,203	47,729	49,109	211,096
Distribution and LV cables	4,210	6,824	3,935	6,211	4,899	6,034	6,208	6,639	6,847	6,832	6,367	5,730	32,415
Distribution substations and transformers	6,952	5,690	7,242	7,680	9,352	5,604	5,597	7,007	7,091	7,211	7,036	6,838	35,183
Distribution switchgear	7,109	6,997	7,517	8,162	10,237	7,860	8,350	8,816	8,693	8,442	8,406	7,011	41,368
Other network assets	1,821	1,351	4,358	1,815	151	941	2,430	4,821	4,911	4,441	2,139	1,393	17,705
Total asset replacement and renewal expenditure	39,095	41,590	52,670	51,657	58,959	61,059	62,283	79,285	87,826	89,938	88,310	84,823	430,182
Less													
Capital contributions funding asset replacement and renewal													
Total asset replacement and renewal less capital contributions	39,095	41,590	52,670	51,657	58,959	61,059	62,283	79,285	87,826	89,938	88,310	84,823	430,182

Actual and forecast capex in nominal prices \$(000)												
Current period					Assessment Period		CPP Regulatory Period					Total CPP Period
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
1,501	2,402	2,426	1,464	2,103	1,585	2,461	9,358	6,459	5,628	9,949	9,811	41,205
2,071	3,027	2,996	3,400	1,884	7,195	11,531	10,528	17,343	16,417	20,934	14,793	80,015
13,102	13,618	10,868	11,182	5,433	8,926	11,011	17,303	7,679	19,801	14,338	19,166	78,287
2,531	2,673	3,740	4,142	4,166	4,369	4,317	4,245	4,410	4,556	4,554	4,559	22,324
2,383	2,684	3,606	3,842	3,873	4,148	5,347	4,783	4,106	4,185	4,402	4,861	22,337
446	471	659	729	734	769	760	3,377	4,284	1,795	889	885	11,230
2,558	2,736	3,797	4,174	4,200	4,400	4,337	4,417	4,655	4,808	4,848	4,987	23,715
796	838	1,747	2,833	2,939	5,137	11,212	9,329	8,758	6,233	7,389	7,205	38,914
25,388	28,449	29,839	31,766	25,332	36,529	50,976	63,340	57,694	63,423	67,303	66,267	318,027
Less												
System growth less capital contributions	25,388	28,449	29,839	31,766	25,332	36,529	50,976	63,340	57,694	63,423	67,303	318,027

Subtransmission lines	1,752	2,448	3,408	3,351	3,800	4,276	3,812	4,738	6,287	5,252	4,361	3,023	23,661
Subtransmission cables	673	1,414	179	1,446	472	5,471	502	-	648	-	-	-	648
Zone substations	3,120	2,578	2,928	4,945	7,745	7,905	11,809	16,823	17,749	16,231	15,176	14,822	80,801
Distribution and LV lines	12,822	13,770	22,739	17,954	22,303	23,339	24,518	33,372	40,742	48,380	53,592	56,672	232,758
Distribution and LV cables	4,069	6,653	3,887	6,190	4,899	6,089	6,356	6,999	7,408	7,584	7,260	6,727	35,978
Distribution substations and transformers	6,718	5,548	7,153	7,654	9,352	5,656	5,730	7,886	8,408	8,736	8,786	8,737	42,553
Distribution switchgear	6,871	6,823	7,425	8,135	10,237	7,932	8,548	9,392	9,569	9,537	9,763	8,370	46,631
Other network assets	1,760	1,317	4,304	1,809	151	950	2,487	5,027	5,241	4,847	2,387	1,597	19,099
Total asset replacement and renewal expenditure	37,785	40,551	52,023	51,484	58,959	61,618	63,762	84,237	96,052	100,567	101,325	99,948	482,129
Less													
Capital contributions funding asset replacement and renewal													
Total asset replacement and renewal less capital contributions	37,785	40,551	52,023	51,484	58,959	61,618	63,762	84,237	96,052	100,567	101,325	99,948	482,129

Forecast commissioned asset values in nominal terms \$(000)								
Assessment Period		CPP Regulatory Period					Total CPP Period	
CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5		
1,331	1,280	13,024	7,444	3,693	4,276	16,342	44,779	
1,307	1,209	31,663	3,474	10,156	36,031	26,736	108,060	
4,110	3,061	23,028	13,765	9,364	23,399	27,346	96,902	
4,303	4,335	4,310	4,401	4,558	4,600	4,604	22,473	
3,983	3,982	6,483	4,101	4,202	4,381	4,776	23,943	
758	763	2,548	4,037	2,584	1,169	895	11,233	
4,334	4,358	4,435	4,626	4,809	4,885	4,997	23,752	
4,378	9,031	10,252	9,063	6,920	7,324	7,349	40,908	
24,504	28,019	95,743	50,911	46,286	86,065	93,045	372,050	
Less								
Forecast commissioned asset values less capital contributions	24,504	28,019	95,743	50,911	46,286	86,065	372,050	

Subtransmission lines	4,118	3,965	4,480	5,854	5,625	4,672	3,441	24,072
Subtransmission cables	3,821	2,142	166	447	201	-	-	814
Zone substations	127	847	1,656	857	415	523	632	4,083
Distribution and LV lines	23,000	24,130	30,784	38,790	46,495	52,565	56,345	224,979
Distribution and LV cables	5,696	6,268	6,857	7,352	7,605	7,429	6,949	36,192
Distribution substations and transformers	-	19	17	4	23	19	4	67
Distribution switchgear	4,316	4,242	4,608	4,791	4,702	4,634	4,178	22,913
Other network assets	686	1,980	4,239	5,225	5,018	3,149	1,842	19,473
Total asset replacement and renewal expenditure	41,764	43,593	52,807	63,320	70,084	72,991	73,391	332,593
Less								
Capital contributions funding asset replacement and renewal								
Total asset replacement and renewal less capital contributions	41,764	43,593	52,807	63,320	70,084	72,991	73,391	332,593

Table 7: Non-network opex

Project reference	Project/programme name	Actual and forecast opex in constant prices \$(000)													Actual and forecast opex in nominal prices \$(000)														
		Current period					Assessment Period		CPP Regulatory Period						Total CPP Period	Current period					Assessment Period		CPP Regulatory Period						Total CPP Period
		CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	CY-4		CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5			
7a System operations and network support																													
SON	System operations and network support	7,019	7,795	8,609	9,770	10,751	12,034	13,913	15,463	16,479	17,057	16,786	16,701	82,486	6,784	7,601	8,503	9,737	10,751	12,144	14,243	16,114	17,527	18,512	18,570	18,846	89,569		
<i>*include additional rows if needed</i>																													
Total System operations and network support		7,019	7,795	8,609	9,770	10,751	12,034	13,913	15,463	16,479	17,057	16,786	16,701	82,486	6,784	7,601	8,503	9,737	10,751	12,144	14,243	16,114	17,527	18,512	18,570	18,846	89,569		
7b Business support																													
COR	Corporate	17,651	18,652	18,239	19,794	22,016	25,354	23,570	23,571	23,870	23,403	23,057	22,434	116,335	17,058	18,186	18,016	19,729	22,016	25,587	24,129	24,587	25,429	25,454	25,567	25,374	126,411		
FAC	Facilities	1,778	1,824	1,791	1,688	1,885	1,856	1,938	1,975	1,897	2,042	2,001	1,968	9,883	1,719	1,778	1,769	1,682	1,885	1,873	1,984	2,062	2,024	2,227	2,225	2,232	10,770		
I&G	Insurance and governance	1,846	2,043	2,012	2,097	2,048	1,984	2,062	2,146	2,188	2,227	2,218	2,207	10,986	1,784	1,992	1,987	2,090	2,048	2,002	2,111	2,242	2,337	2,432	2,470	2,507	11,988		
IST	ICT Opex	2,891	3,411	3,414	3,224	3,397	3,709	4,467	5,274	5,890	5,788	5,663	5,530	28,145	2,794	3,325	3,372	3,213	3,397	3,743	4,573	5,518	6,308	6,344	6,332	6,307	30,809		
<i>*include additional rows if needed</i>																													
Total Business support		24,166	25,930	25,456	26,803	29,346	32,903	32,037	32,966	33,845	33,460	32,939	32,139	165,349	23,355	25,281	25,144	26,714	29,346	33,205	32,797	34,409	36,098	36,457	36,594	36,420	179,978		
Total non network opex		31,185	33,725	34,065	36,573	40,097	44,937	45,950	48,429	50,324	50,517	49,725	48,840	247,835	30,139	32,882	33,647	36,451	40,097	45,349	47,040	50,523	53,625	54,969	55,164	55,266	269,547		

Table 8: Aggregate forecast commissioned assets by asset categories

Applicant may disaggregate other assets by asset types

Forecast amounts should be net after adjustments for any capital contributions and related party transactions.

Asset category	Forecast commissioned asset values in nominal terms \$(000)							Total CPP Period
	Assessment Period		CPP Regulatory Period					
	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
Subtransmission lines	5,524	5,311	17,564	13,359	9,380	9,011	19,848	69,162
Subtransmission cables	5,239	3,452	31,921	4,012	10,450	36,119	26,827	109,329
Zone substations	13,496	14,862	40,841	34,958	29,831	41,649	45,012	192,291
Distribution and LV lines	28,566	29,633	36,154	44,224	52,093	58,147	61,962	252,580
Distribution and LV cables	15,584	15,753	18,357	16,355	16,745	16,433	16,524	84,414
Distribution substations and transformers	13,429	12,167	15,575	18,391	17,420	15,800	15,635	82,821
Distribution switchgear	18,845	17,556	19,135	21,205	22,131	22,241	21,356	106,068
Other network assets	5,076	11,022	14,501	14,297	11,946	10,480	9,199	60,423
Non-network assets	5,167	6,266	32,490	12,341	16,943	11,265	10,067	83,106
Total forecast commissioned assets	110,926	116,022	226,538	179,142	186,939	221,145	226,430	1,040,194

Table 9: Cost escalation factors

Supplier must provide inflation and other factors used to convert real prices into nominal prices.

Supplier may modify this table to suit its processes

Escalator name and description	Current Period					Assessment Period		CPP Regulatory Period				
	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5
Capex and opex historic cost escalators												
Annual average CPI using the inflation rate as defined in IM cl. 3.3.15(5).	2.3%	0.9%	1.3%	0.9%	0.3%							
Capex input cost escalators												
Labour						0.9%	1.4%	1.9%	2.5%	2.6%	2.5%	2.8%
Cables						0.9%	1.4%	7.1%	3.8%	3.2%	3.7%	4.2%
Conductor						0.9%	1.4%	7.0%	3.7%	3.1%	3.7%	4.4%
Transformers						0.9%	1.4%	11.9%	6.0%	2.1%	3.2%	2.2%
Switchgear						0.9%	1.4%	11.3%	5.7%	2.9%	2.9%	1.8%
Other based on an independent forecast of CGPI						0.9%	1.4%	1.8%	1.9%	1.9%	2.4%	2.4%
Capital contributions escalator												
Annual average CPI using the inflation rate as defined in IM cl. 3.3.15(5).						0.9%	1.4%	1.6%	2.0%	2.1%	2.0%	2.0%
Opex input cost escalators												
Labour based on an independent forecast of LCI						0.9%	1.4%	1.8%	2.0%	2.0%	1.9%	2.0%
Non-labour opex based on an independent forecast of PPI						0.9%	1.4%	2.2%	2.4%	2.3%	2.0%	2.0%

Include additional rows if needed

Table 10: Network demand forecasts

Consumer Connections

Number of ICPs connected in year by consumer type

Consumer types defined by EDB*

Residential / Small Commercial
Commercial
Large Commercial / Industrial

Total number of connections

*include additional rows if needed

Current period					Assessment Period		CPP Regulatory Period				
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5
1,680	3,180	3,156	3,813	4,301	5,056	4,569	4,162	4,022	3,945	3,438	3,686
20	37	27	41	45	37	33	30	29	28	24	26
7	13	9	21	19	7	6	5	5	5	4	4
1,707	3,230	3,192	3,875	4,365	5,100	4,608	4,197	4,056	3,978	3,466	3,716

Distributed generation

Number of connected generator units > 10 MW

Total capacity of all distributed generation (MVA)

-	-	-	-	-	-	-	-	-	-	-	-
0.1	0.6	3.3	2.8	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.2

System Demand

Maximum coincident system demand (MW)

GXP demand

plus Distributed generation output at HV and above

Maximum system coincident peak demand

less Net transfers to (from) other EDBs at HV and above

Demand on system for supply to consumers' connection points

757	683	757	742	770	760	767	774	781	788	795	802
98	145	109	118	132	141	143	144	145	146	148	149
855	828	866	860	902	902	910	918	927	935	943	951
-	-	-	-	-	-	-	-	-	-	-	-
855	828	866	860	902	902	910	918	927	935	943	951

Electricity volumes carried (GWh)

Electricity supplied from GXPs

less Electricity exports to GXPs

plus Electricity supplied from distributed generation

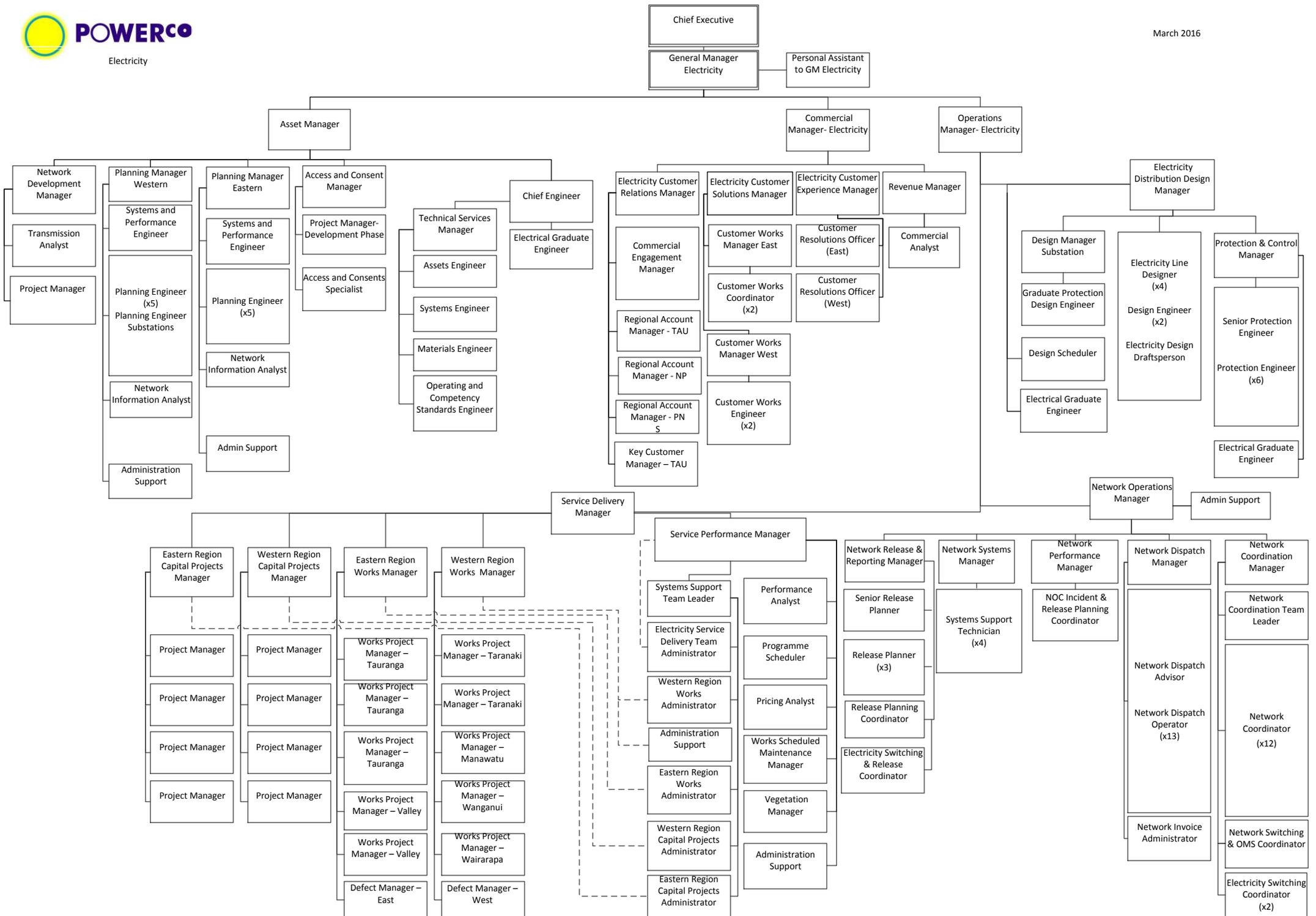
less Net electricity supplied to (from) other EDBs

Electricity entering system for supply to ICPs

less Total energy delivered to ICPs

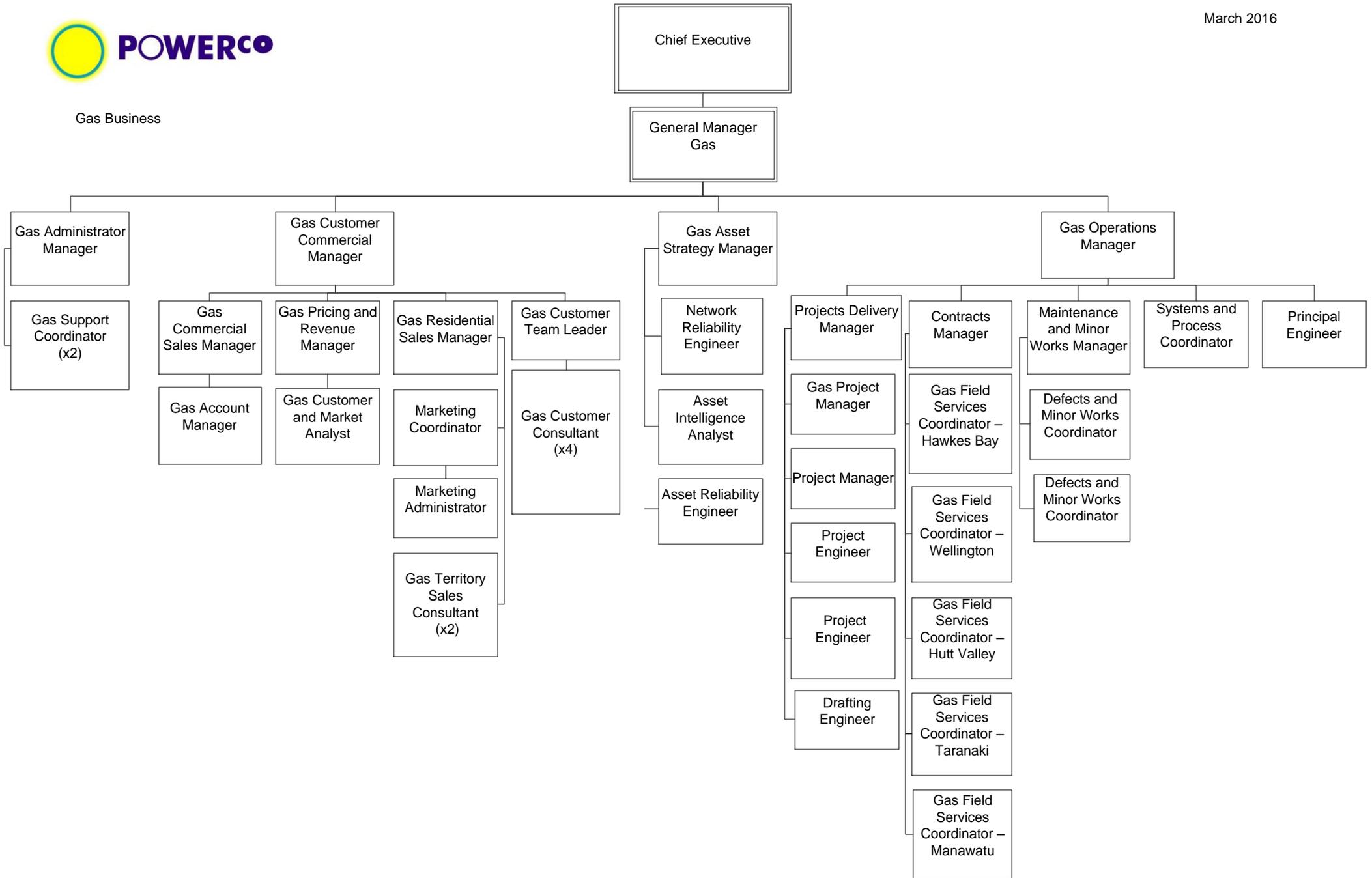
4,326	4,199	4,171	4,311	4,361	4,311	4,351	4,390	4,430	4,470	4,510	4,549
401	31	178	177	197	180	182	183	185	187	188	190
714	634	878	847	921	915	923	932	940	949	957	966
-	-	-	-	-	-	-	-	-	-	-	-
4,639	4,802	4,872	4,981	5,085	5,046	5,092	5,139	5,185	5,232	5,278	5,325
4,362	4,505	4,601	4,725	4,790	4,753	4,797	4,841	4,885	4,928	4,972	5,016

**APPENDIX 10: ORGANISATIONAL CHART AND
HEADCOUNT BY BUSINESS UNIT**



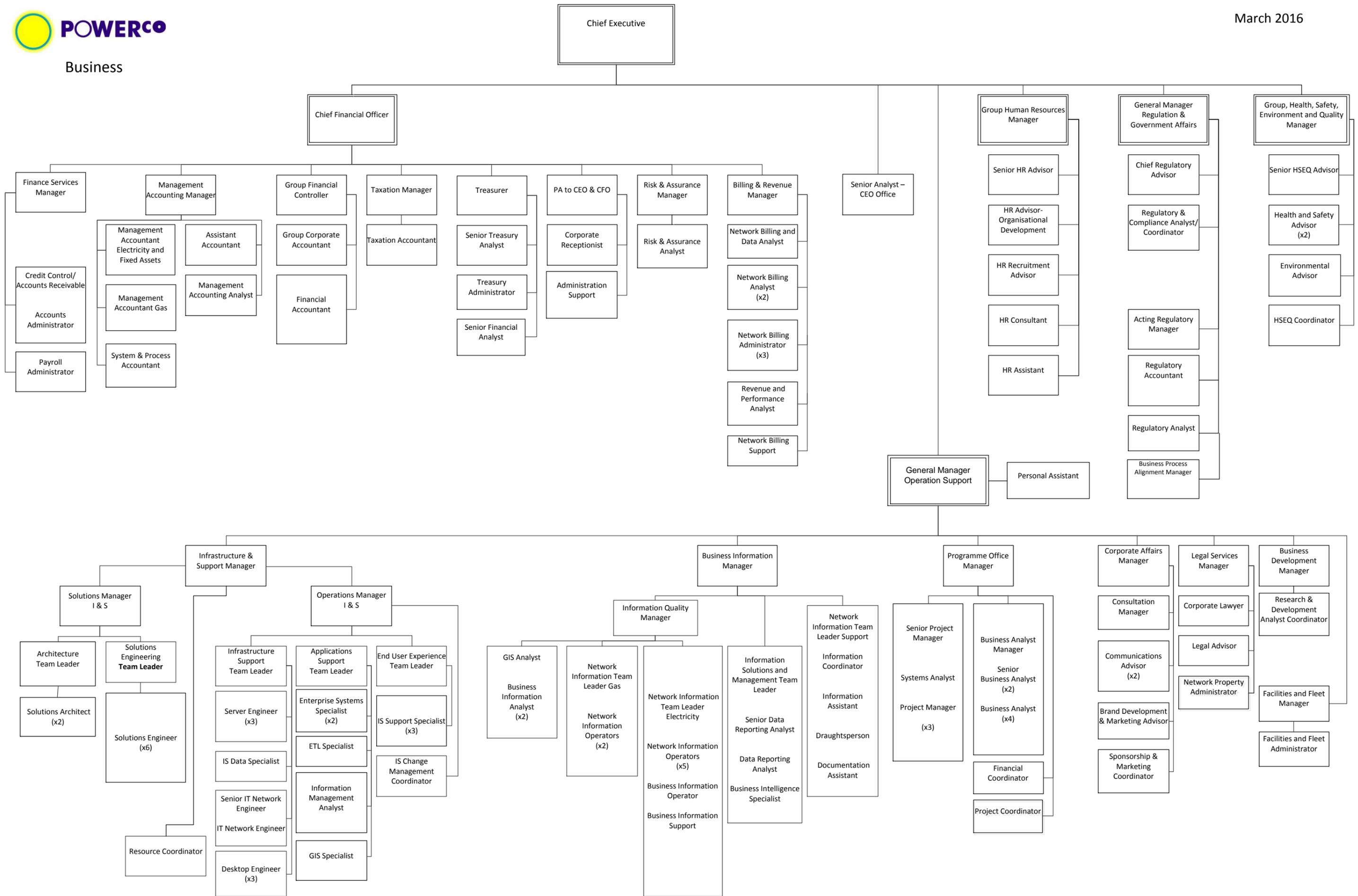


Gas Business





Business



Business Unit (31 March 2016)	Headcount	FTE
CEO	2	2
Electricity	167	160
Finance	36	33
Gas	42	41
Group HSEQ	5	5
Human Resources	9	6
Operations Support	90	86
Regulation and Govt Affairs	6	6
Grand Total	357	339