Decision No. [XXX]

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

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

**The Commerce Commission: Dr M Berry**

**S Begg**

**P Duignan**

**S Gale**

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

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

Date of Decision: [xx xxxxxxx 2012]

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

[PART 1 GENERAL PROVISIONS 5](#_Toc329301616)

[1.1 TITLE 5](#_Toc329301617)

[1.2 COMMENCEMENT DATE 5](#_Toc329301618)

[1.3 APPLICATION 5](#_Toc329301619)

[1.4 INTERPRETATION 5](#_Toc329301620)

[PART 2 DISCLOSURE REQUIREMENTS 22](#_Toc329301621)

[2.1 INFORMATION DISCLOSURE 22](#_Toc329301622)

[2.2 APPLICABLE INPUT METHODOLOGIES 22](#_Toc329301623)

[2.3 FINANCIAL INFORMATION FOR THE DISCLOSURE YEAR 23](#_Toc329301624)

[2.4 PRICING AND RELATED INFORMATION 28](#_Toc329301625)

[2.5 NON-FINANCIAL INFORMATION RELATED TO NETWORK ASSETS 35](#_Toc329301626)

[2.6 ASSET MANAGEMENT PLANS AND FORECAST INFORMATION 36](#_Toc329301627)

[2.7 EXPLANATORY NOTES TO DISCLOSED INFORMATION 38](#_Toc329301628)

[2.8 ASSURANCE REPORTS 39](#_Toc329301629)

[2.9 CERTIFICATES 40](#_Toc329301630)

[2.10 RETENTION AND CONTINUING DISCLOSURES 40](#_Toc329301631)

[2.11 EXEMPTIONS 40](#_Toc329301632)

[2.12 TRANSITIONAL PROVISIONS 41](#_Toc329301633)

[APPENDIX A ASSET MANAGEMENT PLANS 45](#_Toc329301634)

[Schedule 1 Analytical Ratios 58](#_Toc329301635)

[Schedule 2 Comparison of Forecasts to Actual Expenditure 59](#_Toc329301636)

[Schedule 3 Report on Return on Investment 60](#_Toc329301637)

[Schedule 3a Term Credit Spread Differential Allowance 62](#_Toc329301638)

[Schedule 4 Report on Value of the Regulatory Asset Base (Rolled Forward) 63](#_Toc329301639)

[Schedule 4a Report on Asset Allocations 66](#_Toc329301640)

[Schedule 4b Report Supporting Asset Allocations 68](#_Toc329301641)

[Schedule 4c Report on Transitional Financial Information 69](#_Toc329301642)

[Schedule 5 Report on Regulatory Profit 71](#_Toc329301643)

[Schedule 5a Report on Regulatory Tax Allowance 73](#_Toc329301644)

[Schedule 5b Report on Related Party Transactions 75](#_Toc329301645)

[Schedule 5c Report on Cost Allocations 76](#_Toc329301646)

[Schedule 5d Report Supporting Cost Allocations 78](#_Toc329301647)

[Schedule 6 Report on Capital Expenditure for the Disclosure Year 80](#_Toc329301648)

[Schedule 7 Report on Operational Expenditure for the Disclosure Year 83](#_Toc329301649)

[Schedule 8a Report on Billed Quantities and Line Charge Revenues (by Type of Charge) 84](#_Toc329301650)

[Schedule 8b Report on Billed Quantities and Line Charge Revenues (by Consumer Type) 85](#_Toc329301651)

[Schedule 9a Asset Register 87](#_Toc329301652)

[Schedule 9b Asset Age Profile 88](#_Toc329301653)

[Schedule 9c Report on Pipeline Data 89](#_Toc329301654)

[Schedule 9d Report on Demand 90](#_Toc329301655)

[Schedule 10 Report on Network Reliability and Interruptions 91](#_Toc329301656)

[Schedule 10a Report on Network Integrity and Customer Service 92](#_Toc329301657)

[Schedule 11a Report on Forecast Capital Expenditure 94](#_Toc329301658)

[Schedule 11b Report on Forecast Operational Expenditure 97](#_Toc329301659)

[Schedule 12a Report on Asset Condition at the End of the Disclosure Year 98](#_Toc329301660)

[Schedule 12b Report on Forecast Utilisation 99](#_Toc329301661)

[Schedule 12c Report on Forecast Demand 100](#_Toc329301662)

[Schedule 13 Report on Asset Management Maturity 101](#_Toc329301663)

[Schedule 14 Mandatory Explanatory Notes 111](#_Toc329301664)

[Schedule 14a Mandatory Explanatory Notes on Forecast Information 117](#_Toc329301665)

[Schedule 14b Explanatory Notes on Transitional Financial Information 118](#_Toc329301666)

[Schedule 15 Voluntary Explanatory Notes 119](#_Toc329301667)

[Schedule 16 Definitions of Terms used in Schedules 1 to 15 120](#_Toc329301668)

[Schedule 17 Certification for Year-beginning Disclosures 159](#_Toc329301669)

[Schedule 18 Certification for Year-end Disclosures 160](#_Toc329301670)

[Schedule 19 Certification for Transitional Disclosures 161](#_Toc329301671)

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

1. GENERAL PROVISIONS
   1. TITLE
      1. This determination is the Commerce Act (Gas Distribution Services Information Disclosure) Determination 2012.
   2. COMMENCEMENT DATE
      1. This determination comes into force on [ ] 2012.
   3. APPLICATION
      1. This determination applies to gas distribution businesses as suppliers of regulated goods and services under Part 4 of the Act.
   4. INTERPRETATION
      1. In this determination, unless the context otherwise requires—
         1. Terms in bold type in the main body of this determination (this includes the appendices) have the meaning given to those terms in this section 1.4; terms used in the Schedules are defined in Schedule 16;
         2. Terms used in this determination that are defined in the **Act** but not in this determination, have the same meanings as in the **Act**;
         3. Terms used in this determination that are defined in the **IM determination** but not in this determination have the same meanings as in the **IM determination**;
         4. A word which denotes the singular also denotes the plural and vice versa;
         5. An obligation to do something is deemed to include an obligation to cause that thing to be done;
         6. Financial items must be measured and disclosed in accordance with **GAAP** unless otherwise required in this Determination;
         7. Non-financial items must be measured and disclosed in accordance with standard industry practice unless otherwise required in this Determination.
      2. If there is any inconsistency between the main body of this determination (including the Appendices) and any schedule to this determination, the main body of this determination prevails.
      3. In this determination, the words or phrases in bold type bear the following meanings:

## A

|  |  |
| --- | --- |
| **Act** | means the Commerce Act 1986 |
| **Allocator** | means the measure used to allocate **operating costs** or **regulated service asset values** that are **not directly attributable** as set out in clause 2.1.3 or clause 2.1.5 of the **IM determination** |
| AMP | means **asset management plan** |
| AMP planning period | has the meaning specified in clause 3.4of Appendix A to this determination |
| AMP update | has the meaning specified in subclause of section 2.5 of this determination |
| Asset management plan | has the meaning specified in clause 1 of section 2.5 of this determination |
| **Asset relocations** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is the need to relocate assets due to third party requests, such as for the purpose of allowing road widening or similar needs. This expenditure category includes **gross capital expenditure** relating to the undergrounding of previously aboveground assets at the request of a third party |
| **Asset replacement and renewal** | means:   1. in relation to capital expenditure, **gross capital expenditure** 2. In relation to operational expenditure, **operational expenditure**   where the **primary driver** is the need to maintain network asset integrity so as to maintain current security and/or quality of supply standards and includes expenditure as a result of:   * the progressive physical deterioration of the condition of **network** assets or their immediate surrounds; * the obsolescence of **network** assets; * preventative replacement programmes, consistent with asset life-cycle management policies; or * the need to ensure the ongoing physical security of the **network** assets. |
| **Assets acquired from a related party** | means:   1. in relation to the **unallocated RAB**, the sum of value of assets acquired from a **related party** as determined in accordance with clauses 2.2.11(1)(f) and (g) of the **IM determination**; 2. in relation to the **RAB**, means the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the **gas distribution services** in accordance with clause 2.1.1 of the **IM determination** |
| **Atypical** | means ‘one off’ or ‘exceptional’ costs incurred often as a result of events outside management control |
| **Audited disclosure information** | means information disclosed under any of 2.3.1 and 2.3.2 of section 2.3, clauses 2.4.19 and 2.4.20 of section 2.4, clause 2.5.1 of section 2.5, clause 2.7.1 of section 2.7 and clause 2.12.1 of section 2.12 of this determination |

## B

## C

|  |  |
| --- | --- |
| **Capital contributions** | has the meaning set out in the **IM determination** |
| **Capital expenditure** | means:   1. in relation to the **unallocated** **works under construction**, costs:    1. incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned;**; and    2. that are included or are intended to be included in the value of **assets commissioned** relating to the **unallocated RAB**; 2. in relation to the report on **related party transactions**, costs:   (i) incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned**; and  (ii) that are included or are intended to be included in the value of **assets commissioned** relating to the **RAB**; and  (iii) that are as a result of **related party transactions**;   1. in all other instances, costs:    1. incurred or forecast to be incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned;**; and    2. that are included or are intended to be included in the value of **assets commissioned** relating to the **RAB** |
| **Commission** | means the Commerce Commission |
| **Consumer** | means a person that consumes or acquires **gas distribution services** |
| **Consumer group** | means the category of **consumer** used by the **GDB** for the purposes of setting **prices** |
| **Contract** | means a contract for the supply of goods or services (or both) whether or not the contract, or any part of the contract, is in writing and, for the avoidance of doubt, includes:   1. a contract under which goods or services, (or both) are being supplied, although some or all of the terms and conditions in relation to the supply of those goods or services have not been settled; and 2. any operating agreement, side letter, or documentation that influences, adjusts or amends the terms and conditions of that contract |
| **Contracting services** | means the following services, when provided under a contract between the **GDB** and a **related party**:   1. construction and maintenance 2. network management 3. connection and disconnection services |
| **Customer connection** | In relation to expenditure, means **gross capital expenditure** where the primary driver is the establishment of a new customer connection point or alterations to an existing customer connection point. This expenditure category includes **gross capital expenditure** relating to:   * connection assets and/or parts of the network for which the expenditure is recoverable in total, or in part, by a contribution from the customer requesting the new or altered connection point; and * both gas injection and offtake points of connection |
| **CY, CY-X or CY+X** | means  (a) the **disclosure year** or  (b) where a '-' precedes 'X', the Xth year preceding the **disclosure year** or  (c) where a '+' precedes the 'X', the Xth year following the **disclosure year** |

## D

|  |  |
| --- | --- |
| **Direct billing** | in relation to expenditure, means **operational expenditure** associated with directly billing end consumers and recovering payments due. This includes billing services, credit and debtor management, associated customer call centres, and customer account management |
| **Directly attributable** | has the meaning set out in the **IM determination** |
| **Director** | has the meaning set out in the **IM determination** |
| **Disclosure year** | means:  (a) for Vector and for GasNet the 12 month period ending on 30 June of the year the disclosure relates or if the term **disclosure year** is proceeded by a year, the 12 month period ended on 30 June of that year  (b) for Powerco the 12 month period ending on 30 September of the year the disclosure relates or if the term **disclosure year** is proceeded by a year, the 12 month period ended on 30 September of that year |
| **Distribution system** |  |
| **DPP regulatory period** |  |

## E

## F

## G

|  |  |
| --- | --- |
| **GAAP** | means generally accepted accounting practice in New Zealand |
| GDB | means gas distribution business as that term is defined in the **IM determination** |
| GPB | means gas pipeline businesses, and includes **GDB**s and **GTB**s |
| GTB | has the meaning set out in the Commerce Act (Gas Transmission Services Input Methodologies) Determination 2010 |
| Gas distribution services | has the meaning set out in the **IM determination** |
| Gas pipeline services | has the meaning set out in s 55 of the Act |
| **Gate station** |  |
| **Gross capital expenditure** | means **capital expenditure** plus **capital contributions** and **net value of vested assets** |

## H

## I

|  |  |
| --- | --- |
| **IM determination** | means the Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010 |
| **Independent auditor** | means a person who:   1. is qualified for appointment as auditor of a company under the Companies Act 1993 or, where the **GPB** is a public entity (as defined in s 4 of the Public Audit Act 2001), is the Auditor-General; 2. has no relationship with, or interest in, the **GPB** that is likely to involve a conflict of interest; 3. has not assisted with the compilation of the information or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in compiling the information; and 4. is not associated with nor directed by any **person** who has provided any such assistance, advice, or opinion |
| **Initial RAB** | has the meaning set out in the **IM determination** |
| **Interruption** | means, in relation to the supply of gas to a connection point, the cessation of supply of gas to that connection point for a period of 1 minute or longer, including the short time taken to replace a defective regulator |

## L

|  |  |
| --- | --- |
| **Legislative and regulatory** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is a new regulatory or legal requirement that results in the creation of, or modification to, **network** assets |
| **Line charge revenue** | means revenue from **prices** |

## M

|  |  |
| --- | --- |
| **Main pipe** | means the pipes that transport gas from the bulk supply transmission system to each **service pipe** |
| **Mark-up** | means the margin charged on the directly attributed cost incurred by the related party in providing a good or service which is included in the price of the good or service. |
| **Month** |  |

## N

|  |  |
| --- | --- |
| **Net value of vested assets** | means the fair value of assets whose ownership is vested in a **GDB** (whether or not for some consideration) less any consideration paid for those assets |
| **Network** | has the meaning set out in the **IM determination** |
| Nominal New Zealand dollars | in relation to an expenditure or revenue forecast, means the New Zealand dollar prices expected to apply at the time of transaction |
| **Non-network capex** (or **non-system fixed assets)** | in relation to expenditure, means **gross capital expenditure** related to the provision of **gas pipeline services** but that is not directly related to any **network** asset, and includes expenditure on or in relation to:   * information and technology systems; * asset management systems; * office buildings, depots and workshops; * office furniture and equipment; * motor vehicles; * tools, plant and machinery; and   any other items treated as non-system fixed assets under Generally Accepted Accounting Practice (GAAP) |
| **Non-standard contract** | means a **contract** that is not a **standard contract** |
| **Not directly attributable** | means:   1. in relation to **operating costs**, **operating costs** that are not **directly attributable**; 2. in relation to **regulated service asset valves**, **regulated service asset values** that are not **directly attributable** |

## O

|  |  |
| --- | --- |
| **Operating cost** | has the meaning set out in the **IM determination** |
| **Operational expenditure** | means **operating costs** after applying clause 2.1.1 of the **IM determination**, except in relation to the report on **related party transactions** where it means **operating costs** from **related party transactions** as determined after applying clause 2.3.6 of the **IM determination** |
| **Other assets** | means assets used by the **GDB** to provide **gas distribution services** and which are not **intermediate pressure main pipelines**, **medium pressure main pipelines**, **low pressure main pipelines**, **service pipelines**, **stations**, **line valves**, **special crossings,** or **other system fixed assets** |
| **Other regulated income** | has the meaning set out in the **IM determination**; |
| **Other system fixed assets** | means **network** assets used by the **GDB** to provide **gas transmission services** that are not **intermediate pressure main pipelines**, **medium pressure main pipelines**, **low pressure main pipelines**, **service pipelines**, **stations**, **line valves**, or **special crossings** |

## P

|  |  |
| --- | --- |
| **Person** | means a natural person, a corporation sole, a body corporate or an unincorporated body |
| Planned interruption | means any **interruption** in respect of which not less than 24 hours' notice was given, either to the public or to all gas consumers affected by the interruption |
| **Prescribed contract** | in relation to a **GDB**, means -  a contract under which the **GDB** supplies **gas pipeline services**:  a contract for **related services**, if goods or services are to be supplied under the **contract** by—  the **GDB**; or  a **person** that is a related party of the **GDB**; or  a **person** that carries out gas pipeline services by means of a **system** that is owned by the **GDB**; or  a **person** that is a related party of a **person** of the kind referred to in subparagraph (iii ) |
| **Prescribed terms and conditions** | means, in relation to a **contract** for the supply of **gas pipeline services**, the terms and conditions of the contract that—  describe the goods or services to be supplied under the **contract**  describe the quantity or amount of those goods or services  specify, determine, or provide for the determination of the:  **price** at which those goods or services are to be supplied  timing of payment for those goods or services  security for payment for those goods or services  **GDB**’s obligations and responsibilities (if any) to **consumers** in the event that the supply of **gas pipeline services** to **consumers** is interrupted. |
| **Pressure regulating stations** | means an installation that automatically regulates the pressure into a downstream piping system |
| **Prices** | has the meaning set out in the **IM determination**; |
| **Pricing principles** | means, in relation to the supply of **gas pipeline services**, the principles as defined in clause 2.5.2 of the **IM determination** |
| **Pricing strategy** | means a decision made by the Board of Directors of the GDB on the approach to setting **prices**,and recorded in writing. |
| **Primary driver** | means the primary reason for a decision to incur a cost in the year the cost was incurred or forecast to be incurred.  For example, an asset may be relocated at the request of a third party and, at the same time, capacity on the asset increased to take account of expected future demand. If it is the third party request that required the asset to be relocated at that time, then the **gross capital expenditure** would be allocated to **asset relocation**. If the deadline for relocating the asset was not imminent, but the project had to be completed to allow for the increase in capacity, then the **gross capital expenditure** would be allocated to **system growth**.  Where there is more than one driver for a cost, and the cost is a significant proportion of **operational expenditure** or **gross capital expenditure**, expenditure may be apportioned between expenditure categories according to the relative importance of each driver to the decision, or the project divided into cost categories |
| **Publicly disclose** | in relation to any information, means to:   * + - 1. disclose the information to the public on the Internet at the **GDB**’s usual publicly accessible website;       2. make copies of the information available for inspection by any person during ordinary office hours, at the principal office of the **GDB** making the public disclosure and       3. within 10 working days of being requested to do so by any person, provide that person with a copy of the information, either by post or for collection (during ordinary office hours) from that principal office, whichever the person prefers; and       4. within 5 working days after the information is disclosed to the public, provide a copy of the information to the **Commission** in the form that it is disclosed to the public and in an electronic format that is compatible with Microsoft Excel or Microsoft Word (as the case may be),   and **public disclosure** and **publicly disclosing** have corresponding meanings |

## Q

|  |  |
| --- | --- |
| **Quality of supply** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is the need to meet improved security and/or quality of supply standards. This may include expenditure to:   * reduce the overall outage/fault rate of the **network**; * reduce the average time that customers are affected by planned and/or unplanned interruptions; or * reduce the average number of customers affected by planned and/or unplanned interruptions |

## R

|  |  |
| --- | --- |
| **RAB** | means regulatory asset base and for the components of the RAB roll-forward, the values after applying clause 2.1.1 of the **IM determination** |
| Real New Zealand dollars | means, in relation to the prospective disclosures made under clauses, 2.6.1, 2.6.3, and 2.6.5(1), New Zealand dollars denominated in real terms as at the mid-point of the **disclosure year** |
| **Record** | has the meaning set out in section 4 of the Public Records Act 2005 |
| **Regulated service asset value** | has the meaning set out in the **IM determination** |
| **Regulatory taxable income** | has the meaning set out in the **IM determination** |
| **Related party** | has the meaning set out in the **IM determination** |
| **Related party transaction** | means a transaction with a **related party** |
| Related services | means any **contract** for the supply of goods or services (other than a **contract** for the supply or conveyance of gas or the supply of gas appliances) in any case where-   * + - * 1. there is a linkage between:   1. that **contract**; and   2. a **contract** for the supply or conveyance of gas   by reason that the consideration for the supply of those goods or services is linked to, or combined with, payment for the supply or conveyance of that gas; and   * + - * 1. the monetary value of the goods or services supplied, or to be supplied, under the **contract** referred to in (a)(i) above, in respect of:   1. the period of 12 months immediately before the information relating to the **contract** for thesupply or conveyance of gas that is **publicly disclosed** as required by clauses 2.4.9 or 2.4.10; or   2. the period of 12 months immediately after that information is **publicly disclosed**-   amounts to or will amount to more than 1% of the monetary value or projected monetary value of the **contract** for the supply or conveyance of gas |
| **Revenue** | means **total regulatory income** accrued in each of the months of the **disclosure year** |
| **Routine and corrective maintenance and inspection** | in relation to expenditure, means **operational expenditure** where the **primary driver** is the activities specified in planned or programmed inspection, testing and maintenance work schedules and includes:   * fault rectification work that is undertaken at a time or date subsequent to any initial fault response and restoration activities * routine inspection * functional and intrusive testing of assets, plant and equipment including critical spares and equipment * helicopter, vehicle and foot patrols, including negotiation of landowner access * asset surveys * environmental response * painting of network assets * outdoor and indoor maintenance of stations, including weed and vegetation clearance, lawn mowing and fencing * maintenance of access tracks, including associated security structures and weed and vegetation clearance * customer-driven maintenance * notices issued |

## S

|  |  |
| --- | --- |
| **Service pipe** | means the pipes used for the transport of gas from the **main pipe** to the customer isolation valve |
| **Shared asset** | means a network asset used by more than one **consumer** in order to receive **gas pipeline services** |
| **Sole use assets** | means assets connected to the network for use by only 1 connecting consumer in order to receive gas pipeline services |
| **Special crossings** | means a section of **main pipe** or **service pipe** and associated assets (ie, support structures, vents, casings etc), where the associated assets are installed for the purpose of crossing a road, railway or river etc. |
| **Standard contract** | means, any **contract** (being a **contract** for the carrying out of **gas pipeline services**) between a **GDB**, and any other **person**, where –  the price at which the **gas pipeline services** are to be carried out under the **contract** is determined solely by reference to a schedule of **prescribed terms and conditions**, being a schedule that is **publicly disclosed**; and  at least 4 other **persons** have such contracts with the **GDB**, and none of those other **persons** is a **related party** of the **GDB**, or is a **related party** of those other **persons** |
| Station | means a facility at which gas pressure is regulated |
| Sub-network | means, in relation to **network** assets of—   1. Vector, either the assets located in the Auckland geographic region or the assets located outside that region; and 2. Powerco, either the assets located in the Wellington and the Hutt Valley & Porirua geographic regions or the assets located outside those regions |
| **System** | in relation to a pipeline owner, means a configuration of connected pipes and other fittings that are used or intended to be used for the conveyance or supply of gas |
| **System growth** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is a change in demand on a part of the **network** which results in a requirement for either additional capacity to meet this demand or additional investment to maintain current security and/or quality of supply standards due to the increased demand. This expenditure category includes **gross capital expenditure** associated with SCADA and telecommunications assets |

## T

|  |  |
| --- | --- |
| **Target revenue** | means the revenue that the **GDB** expects to obtainfrom **prices** |
| **Total opening RAB values** | means:  (a) in relation to the **unallocated RAB**, the sum of unallocated opening **RAB** values as determined in accordance with the **IM determination**;  (b) in relation to the **RAB**, the sum of opening **RAB** values as determined in accordance with the **IM determination** |
| **Total regulatory income** | means:   1. in relation to the Report on Regulatory Profit, sum of **line charge revenue** and **other regulated income** 2. in relation to the report on **related party,** the total **regulatory income** **from related party transactions** as determined after appl**ying clause 2.3.6 of this determination** |
| **Transitional AMP** | has the meaning specified in clause 2.12.6(2) |

## U

|  |  |
| --- | --- |
| **Unallocated RAB** | means for the components of the **RAB** roll-forward, the values before the application of clause 2.1.1 of the **IM determination** |
| **Unplanned interruption** | means any interruption in respect of which less than 10 days notice, or no notice, was given, either to the retailer or to all gas consumers affected by the interruption |

## V

|  |  |
| --- | --- |
| **Valve** | means a fitting installed in a pipeline designed to control the flow of gas |

## W

## Y

1. DISCLOSURE REQUIREMENTS
   1. INFORMATION DISCLOSURE
      1. Subject to sections 2.11 and 2.12, from the commencement date every **GDB** must comply with the information disclosure requirements set out in this determination and, in particular, must comply with:
         1. The requirements to disclose financial and other information in section 2.3
         2. The requirement to disclose pricing and related information in section 2.4
         3. The requirement to disclose non-financial information relating to network assets in section 2.5
         4. The requirement to disclose asset management plans and forecast information in section 2.6
         5. The requirement to disclose explanatory notes in relation to disclosed information in section 2.7
         6. The audit, certification and verification requirements in section 2.8 and 2.9
         7. The retention and continuous disclosure requirements in section 2.10.
         8. The transitional provisions in section 2.12
   2. APPLICABLE INPUT METHODOLOGIES
      1. Every **GDB** must apply the following input methodologies as applicable, when complying with this determination:
         1. Subpart 1 of part 2, cost allocation
         2. Subpart 2 of part 2, asset valuation
         3. Subpart 3 of part 2, treatment of taxation
         4. Subpart 4 of part 2, cost of capital
         5. Subpart 4 of part 2, pricing methodologies
   3. FINANCIAL INFORMATION FOR THE DISCLOSURE YEAR

*Annual Disclosure Relating to Financial Information for the Disclosure Year*

* + 1. Subject to section 2.12, within 6 months after the end of each **disclosure year**, every **GDB** must disclose information relating to its financial position by:
       1. Completing each of the following reports by inserting all information relating to the **gas pipeline services** supplied by the **GDB** for that **disclosure year**:
          1. the Comparison of Forecasts to Actual Expenditure set out in Schedule 2;
          2. the Report on Return on Investment set out in Schedule 3;
          3. the Report on Term Credit Spread Differential Allowance set out in Schedule 3a
          4. the Report on Regulatory Asset Base Roll Forward set out in Schedule 4
          5. the Report on Asset Allocations set out in Schedule 4a
          6. the Report on Regulatory Profit set out in Schedule 5;
          7. the Report on Regulatory Tax Allowance set out in Schedule 5a
          8. the Report on Related Party Transactions set out in Schedule 5b;
          9. the Report on Cost Allocations set out in Schedule 5c;
          10. the Report on Capital Expenditure for the Disclosure Year set out in Schedule 6;
          11. the Report on Operational Expenditure for the Disclosure Year set out in Schedule 7; and
       2. **Publicly disclosing** each of those reports;
    2. Subject to section 2.12, within 6 months after the end of each **disclosure year**, every **GDB** must disclose to the **Commission** information supporting the information disclosed in accordance with subclause 2.3.1 of this section above by:
       1. Completing each of the following reports by inserting all information relating to the information supplied by the **GDB** in Schedules 4a and 5c for that **disclosure year**:
          1. the Report Supporting Asset Allocation set out in Schedule 4b;
          2. the Report Supporting Cost Allocation set out in Schedule 5d;

*Alternative Method for Return on Investment Information*

* + 1. Subject to section 2.12, in completing the Report on Return on Investment in Schedule 3:
       1. an **GDB** must disclose information in accordance with part 3(iii) of Schedule 3 if the calculation of ROI under part 3(iii), to the extent it relates to the specific timing and value of **assets commissioned** by the **GDB** during the **disclosure year,** would lead to a difference of 50 basis points or more compared to the ROI calculation set out in part 3(i) of Schedule 3;
       2. Otherwise an **GDB** may elect to disclose information in accordance with part 3(iii) of Schedule 3;

*Term Credit Spread Differential Allowance*

* + 1. Schedule 3a is only required to be completed by qualifying suppliers as qualifying suppliers is defined in the IM determination.

### Allocation of Assets and Operating Costs

* + 1. In completing the Report on Asset Allocations in Schedule 4a and the Report on Cost Allocations in Schedule 5c every **GDB** must **publicly disclose**, for each asset category in Schedule 4a and each **operational expenditure** category in Schedule 5c that has **not directly attributable** costs:
       1. A description of the **not directly attributable** costs or assets;
       2. The allocation methodology types used to allocate the **not directly attributable** costs or assets;
       3. Where more than one allocation method is used, the percentage of **not directly attributable** costs or assets allocated using each method;
       4. Where ABAA or OVABAA methodologies are used, whether the **allocators** are proxy asset allocators, proxy cost allocators or causal allocators, as ABAA, OVABAA, proxy assets allocator, proxy cost allocator and causal are defined in the **IM determination**; and
       5. The **allocators** used and the rationale for using each **allocator**

### Related Party Transactions

* + 1. For the purpose of clause 2.3.1, the cost of any service, good, or asset from a **related party** must be:
       1. for any **assets acquired from a related party**, as determined in accordance with clause 2.2.11(1)(g) of the **IM determination**; or
       2. for any service, good, or for any assets other than **assets acquired from a related party**, one of the following:
          1. at the directly attributable cost incurred by the **related party** in accordance with the cost allocation process set out in clauses [clause references] of the **IM determination**, provided that the cost incurred by the **related party** in providing the service to the **GDB**–

is fair and reasonable to the **GDB**, and

is substantially the same as the cost incurred by the **related party** in providing the same type of services to third parties,; or

* + - * 1. for **electrical contracting services** to maintain or develop the **network**, at the directly attributable cost incurred by the **related party,** determined in accordance with the cost allocation process and approaches of the **IM determination**, plus a **mark-up** which does not exceed 17.2%; or
        2. the price paid by the **GDB**, where–

at least 50%  of the **related party’s** sales of services, goods, and assets are to third parties, and third parties may purchase the same or similar services, goods, and assets from the **related party** on substantially the same terms and conditions, including price; or

that price is substantially the same as the price paid for the same or substantially similar services (including any adjustments for inflation using CPI or an appropriate input price index) on substantially the same terms and conditions in the preceding 3 **disclosure years** from a party other than a **related party**; or

* + - * 1. at the price paid by the **GDB**, where –

the price paid for all services, goods, and assets acquired from that **related party** is less than 1% of the **GDB**’s total revenue from the **regulated service** for that year, and

the total price paid for all **related party transactions** is less than 5% of the **GDB**’s total revenue from the **regulated service**; or

* + - * 1. at the price paid by the **GDB** to the **related party** following a competitive tender process, provided that–

the price is no more than 5% higher than the price of the lowest conforming tender received;

all relevant information material to consideration of a proposal was provided to third parties, or made available upon request;

at least one other qualifying proposal was received;

the final agreement for the provision of the services, goods, or assets by the **related party** does not include any **special contract terms**;

the **GDB** 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; and

its **directly attributable** cost would be as incurred by the group to which the **GDB** and **related party** are a part, determined in accordance with GAAP, as the if the consolidate group was the **GDB**;

* + - * 1. the price paid by the **GDB**, provided–

the price cannot otherwise be determined under subclauses (a) to (e), and

no fewer than 2 **director**s of the **GDB** provide a written certification that they are satisfied that the price or prices paid for all services, goods, or assets determined in accordance with this paragraph reflect the price or prices that would be received in an arm’s-length transaction; or

* + - * 1. nil.
    1. For the purpose of clause 2.3.1 above, the price received for any sale or supply of services, goods, or assets to a **related party**, must be one of the following:
       1. if the **related party** is another **GDB**, an **EDB**, or **GTB** required to publicly disclose the price paid or cost incurred in accordance with another **Commission** determination, then the price received must be that disclosed by the **related party**; or
       2. if the price received cannot be determined under subclause (1), then:
          1. at the price received from the **related party**, where the **GDB** makes at least 50%  of its revenue from the provision of similar services to unrelated parties, and the price charged by the **GDB** to the **related party** is substantially the same as the price charged to third parties for similar services, goods, or assets on substantially the same terms and conditions; or
          2. at the price received from the **related party**, provided that no fewer than 2 directors of the **GDB**'s provide a written certification that they are satisfied that the prices received for all services, goods, or assets provided to **related parties** reflect the price or prices that would be received in an arm’s length transaction; or
          3. at the cost incurred by the **GDB** in providing the service, good, or asset.

### Information on capital expenditure projects

* + 1. Subject to section 2.12, in completing the Report on Capital Expenditure for the Disclosure Year in Schedule 6, **GDB**s must disclose the following information in relation to **material projects and programmes**:
       1. Separately disclose **customer connection** expenditure for each customer type defined by the **GDB** in 6(iii) of Schedule 6;
       2. For each material **asset relocation** project in Schedule 6:
          1. separately disclose a brief description of the project and its value in 6(v) of Schedule 6
          2. provide any additional commentary, including the purpose of the project and a description of the assets relocated for each project in Schedule 14 (Mandatory Explanatory Notes)
       3. For each material **quality of supply** project:
          1. separately disclose a brief description of the project and its value in 6(vi) in Schedule 6;
          2. provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes)
       4. For each material **legislative and regulatory** project:
          1. separately disclose a brief description of the **legislative and regulatory** requirement and the value of the project in 6 (vii) in Schedule 6;
          2. provide any additional commentary, including the purpose of the projects and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes);
       5. For each material **other reliability, safety and environment** project in Schedule 6:
          1. separately disclose a brief description of the project and its value in 6(viii) of Schedule 6;
          2. provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes);
       6. For each material **non-network capex** project in Schedule 6:
          1. separately disclose a brief description of the project and its value in 6(ix) in Schedule 6
          2. provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes)
  1. PRICING AND RELATED INFORMATION

*Disclosure of pricing methodologies*

* + 1. Every **GDB** must **publicly disclose**, before the start of each **disclosure year**, a pricing methodology which:
       1. Describes the methodology, in accordance with clause 2.4.3 of this section, used to calculate the **prices** payable or to be payable
       2. Describes any changes in **prices** and **target revenues**
       3. Explains, in accordance with clause 2.4.5 of this section, the approach taken with respect to pricing in **non-standard contracts**
       4. Explains whether, and if so how, the **GDB** has sought the views of **consumers**, their expectations in terms of **price** and quality, and reflected those views, in calculating the **prices** payable or to be payable. If the **GDB** has not sought the views of **consumers**, the reasons for not doing so must be disclosed.
    2. Any change in the pricing methodology or adoption of a different pricing methodology, must be **publicly disclosed** at least 20 working days before the change or the adoption of a different methodology takes effect.
    3. Every disclosure under clause 2.4.1 above must:
       1. Include sufficient information and commentary to enable interested persons to understand how **prices** were set for each **consumer group**, including the assumptions and statistics used to determine **prices** for each **consumer group**
       2. Demonstrate the extent to which the pricing methodology is consistent with the **pricing principles** and explain the reasons for any inconsistency between the pricing methodology and the **pricing principles**
       3. State the **target revenue** to be collected for the current **disclosure year**
       4. Where applicable, identify the key components of **target revenue** required to cover the costs and return on investment associated with the **GDB**’s provision of **gas pipeline services**. Disclosure must include the numerical value of each of the components
       5. State the **consumer groups** for whom **prices** have been set, and describe:
          1. the rationale for grouping **consumers** in this way
          2. the method and the criteria used by the **GDB** to allocate **consumers** to each of the **consumer groups**.
       6. If **prices** have changed from **prices** disclosed for the immediately preceding **disclosure year**, explain the reasons for changes, and quantify the difference in respect of each of those reasons
       7. Where applicable, describe the method used by the **GDB** to allocate the **target revenue** among **consumer groups**, including the numerical values of the **target revenue** allocated to each **consumer group** and the rationale for allocating it in this way
    4. State the proportion of **target revenue** (if applicable) that is collected through each tariff type as publicly disclosed annually under clause 2.4.16Every disclosure under clause 2.4.1 above must, if the **GDB** has a **pricing strategy**:
       1. Explain the **pricing strategy** for the next 5 **disclosure years** (or as close to 5 years as the **pricing strategy** allows), including the current **disclosure year** for which **prices** are set
       2. Explain how and why **prices** for each **consumer group** are expected to change as a result of the **pricing strategy**
       3. If the **pricing strategy** has changed from the preceding **disclosure year**, identify the changes and explain the reasons for the changes.
    5. Every disclosure under clause 2.4.1 above must:
       1. Describe the approach to setting **prices** for **non-standard contracts**, including:
          1. the extent of **non-standard contract** use, including the number of ICPs represented by **non-standard contracts** and the value of **target revenue** anticipated from **non-standard contracts**
          2. how the **GDB** determines whether to use a **non-standard contract**, including any criteria used
          3. any specific criteria or methodology used for determining **prices** for **non-standard contracts**, and how that criteria or methodology is consistent with the **pricing principles**
       2. Describe the **GDB**’s obligations and responsibilities (if any) to customers on **non-standard contracts** in the event that the supply of **gas pipeline services** to the customer is interrupted. Disclosure must explain:
          1. the extent of the differences in these terms between **standard contracts** and **non-standard contracts**
          2. any implications of this approach for determining **prices** for **non-standard contracts**.

*Disclosure of capital contributions*

* + 1. Every **GDB** must at all times **publicly disclose**:
       1. A description of its current policy or methodology for determining **capital contributions**, including:
          1. the circumstances (or how to determine the circumstances) under which the **GDB** may require a **capital contribution** how the amount payable of any **capital contribution** is determined. Disclosure must include a description of how the costs of any **shared assets** (if applicable) and any **sole use assets** that are included in the amount of the **capital contribution**, are calculated
          2. the extent to which any policy or methodology applied is consistent with the relevant **pricing principles**
       2. A statement of whether a **consumer** or any other **person** can use an independent contractor to undertake some or all of the work covered by the **capital contribution** sought by the **GDB**,as an alternative to paying the full amount of the **capital contribution** to the **GDB**
       3. If the **GDB** has a standard schedule of **capital contributions** charges, the current version of that standard schedule.
    2. When a **consumer** or other **person** from whom the **GDB** seeks a **capital contribution** is sought queries the **capital contribution** charge, (and when the charge is not covered in the schedule of standard **capital contribution** charges, or no such schedule exists) a **GDB** must, within 10 working days of receiving the request, provide reasonable explanation to any reasonable query from that **consumer** or other **person** of the components of that charge and how these were determined.
    3. The requirements in clauses 2.4.6 and 2.4.7 apply if:
       1. the **GDB** determines the amount of **capital contributions**
       2. the **GDB** has or can obtain information about the policy or methodology used by another **person** to determine **capital contributions** where the **GDB** receives those **capital contributions**.

*Disclosure of prescribed terms and conditions of contracts*

* + 1. Subject to clause 2.4.15, every **GDB** must, not later than 20 working days after entering into a **prescribed contract** that is a **standard contract**, **publicly disclose** the **prescribed terms and conditions** of the **prescribed contract**.
    2. Subject to section 53C(4) of the **Act** every **GDB** must, in respect of all **prescribed contracts** that are **non-standard contracts** entered into during the disclosure year, within 5 months after the end of that **disclosure year**, either **publicly disclose**
       1. **publicly disclose** a description of the goods or services to be supplied under the **prescribed** **contract** and the quantity or amount of those goods or services; and
       2. **publicly disclose** the **prescribed terms and conditions** of each **prescribed contract** with the exception of **prescribed terms and conditions** that specify, determine, or provide for the determination of the **price** at which goods or services are to be supplied.
    3. For any contract for which information is publicly disclosed under clause 2.4.10, unless **prescribed terms and conditions** have been publicly disclosed under subclause 2.4.10(2)(b), every **GDB** must, within 20 working days of a request by any **person**, provide to that **person** and **publicly disclose** the **prescribed terms and conditions** of the **prescribed contract,** with the exception of **prescribed terms and conditions** that specify, determine, or provide for the determination of the **price** at which goods or services are to be supplied.
    4. Subject to section 53C(4) of the **Act**, if any **prescribed terms and conditions** of a **prescribed contract** (where it is also a **standard contract**, including a **prescribed contract** that was entered into before the date on which this determination comes into force) are modified, the **GDB** must, not later than 20 working days after those modifications take effect, **publicly disclose**:
       1. the **prescribed contract** concerned
       2. the modifications made to the **prescribed terms and conditions**.
    5. Subject to section 53C(4) of the **Act** and within 5 months after the end of the **disclosure year**, if any **prescribed terms and conditions** of a **prescribed contract** that is a **non-standard contract** (including a **prescribed contract** that was entered into before the date on which this determination comes into force) are modified, the **GDB** must disclose to any **person**, within 20 working days of receiving a request from that **person**, the modifications made to the **prescribed terms and conditions**.
    6. Every **GDB** must, when **publicly disclosing** or disclosing on request to any **person** (as the case may be) the **prescribed terms and conditions** of a **non-standard contract** under either of clauses 2.4.10 or 2.4.11 of this section, include the following information:
       1. the maximum daily amount of gas (in gigajoules) to be conveyed to the **consumer** under the **contract**, or (if the amount is not quantified in the **contract**) a reasonable estimate of that amount based on the duration of the **contract**
       2. the pressure or pressures at which the gas is to be supplied or conveyed under that **contract**, or (if the pressure is not specified in the **contract**) a reasonable estimate of that pressure
    7. For the purposes of this section, **public disclosure** by a **GDB** of the **prescribed terms and conditions** of a **standard contract** is to be regarded as **public disclosure** by that **GDB** in relation to all of its **standard contracts** with the same **prescribed terms and conditions**.

*Disclosure of prices*

* + 1. Every **GDB** must at all times **publicly disclose**:
       1. Each current **price** expressed in a manner that enables individual **consumers** to determine:
          1. the **consumer group** or groups applicable to them
          2. the total **price** for **gas pipeline services** applicable to them
          3. of the total **price**, the **prices** represented by each charge type applicable to them
       2. The number (or estimated number) of **consumers** by whom each **price** is payable
       3. The date at which each **price** was or will be first introduced
       4. The **price** that was payable immediately before each current **price** (if any) expressed in the manner referred to in subclause (1) above.
    2. Every **GDB** must, at least 20 working days before changing a **price** or introducing a new **price** that is payable by 5 or more **consumers**,
       1. **Publicly disclose**:
          1. the information specified in clause 2.4.16 of this section in respect of that **price**
          2. an explanation of the reasons for the new **price** or the changed **price**.
       2. In addition, either-
          1. give written notice to each **consumer** by whom that **price** is payable the information specified in clause 2.4.16 of this section in respect of that **price**
          2. notify in the news section of either 2 separate editions of each newspaper or online news media that is widely read by **consumers** connected to that **GDB**’s **network**, details of the changed **price**, including:

the changed **price** alongside the immediately preceding **price** applicable

contact details where further details of the new or changed **price** can be found including the URL of the **GDB**’s publicly accessible website.

* + 1. Every **GDB** must, in respect of all new **prices** payable by 4 or fewer **consumers**,
       1. At least 20 working days before introducing a new **price**, give written notice to each **consumer** by whom that **price** is payable, the information specified in clause 2.4.16 of this section in respect of that **price**

*Annual disclosure of information on quantities and revenues billed*

* + 1. Within 6 months of the end of each **disclosure year**, every **GDB** must **publicly disclose** the information specified in Schedule 8a and 8b.
    2. If prices differ between **sub-networks**, a separate Schedule 8a and 8b must be completed for each **sub-network**.
  1. NON-FINANCIAL INFORMATION RELATED TO NETWORK ASSETS
     1. Within 6 months after the end of each **disclosure year**, every **GDB** must—
        1. Complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** for the **disclosure year(s)** provided for in the reports:
           1. the Asset Register set out in Schedule 9a;
           2. the Asset Age Profile set out in Schedule 9b;
           3. the Report on Pipeline Data set out in Schedule 9c;
           4. the Report on Demand set out in Schedule 9d;
           5. the Report on Network Reliability and Interruptions in Schedule 10;
           6. the Report on Network Integrity and Customer Service in Schedule 10a; and
           7. **publicly** disclose these reports.
        2. If a **GDB** has **sub-networks**, complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** in relation to each **sub-network** for the **disclosure years** provided for in the reports—
           1. the Asset Register set out in Schedule 9a;
           2. the Asset Age Profile set out in Schedule 9b;
           3. the Report on Pipeline Data set out in Schedule 9c;
           4. the Report on Demand set out in Schedule 9d;
           5. the Report on Network Reliability and Interruptions in Schedule 10;
           6. the Report on Network Integrity and Customer Service in Schedule 10a; and
           7. **publicly disclose** these reports.
  2. ASSET MANAGEMENT PLANS AND FORECAST INFORMATION
     1. Subject to clause 2.6.3 of this section, before the start of each **disclosure year** commencing with the **disclosure year** 2014, every **GDB** must complete and **publicly disclose** an **AMP** that—
        1. Relates to the **gas distribution services** supplied by the **GDB**
        2. Meets the purposes of **AMP** disclosure set out in clause below
        3. Has been prepared in accordance with Appendix A
        4. Contains the completed tables required in clause 2.6.5(2) below
        5. Contains the Report on Asset Management Maturity set out in Schedule 13.
     2. The purposes of **AMP** disclosure referred to in subclause 2.6.1(2) above are that the **AMP**—
        1. Must provide sufficient information for interested persons to assess whether:
           1. assets are being managed for the long term
           2. the required level of performance is being delivered
           3. costs are efficient and performance efficiencies are being achieved
        2. Must be capable of being fully understood by interested persons with a reasonable understanding of the management of infrastructure assets
        3. Should provide a sound basis for the ongoing assessment of asset-related risks, particularly high impact asset-related risks.
     3. If the disclosure year described in clause above does not coincide with the first or fourth **disclosure year** of the **DPP regulatory period** and if the **GDB** has publicly disclosed an **AMP** under clause above in respect of a prior **disclosure year**, then the **GDB** may—
        1. Elect to not comply with clause above in the current **disclosure year**; and
        2. Complete and **publicly disclose**, before the start of the **disclosure year**, an **AMP update** under clause below.
     4. For the purpose of subclause above, the **AMP update** must—
        1. Relate to the **gas distribution services** supplied by the **GDB**;
        2. Identify any material changes to the network development plans disclosed in the last **AMP** under clause 10 of Appendix A or in the last **AMP update** disclosed under this clause 2.6.4;
        3. Identify any material changes to the lifecycle asset management maintenance and renewal) plans disclosed in the last **AMP** pursuant to clause 11 of Appendix A or in the last **AMP update** disclosed under this clause 2.6.4;
        4. Contain the completed tables required in subclause 2.6.5(2) below
        5. Provide the reasons for any material changes to the previous disclosures in theReport on Forecast Capital Expenditure set out in Schedule 11a and Report on Forecast Operational Expenditure set out in Schedule 11b
        6. Identify any changes to the asset management practices of the **GDB** that would affect a schedule 13 Report on Asset Management Maturity disclosure.
     5. Every **GDB** must—
        1. Before the start of each **disclosure year**,complete each of the following reports by inserting all information relating to the **gas distribution services** supplied by the **GDB** for the **disclosure years** provided for in the following reports—
           1. the Report on Forecast Capital Expenditure in Schedule 11a
           2. the Report on Forecast Operational Expenditure in Schedule 11b
           3. the Report on Asset Condition in Schedule 12a
           4. the Report on Forecast Utilisation in Schedule 12b
           5. the Report on Forecast Demand in Schedule 12c
           6. the Report on Forecast Interruptions and Duration in Schedule 12d
        2. Include, in the **AMP** or **AMP update** as applicable, the information contained in each of the tables described in subclause above
        3. Within 5 working days of publicly disclosing the **AMP** or **AMP update** as applicable, disclose these reports to the **Commission**
        4. Within 6 months of the start of the **disclosure year**, **publicly disclose** these reports.
  3. EXPLANATORY NOTES TO DISCLOSED INFORMATION
     1. Within 6 months of the end of each **disclosure year**, every **GDB** must complete and **publicly disclose** the Schedule of Mandatory Explanatory Notes (Schedule 14) by inserting all information relating to information disclosed in accordance with clauses 2.3.1, 2.4.19, 2.4.20, and 2.5.1.
        1. In relation to details of any insurance cover for the assets used to provide **gas pipeline services**, , the explanatory notes in Schedule 14 must include:
           1. The **GDB**’s approaches and practices in regard to the insurance of assets, including the level of insurance;
           2. In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.
        2. Where an item disclosed in accordance with clause 2.3.1 or section 2.12 is classified differently from the previous year, the explanatory notes in Schedule 14 must include the:
           1. nature of the item reclassified;
           2. value of the item in the current **disclosure year** and in the previous **disclosure year;**
           3. classification of the item in the previous **disclosure year;**
           4. classification of the item in the current **disclosure year;** and
           5. reason why the item has been reclassified.
     2. Within 6 months of the end of each **disclosure year**, every **GDB** must complete and **publicly disclose** the following information in the Mandatory Explanatory Notes on Forecast Information in Schedule 14a by inserting all relevant information relating to information disclosed in accordance with clause 2.6.5.
     3. Within 6 months of the end of each **disclosure year**, every **GDB** may **publicly disclose** any further comments on the information disclosed in accordance with clauses 2.3.1, 2.4.19, , 2.5.1, and 2.6.5, in Schedule 15.
  4. ASSURANCE REPORTS
     1. Where a GDB is required to **publicly disclose** any **audited disclosure information**, the **GDB** must:
        1. Procure an assurance report by an **independent auditor** in respect of that **audited disclosure information**, that is prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements 3000 (ISAE (NZ) 3000) or their successor standards, signed by the **independent auditor** (either in his or her own name or that of his or her firm), that:
           1. is addressed to the directors of the **GDB** and to the **Commission** as the intended users of the assurance report;
           2. states:

that it has been prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements 3000 (ISAE (NZ) 3000) or their successor standards; and

the work done by the **independent auditor**; and

the scope and limitations of the audit; and

the existence of any relationship (other than that of auditor) which the **independent auditor** has with, or any interests which the **independent auditor** has in, the **GDB** or any of its subsidiaries or **related parties**; and

whether the **independent auditor** has obtained sufficient recorded evidence and explanations that he or she required and, if not, the information and explanations not obtained; and

whether, in the **independent auditor**’s opinion, as far as appears from an examination, the information used in the preparation of Schedules 2, 3, 3a, 4, 4a, 4b, 4c, 5, 5a, 5b, 5c, 5d, 6, 7, 8a, 8b, 9a, 9b, 9c, 9d, 10, 10a, 14, 14a, and 14b has been properly extracted from the **GDB**’s accounting and other records, sourced from its financial and non-financial systems

whether, in the **independent auditor**’s opinion, as far as appears from an examination of them, proper **records** to enable the complete and accurate compilation of information required by the Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012have been kept by the **GDB** and, if not, the **records** not so kept; and

* + - * 1. States, whether (and, if not, the respects in which it has not), in the **independent auditor**’s opinion, the **GDB** has complied, in all material respects, with the Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012; and
      1. **Publicly disclose** the **independent auditor**’s report prepared in accordance with subclause (1) above at the same time as the **GDB** **publicly discloses** the **audited disclosure information**.
  1. CERTIFICATES
     1. Where a **GDB** is required to **publicly disclose** any information under clause 2.4.1, clauses 2.6.1 and subclauses 2.6.3(2) and 2.6.5(2), and clause 2.12.6(1)(b) the **GDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 17 in respect of that information, duly signed by 2 **directors** of the **GDB**.
     2. Where a **GDB** is required to **publicly disclose** any information under any of clause 2.3.1 and 2.3.2, clauses 2.4.19 and 2.4.20, clause 2.5.1, and clauses 2.7.1 and 2.7.2, the **GDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 18 in respect of that information, duly signed by 2 **directors** of the **GDB**.
     3. Where a **GDB** is required to **publicly disclose** any information under clause 2.10.1, the **GDB** must at that time **publicly disclose** a certificate in the form set out in Schedule 19 in respect of that information, duly signed by 2 **directors** of the **GDB**.
  2. RETENTION AND CONTINUING DISCLOSURES
     1. A **GDB** that is required by this determination to **publicly disclose** any information must retain, and continuously **publicly disclose**, that information for at least 7 years from the date that information is first required to be **publicly disclosed**.
  3. EXEMPTIONS
     1. The **Commission** may at any time, by written notice to a **GDB**,-
        1. Exempt the **GDB** from any or all of the requirements of this determination, for a period and on such terms and conditions as the **Commission** specifies in the notice; and
        2. Amend or revoke any such exemption
  4. TRANSITIONAL PROVISIONS
     1. Subject to clause 2.12.2, within 7 months after the end of the **disclosure year** 2012 in the case of Powerco, and 10 months after the end of the **disclosure year** 2012 in the case of Vector Limited and GasNet, each **GDB** must:
        1. Complete the Report on Transitional Financial Information set out in Schedule4c;
        2. Complete the Report on Asset Allocations set out in Schedule 4a by inserting all information relating to the asset allocation for the **total opening RAB value** disclosed in Schedule 4;
        3. Provide explanatory comment in Schedule 14b in relation to transitional financial information disclosed in Schedule 4c; and
        4. **Publicly disclose** those reports.
     2. Subject to clause 2.12.3, where a **GDB** has previously elected to undertake an adjustment in accordance with clause 2.2.1 of the **IM Determination**, within 7 months after the end of the **disclosure year** 2012 in the case of Powerco, and 10 months after the end of the **disclosure year** 2012 in the case of Vector Limited and GasNet, the **GDB** must **publicly disclose** the asset adjustment schedule and engineer’s report that had previously been disclosed to the **Commission** under the relevant Notice to Supply Information to the **Commission** issued under section 53ZD of the Act.
     3. Where a **GDB** has disclosed information to the **Commission** on the **initial RAB** and asset adjustment process as provided for under clauses 2.2.1 to 2.2.3 of the **IM Determination**, the information disclosed in accordance with clause 2.12.1 must be consistent with that previous disclosure to the **Commission**.
     4. Notwithstanding any requirements set out in section 2.3, the following transitional provisions apply in respect of the **disclosure year** 2012:
        1. Information in 3(i) of the Report on Return on Investment set out in Schedule 3 relating to **CY**-2 and **CY**-1 is not required to be disclosed
        2. Information in 4(i) of the Report on Regulatory Asset Base Roll Forward set out in Schedule 4 relating to **CY**-3 and **CY**-4 is not required to be disclosed
        3. Information in the Report on Capital Expenditure for the Disclosure Year set out in Schedule 6 and the Report on Operational Expenditure for the Disclosure Year set out in Schedule 7 is not required to be disclosed
        4. Information in the Comparison of Forecasts to Actual Expenditure set out in Schedule 2 is not required to be disclosed
        5. In completing the Report on Asset Allocation set out in Schedule 4a and the Report Supporting Asset Allocations set out in Schedule 4b, all allocations may be disclosed under **other assets**
        6. In completing the Report on Cost Allocations set out in Schedule 5c and the Report Supporting Cost Allocations set out in Schedule 5d, all allocations may be disclosed under **direct billing**.
     5. Notwithstanding any requirements set out in section 2.3, the following transitional provisions apply in respect of the **disclosure year** 2013:
        1. Information in 3(i) of the Report on Return on Investment set out in Schedule 3 relating to **CY**-2 is not required to be disclosed
        2. Information in 4(i) of the Report on the Value of the Regulatory Asset Base (Rolled Forward) set out in Schedule 4 relating to **CY**-4 is not required to be disclosed
     6. Notwithstanding any requirements set out in clauses 2.6.1, 2.6.2, 2.6.3 and 2.6.4, the following transitional provision applies to GasNet Limited in respect of each disclosure year before and during the first **DPP regulatory period**:
        1. If GasNet Limited has not publicly disclosed an AMP under clauses 2.6.1 and 2.6.2 then GasNet Limited may elect to
           1. not comply with clauses 2.6.1 and 2.6.2in the current disclosure year and
           2. complete and publicly disclose before the start of the disclosure year a **transitional AMP** that meets the requirements of subclause 2.12.6(2) below
        2. The transitional AMP must:
           1. Relate to the gas distribution services supplied by the **GDB**
           2. be identifiable as a **transitional AMP** prepared pursuant to clause 2.12.6(2) of this determination
           3. include the minimum requirements set out in subclause 2.12.6(3)
           4. include the forecast information set out in clause 5 of schedule 2.6
           5. include the Report on Asset Management Maturity in Schedule 17
           6. identify where the **GDB** considers the **AMP** does not yet conform to the requirements in clause 2.6.1, and set out the actions the GDB is taking to ensure the **AMP** will conform before the end of the first **DPP regulatory period**
           7. identify any actions the **GDB** has completed in order to conform to the requirements in clause 2.6.1
        3. The **transitional AMP** must include the following:
           1. a summary that provides a brief overview of the contents and highlights information that the GDB considers significant
           2. details of the background and objectives of the GDB’s asset management and planning processes
           3. details of the AMP planning period, which must cover at least a projected period of 10 years commencing with the disclosure year following the date on which the AMP is required to be disclosed
           4. the date that it was approved by the directors
           5. a description of stakeholder interests, as set out in subclause 3.6 of schedule A
           6. a description of the accountabilities and responsibilities for asset management, as set out in subclause 3.7 of schedule A
           7. an overview of asset management strategy and delivery
           8. an overview of systems and information management data
           9. an overview of asset management documentation, controls and review processes
           10. details of the assets covered
           11. a clear identification or definition of a set of asset management performance indicators
           12. a description of network development plans and lifecycle management processes, covering material projects and programmes across the planning period
           13. details of risk policies, assessment and mitigation.
     7. The information required under clauses 2.4.6 is not required to be **publicly disclosed** for the first time until 5 months after this determination is determined.
     8. The information required under clauses 2.4.9 is not required to be **publicly disclosed** for the first time until 2 months after this determination is determined.

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

Dated at Wellington this day of 2012.

COMMERCE COMMISSION

# APPENDIX A ASSET MANAGEMENT PLANS

This Appendix sets out the mandatory disclosure requirements with respect to **AMP**s. The text in italics provides a commentary on those requirements. The purpose of the commentary is to provide guidance on the expected content of disclosed **AMP**s. The commentary has been prepared on the basis that **GDB**s will implement best practice asset management processes.

## AMP design

1. The core elements of asset management—
   1. A focus on measuring network performance, and managing the assets to achieve performance targets;
   2. Monitoring and continuously improving asset management practices;
   3. Close alignment with corporate vision and strategy;
   4. That asset management is driven by clearly defined strategies, business objectives and service level targets;
   5. That responsibilities and accountabilities for asset management are clearly assigned;
   6. An emphasis on knowledge of what assets are owned and why, the location of the assets and the condition of the assets;
   7. An emphasis on optimising asset utilisation and performance;
   8. That a total life cycle approach should be taken to asset management;
   9. That the use of ‘non-network’ solutions and demand management techniques as alternatives to asset acquisition is considered.
2. The disclosure requirements are designed to produce **AMP**s that:
   1. Are based on, but are not limited to, the core elements of asset management identified in clause 1 above;
   2. Are clearly documented and made available to all stakeholders;
   3. Contain sufficient information to allow interested persons to make an informed judgement about the extent to which the **GDB**’s asset management processes meet best practice criteria and outcomes are consistent with outcomes produced in competitive markets;
   4. Specifically support the achievement of disclosed service level targets;
   5. Emphasise knowledge of the performance and risks of assets and identify opportunities to improve performance and provide a sound basis for ongoing risk assessment;
   6. Consider the mechanics of delivery including resourcing;
   7. Consider the organisational structure and capability necessary to deliver the **AMP**;
   8. Consider the organisational and contractor competencies and any training requirements;
   9. Consider the systems, integration and information management necessary to deliver the plans;
   10. Use unambiguous and consistent definitions of asset management processes and terminology consistent with the terms used in this appendix to enhance comparability of asset management practices over time and between **GDB**s;
   11. Promote continual improvements to asset management practices.

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

## Contents of the AMP

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

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

* 1. Details of the **AMP planning period**, which must cover at least a projected period of 10 years commencing with the **disclosure year** following the date on which the **AMP** is disclosed

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

* 1. The date that it was approved by the **directors**
  2. A description of stakeholder interests (owners, **consumers**, etc) which identifies important stakeholders and indicates:
     1. how the interests of stakeholders are identified
     2. what these interests are
     3. how these interests are accommodated in asset management practices
     4. how conflicting interests are managed
  3. A description of the accountabilities and responsibilities for asset management on at least 3 levels, including:
     1. governance—a description of the extent of **director** approval required for key asset management decisions and the extent to which asset management outcomes are regularly reported to **directors**
     2. executive—an indication of how the in-house asset management and planning organisation is structured
     3. field operations—an overview of how field operations are managed, including a description of the extent to which field work is undertaken in-house and the areas where outsourced contractors are used.
  4. All significant assumptions
     1. quantified where possible
     2. clearly identified in a manner that makes their significance understandable to interested persons, including
     3. A description of changes proposed where the information is not based on the **GDB**’s existing business
     4. the sources of uncertainty and the potential effect of the uncertainty on the prospective information
     5. the price inflator assumptions used to prepare the financial information disclosed in **nominal New Zealand dollars** in the Report on Forecast Capital Expenditure set out in Schedule 11a and the Report on Forecast Operational Expenditure set out in Schedule 11b.
  5. A description of the factors that may lead to a material difference between the prospective information disclosed and the corresponding actual information recorded in future disclosures
  6. An overview of asset management strategy and delivery

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

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

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

* + - *the processes used to identify asset management data requirements that cover the whole of life cycle of the assets;*
    - *the systems used to manage asset data and where the data is used, including* *an overview of the systems to record asset conditions and operation capacity and to monitor the performance of assets;*
    - *the systems and controls to ensure the quality and accuracy of asset management information;* *and*
    - *the extent to which the systems, processes and controls are integrated.*
  1. A statement covering any limitations in the availability or completeness of asset management data and disclose any initiatives intended to improve the quality of this data

Discussion of the limitations of asset management data is intended to enhance the transparency of the **AMP** and identify gaps in the asset management system.

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

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

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

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

* communicate asset management strategies, objectives, policies and plans to stakeholders involved in the delivery of the asset management requirements, including contractors and consultants;
* demonstrate staff engagement in the efficient and cost effective delivery of the asset management requirements.
  1. The **AMP** must present all financial values in **real New Zealand dollars** except where specified otherwise;
  2. The **AMP** must be structured and presented in a way that the **GDB** considers will support the purposes of **AMP** disclosure set out in clause 2.6.2 of the determination.

## Assets covered

1. The **AMP** must provide details of the assets covered, including:
   1. A high-level description of the service areas covered by the **GDB** and the degree to which these are interlinked, including:
      1. the region(s) covered
      2. identification of large **consumers** that have a significant impact on **network** operations or asset management priorities
      3. description of the load characteristics for different parts of the **network**
      4. peak demand and total energy delivered in the previous year, broken down by **sub-network**, if any.
   2. a description of the **network** configuration, including:

if sub-networks exist, the network configuration information should be disclosed for each sub-network.

* + 1. A map, with any cross-referenced information contained in an accompanying schedule, of each distribution system of the pipeline owner showing the following details:
       1. the physical location of—
          1. the whole distribution system (other than service pipelines)
          2. all offtake points with a throughput of gas of 20 000 gigajoules or more in the most recent **disclosure year**
          3. all intake points
          4. all pressure regulating stations
          5. all mixing stations other than those at offtake points.
       2. notations showing—
          1. a unique identifier for each offtake point with a throughput of gas in the most recent **disclosure year** of 20 000 gigajoules or more
          2. internal, external, or nominal pipe diameters used (identifying whether internal, external, or nominal pipe diameters are used)
          3. the maximum design working pressures (without changes to the system)
          4. operating pressures.
    2. if applicable, the locations where a significant change (other than a change to service pipelines) has occurred since the previous disclosure of the information referred to in subclauses 4.2.1(a) and 4.2.1(b) above, including—
       1. a clear description of every location on the pipeline system, other than any service pipeline, that is affected by the change
       2. a description of the nature of the change.
  1. For the purposes of the requirement to **publicly disclose** the map referred to in subclause 4.2.1 of this Appendix, a **GDB** is deemed to comply with the requirement if the **GDB**, within 5 months after the end of each financial year, makes copies of the maps available for inspection, during ordinary office hours, at the principal offices of that **GDB**.

## Network assets by category

* 1. The **AMP** must describe the **network** assets by providing the following information for each asset category:
     1. pressure
     2. description and quantity of assets
     3. age profiles
     4. a discussion of the results of formal risk assessments of the assets, further broken down by subcategory as appropriate. Systemic issues leading to the premature replacement of assets or parts of assets should be discussed.
  2. The asset categories discussed in subclause 4.4 above should include at least the following:
     1. main pipe
     2. service pipe
     3. district regulator and metering stations
     4. valve
     5. special crossings
     6. monitoring and control systems
     7. cathodic protection systems
     8. assets owned by the **GDB** but installed at **gate stations** owned by others.

## Service Levels

1. The **AMP** must clearly identify or define a set of performance indicators for which annual performance targets have been defined. The annual performance targets must be consistent with business strategies and asset management objectives and be provided for each year of the **AMP planning period**. The targets should reflect what is practically achievable given the current **network** configuration, condition and planned expenditure levels. The targets should be disclosed for each year of the **AMP planning period**.
2. Performance indicators for which targets are defined in clause 5 above must include—
   1. the DPP requirements required under the price quality path determination applying to the regulatory assessment period in which the next **disclosure year** falls.
   2. **consumer** oriented indicators that preferably differentiate between different **consumer groups**
   3. indicators of asset performance, asset efficiency and effectiveness, and service efficiency, such as technical and financial performance indicators related to the efficiency of asset utilisation and operation
   4. the performance indicators disclosed in Schedule 10a of the determination.
3. The **AMP** must describe the basis on which the target level for each performance indicator was determined. Justification for target levels of service includes **consumer** expectations or demands, legislative, regulatory, and other stakeholders’ requirements or considerations. The **AMP** should demonstrate how stakeholder needs were ascertained and translated into service level targets.
4. Targets should be compared to historic values where available to provide context and scale to the reader.
5. Where forecast expenditure is expected to materially affect performance against a target defined in clause 5 above, the target should be consistent with the expected change in the level of performance.

Performance against target must be monitored for disclosure in the Evaluation of Performance section of each subsequent AMP.

## Network Development Planning

1. **AMP**s must provide a detailed description of **network** development plans, including—
   1. A description of the planning criteria and assumptions for **network** development;
   2. Planning criteria for **network** developments should be described logically and succinctly. Where probabilistic or scenario-based planning techniques are used, this should be indicated and the methodology briefly described;
   3. The use of standardised designs may lead to improved cost efficiencies. This section should discuss:
      1. the categories of assets and designs that are standardised;
      2. the approach used to identify standard designs.
   4. A description of the criteria used to determine the capacity of equipment for different types of assets or different parts of the **network**.

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

* 1. A description of the process and criteria used to prioritise **network** development projects and how these processes and criteria align with the overall corporate goals and vision
  2. Details of demand forecasts, the basis on which they are derived, and the specific **network** locations where constraints are expected due to forecast increases in demand:
     1. explain the load forecasting methodology and indicate all the factors used in preparing the load estimates;
     2. provide separate forecasts to at least distribution system level covering at least a minimum five year forecast period. Discuss how uncertain but substantial individual projects/developments that affect load are taken into account in the forecasts, making clear the extent to which these uncertain increases in demand are reflected in the forecasts;
     3. identify any **network** or equipment constraints that may arise due to the anticipated growth in demand during the **AMP planning period**.

The AMP should include a description of the methodology and assumptions used to produce the utilisation and capacity forecasts and a discussion of the limitations of the forecasts, methodology and assumptions. The AMP should also discuss any capacity limitations identified or resolved in years during which an AMP was not disclosed.

* 1. Analysis of the significant **network** level development options identified and details of the decisions made to satisfy and meet target levels of service, including:
     1. the reasons for choosing a selected option for projects where decisions have been made;
     2. alternative options considered for projects that are planned to start in the next five years;
     3. consideration of planned innovations that improve efficiencies within the **network**, such as improved utilisation, extended asset lives, and deferred investment.
  2. A description and identification of the **network** development programme and actions to be taken, including associated expenditure projections. The **network** development plan must include:
     1. a detailed description of the material projects and a summary description of the non-material projects currently underway or planned to start within the next 12 months;
     2. a summary description of the programmes and projects planned for the following four years (where known); and
     3. an overview of the material projects being considered for the remainder of the **AMP planning period**.

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

## Lifecycle Asset Management Planning (Maintenance and Renewal)

1. The **AMP** must provide a detailed description of the lifecycle asset management processes, including—
   1. The key drivers for maintenance planning and assumptions;
   2. Identification of **routine and corrective maintenance and inspection** policies and programmes and actions to be taken for each asset category, including associated expenditure projections. This must include:
      1. the approach to inspecting and maintaining each category of assets, including a description of the types of inspections, tests and condition monitoring carried out and the intervals at which this is done;
      2. any systemic problems identified with any particular asset types and the proposed actions to address these problems; and
      3. budgets for maintenance activities broken down by asset category for the **AMP planning period**.
   3. Identification of **asset replacement and renewal** policies and programmes and actions to be taken for each asset category, including associated expenditure projections. This must include:
      1. the processes used to decide when and whether an asset is replaced or refurbished, including a description of the factors on which decisions are based, and consideration of future demands on the network and the optimum use of existing network assets;
      2. a description of innovations that have deferred asset replacements;
      3. a description of the projects currently underway or planned for the next 12 months
      4. a summary of the projects planned for the following four years (where known); and
      5. an overview of other work being considered for the remainder of the **AMP planning period**.
   4. The asset categories discussed in subclauses 11.2and 11.3 above should include at least the categories in subclause 4.5 above.

## Non-Network Development, Maintenance and Renewal

1. **AMP**s must provide a summary description of material non-network development, maintenance and renewal plans, including—
   1. A description of non-network assets;
   2. Development, maintenance and renewal policies that cover them;
   3. A description of material capital expenditure projects (where known) planned for the next five years;
   4. A description of material maintenance and renewal projects planned (where known) for the next five years.

## Risk Management

1. **AMP**s must provide details of risk policies, assessment, and mitigation, including—
   1. Methods, details and conclusions of risk analysis;
   2. Strategies used to identify areas of the **network** that are vulnerable to high impact low probability events and a description of the resilience of the **network** and asset management systems to such events;
   3. A description of the policies to mitigate or manage the risks of events identified in subclause 13.2 above;
   4. Details of emergency response and contingency plans.

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

## Evaluation of performance

1. **AMP**s must provide details of performance measurement, evaluation, and improvement, including—
   1. A review of progress against plan, both physical and financial;
      * referring to the most recent disclosures made under sub*clause 2.5.1(1) of the determination*, discussing any significant differences and highlighting reasons for substantial variances
      * commenting on the progress of development projects against that planned in the previous **AMP** and provide reasons for substantial variances along with any significant construction or other problems experienced
      * commenting on progress against maintenance initiatives and programmes and discuss the effectiveness of these programmes noted.
   2. An evaluation and comparison of actual service level performance against targeted performance
      * in particular, comparing the actual and target service level performance for all the targets discussed in the previous **AMP** under clause 5 above and explain any significant variances.
   3. An evaluation and comparison of the results of the asset management maturity assessment disclosed in the Report on Asset Management Maturity set out in Schedule 13 against relevant objectives of the **GDB**’s asset management and planning processes.
   4. An analysis of gaps identified in subclauses and above. Where significant gaps exist (not caused by one-off factors), the **AMP** must describe any planned initiatives to address the situation.

## Capability to deliver

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

# Schedule 1 Analytical Ratios

# Schedule 2 Comparison of Forecasts to Actual Expenditure



# Schedule 3 Report on Return on Investment



# Schedule 3a Term Credit Spread Differential Allowance

# Schedule 4 Report on Value of the Regulatory Asset Base (Rolled Forward)





# Schedule 4a Report on Asset Allocations





# Schedule 4b Report Supporting Asset Allocations

# Schedule 4c Report on Transitional Financial Information





# Schedule 5 Report on Regulatory Profit



# Schedule 5a Report on Regulatory Tax Allowance





# Schedule 5b Report on Related Party Transactions



# Schedule 5c Report on Cost Allocations





# Schedule 5d Report Supporting Cost Allocations



# Schedule 6 Report on Capital Expenditure for the Disclosure Year





# Schedule 7 Report on Operational Expenditure for the Disclosure Year

# Schedule 8a Report on Billed Quantities and Line Charge Revenues (by Type of Charge)

# Schedule 8b Report on Billed Quantities and Line Charge Revenues (by Consumer Type)



# Schedule 9a Asset Register

# Schedule 9b Asset Age Profile

# Schedule 9c Report on Pipeline Data

# Schedule 9d Report on Demand



# Schedule 10 Report on Network Reliability and Interruptions



# Schedule 10a Report on Network Integrity and Customer Service



# Schedule 11a Report on Forecast Capital Expenditure







# Schedule 11b Report on Forecast Operational Expenditure

# Schedule 12a Report on Asset Condition at the End of the Disclosure Year

# Schedule 12b Report on Forecast Utilisation



# Schedule 12c Report on Forecast Demand



# Schedule 13 Report on Asset Management Maturity

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

Part of the value of a formal asset management system is the definition and standardisation of terms. A common understanding of terms helps interested persons to understand the asset management concepts and processes that apply to the **GDB**. In particular, it helps the **GDB**’s employees and suppliers to understand and improve asset management concepts and processes.

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

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

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

The level of documentation within an asset management system is expected to be consistent with factors such as the size of the company, complexity of processes and competence of personnel.

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

1. Each **GDB** must specify in the AMMAT Report the standard of asset management practice that the **GDB** has used as the reference standard. Cells in the following columns in the AMMAT Report set out below must be filled out:
   1. ‘User guidance’: guidance (if required) on completing each question of the AMMAT.

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

* 1. ‘Evidence—Summary’: the information/evidence used to support the assessed rating.

The cells in this column should be completed by persons coordinating responses to each question.

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

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

















# Schedule 14 Mandatory Explanatory Notes

1. This Schedule requires **GDB**s to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.19, 2.4.20, and 2.5.1.
2. This Schedule is mandatory—**GDB**s must provide the explanatory comment specified below, in accordance with clause 2.7.1. This information is part of the **audited disclosure information**,and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for **GDBs** to give additional explanation of disclosed information should they elect to do so.

## Mandatory explanatory notes

### Variance between forecast and actual expenditure (Schedule 2)

1. In the box below, comment on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 2. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 1: Explanatory comment on variance in actual to forecast expenditure  [Insert text here] |

### Return on Investment (Schedule 3)

1. In the box below, comment on return on investment as disclosed in Schedule 3. This comment must include information on reclassified items in accordance with clause2.7.1(2).

|  |
| --- |
| Box 2: Explanatory comment on return on investment  [Insert text here] |

### Value of the Regulatory Asset Base (Schedule 4)

1. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 3: Explanatory comment on the value of the regulatory asset based (rolled forward)  [Insert text here] |

*Asset allocation (Schedule 4a)*

1. In the box below, comment on asset allocation as disclosed in Schedule 4a. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 4: Commentary on asset allocation  [Insert text here] |

*Initial RAB adjustment (Schedule 4c)*

In the box below, comment on adjustments to the **initial RAB** as disclosed in Schedule 4c. This comment must include information on adjustments in accordance with clause 2.7.1(3).

|  |
| --- |
| Box 5: Commentary on adjustments to the initial RAB  [Insert text here] |

### Regulatory Profit (Schedule 5)

1. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 5. This comment must include:
   1. a description of material items included in ‘other regulatory line income’ other than gains and losses on asset sales, as disclosed in 5(i) of Schedule 5
   2. information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 6: Explanatory comment on regulatory profit  [Insert text here] |

### Merger and acquisition expenses (5(vi) of Schedule 5(vi))

1. If the **GDB** incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below:
   1. information on reclassified items in accordance with clause 2.7.1(2)
   2. any other commentary on the benefits of the merger and acquisition expenditure to the **GDB**.

|  |
| --- |
| Box 7: Explanatory comment on merger and acquisition expenditure  [Insert text here] |

### Regulatory tax allowance: disclosure of permanent differences (5a(i) of Schedule 5a)

1. In the box below, provide descriptions and workings of the following items, as recorded in the asterisked categories in 5a(i) of Schedule 5a:
   1. Income not included in regulatory profit / (loss) before tax but taxable
   2. Expenditure or loss in regulatory profit / (loss) before tax but not deductible
   3. Income included in regulatory profit / (loss) before tax but not taxable
   4. Expenditure or loss deductible but not in regulatory profit / (loss) before tax

|  |
| --- |
| Box 8: Regulatory tax allowance: permanent differences  [Insert text here] |

### Regulatory tax allowance: disclosure of temporary differences (5a(iv) of Schedule 5a)

1. In the box below, provide descriptions and workings of items recorded in the asterisked category ‘Tax effect of other temporary differences’ in 5a(iv) of Schedule 5a.

|  |
| --- |
| Box 9: Tax effect of other temporary differences (current disclosure year)  [Insert text here] |

### Related party transactions: disclosure of related party transactions (Schedule 5)

1. In the box below, provide descriptions of related party transactions beyond those disclosed on schedule 5 including identification and descriptions as to the nature of **directly attributable** costs disclosed under clause 2.3.6(2)(b).

|  |
| --- |
| Box 10: Related party transactions  [Insert text here] |

*Cost allocation (Schedule 5c)*

1. In the box below, comment on cost allocation as disclosed in Schedule 5c. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 10: Cost allocation  [Insert text here] |

### Capital Expenditure for the Disclosure Year (Schedule 6)

1. In the box below, comment on gross capital expenditure for the disclosure year, as disclosed in Schedule 6. This comment must include:
   1. a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6;
   2. information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 11: Explanation of capital expenditure for the disclosure year  [Insert text here] |

### Operational Expenditure for the Disclosure Year (Schedule 7)

1. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 7. This comment must include:
   1. Commentary on assets replaced or renewed with Asset replacement and renewal operating expenditure, as reported in 7(i) of Schedule 7
   2. Information on reclassified items in accordance with clause 2.7.1(2)
   3. Commentary on any material **atypical** expenditure included in operational expenditure disclosed in Schedule 7, including the value of the expenditure, the purpose of the expenditure, and the **operational expenditure** categories the expenditure relates to.

|  |
| --- |
| Box 12: Explanation of operational expenditure for the disclosure year  [Insert text here] |

### Information Relating to Revenue for the Disclosure Year

1. In the box below provide:
   1. a comparison of the target revenue disclosed before the start of the **disclosure year**, in accordance with clauses 2.4.1(2) and 2.4.3(3) to total billed **line charge revenue** for the **disclosure year**, as disclosed in Schedules 8a and 8b; and
   2. explanatory comment on reasons for any material differences between target revenue and total billed **line charge revenue**.

|  |
| --- |
| Box 13: Explanatory comment relating to revenue for the disclosure year  [Insert text here] |

### Network Reliability for the Disclosure Year (Schedule 10)

1. In the box below, comment on network reliability for the disclosure year, as disclosed in Schedule 10.

|  |
| --- |
| Box 14: Commentary on network reliability for the disclosure year  [Insert text here] |

### Insurance cover

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

|  |
| --- |
| Box 15: Explanation of insurance cover  [Insert text here] |

# Schedule 14a Mandatory Explanatory Notes on Forecast Information

1. This Schedule requires **GDB**s to provide explanatory notes to reports prepared in accordance with clause 2.6.5.
2. This Schedule is mandatory—**GDB**s must provide the explanatory comment specified below, in accordance with clause 2.7.1. This information is not part of the **audited disclosure information**,and so is not subject to the assurance requirements specified in section 2.8.

*Commentary on difference between nominal and real capital expenditure forecasts (Schedule 11a)*

1. In the box below, comment on the difference between nominal and real capital expenditure for the disclosure year, as disclosed in Schedule 11a.

|  |
| --- |
| Box 5: Commentary on difference between nominal and real capital expenditure forecasts  [Insert text here] |

*Commentary on difference between nominal and real operational expenditure forecasts (Schedule 11b)*

1. In the box below, comment on the difference between nominal and real operational expenditure for the disclosure year, as disclosed in Schedule 11b.

|  |
| --- |
| Box 6: Commentary on difference between nominal and real capital expenditure forecasts  [Insert text here] |

# Schedule 14b Explanatory Notes on Transitional Financial Information

1. This Schedule requires **GDB**s to provide explanatory notes to the transitional financial disclosed in accordance with clause 2.12.1.
2. This Schedule is mandatory—**GDB**s must provide the explanatory comment specified below, in accordance with clause 2.7.1. This information is part of the **audited disclosure information**,and so is subject to the assurance requirements specified in section 2.8.
3. In the box below, provide explanatory comment on the **GDB**’s initial RAB adjustments, as disclosed in Schedule 4c (Transitional financial information), summarising the adjustments made in accordance with clause 2.2.1 of the **IM determination**.

|  |
| --- |
| Box 7: Initial RAB adjustments  [Insert text here] |

1. In the box below provide explanatory comment on the tax effect of other temporary differences for the years ending 31 March 2010 and 31 March 2011 (as reported in 4d(vi) of Schedule 4d).

|  |
| --- |
| Box 8: Temporary differences / Tax effect of other temporary differences (years ended 31 March 2010 and 31 March 2011)  [Insert text here] |

# Schedule 15 Voluntary Explanatory Notes

1. This Schedule enable GDBs to provide, should they wish to:
   1. additional explanatory comment to reports prepared in accordance with clauses , 2.4.19, 2.4.20, 2.5.1, and 2.6.5.
   2. information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this Schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.
3. Provide additional explanatory comment in the box below.

|  |
| --- |
| Box 9: Voluntary explanatory comment on disclosed information  [Insert text below] |

# Schedule 16 Definitions of Terms used in Schedules 1 to 15

1. This Schedule provides definitions for terms used in Schedules 1 to 15 of this Determination.
2. Where terms used in the Schedules are defined in section 1.4 of this determination but are not defined below, they have the meanings set out in section 1.4 of this determination. Terms used in the Schedules that are defined in the IM determination have the meanings set out in the IM determination. Otherwise, unless defined below, terms used in the Schedules have meanings consistent with industry practice.

|  |  |
| --- | --- |
| Term | Definition |
| % of asset forecast to  be replaced in next 5 years | % of asset forecast to be replaced in next 5 years consistent with the capital expenditure forecast |
| % variance | means:  =  where:  = actual expenditure  = forecast expenditure |
| 2009 authorisation assets | has the meaning set out in the IM determination |
| 2009 disclosed assets | has the meaning set out in the IM determination |
| 2009 part year | means amounts determined in accordance with the IM determination for the period 1 July 2009 to 30 September 2009 |
| 25th percentile estimate | means the 25th percentile estimate for the range of the mid-point post tax WACC or mid-point vanilla WACC determined by the Commission in accordance with clause 2.4.7 of the IM determination |
| 75th percentile estimate | means the 75th percentile estimate for the range of the mid-point post tax WACC or mid-point vanilla WACC determined by the Commission in accordance with clause 2.4.7 of the IM determination |
| Actual controllable opex | has the meaning set out in the IM determination |
| Actual expenditure | means, in relation to:   * + - * 1. any disclosure year, expenditure for that disclosure year         2. the regulatory period, expenditure for the disclosure years from the start of the regulatory period to the current disclosure year |
| Adjusted depreciation | has the meaning set out in the IM determination |
| Adjustment for unamortised initial differences in assets acquired | means for assets acquired from another regulated supplier, the value of the unamortised initial differences in asset values for those assets acquired as unamortised initial differences in asset values is determined in accordance with the input methodologies that applies to the regulated goods or services supplied by that regulated supplier |
| Adjustment for unamortised initial differences in assets disposed | means the value of opening unamortised initial differences in asset values for assets that are disposed of during the year |
| Adjustment resulting from asset allocation | means   1. in relation to the works under construction roll-forward, the change in works under construction resulting from a change in asset allocation assumptions for assets included in works under construction, where increases in the value of works under construction are positive and decreases are negative 2. in all other instances, the value of *q* calculated using the following formula:   =  where:  = total closing RAB value  = total opening RAB value  = total depreciation  = total CPI revaluations  = assets commissioned  = asset disposals  = lost and found assets adjustment  The formula must be calculated using component values that relate to the RAB. These inputs are the values that result from the application of clause 2.1.1 of the IM determination |
| Adjustment to reinstate 2009 modified asset values to unallocated amounts | means the value of the adjustment required to the 2009 modified asset values so the resultant value represents the unallocated 2009 modified asset values |
| All other projects or programmes | means, within an expenditure category, the total of projects and programmes that are not material projects and programmes. |
| Allocated works under construction | means, for the components of the works under construction roll-forward, the works under construction values after the application of clause 2.1.1 of the IM determination |
| Allocation methodology type | has the meaning set out in the IM determination |
| Allocator metric | has the meaning set out in the IM determination |
| Allocator type | has the meaning set out in the IM determination |
| Allowed controllable opex | has the meaning set out in the IM determination |
| Alternative closing RIV | means total closing RAB value less adjustment resulting from cost allocation less lost and found assets adjustment plus closing deferred tax plus revenue related working capital |
| Alternative opening RIV | means the sum of total opening RAB value plus opening deferred tax plus revenue related working capital |
| Alternative ROI – comparable to a post-tax WACC | means the alternative ROI comparable to the vanilla WACC less the product of the cost of debt (%), the leverage and the corporate tax rate |
| Alternative ROI – comparable to a vanilla WACC | means:  *q = (1 + monthly IRR)12 – 1*  where:  *monthly IRR* = IRR (13 monthly amounts)  where the 13 monthly amounts are:   * the negative of alternative opening RIV * the 11 end-of-month notional net cash flows for October to August of the assessment period * notional net cash flows for September for the assessment period plus alternative closing RIV less term credit spread differential allowance. |
| Amortisation of initial differences in asset values | has the meaning set out in paragraph (a) of the defined term in the IM determination |
| Amortisation of revaluations | has the meaning set out in paragraph (a) of the defined term in the IM determination |
| Arm’s-length deduction | has the meaning set out in the IM determination |
| Asset category transfers | means the value of an asset transferred between asset categories |
| Asset Condition at end of year (percentage by grade) | Proportion of each asset class assessed against the asset condition categories (grade 1 to 4), reflecting the likelihood of short, medium or longer term intervention. Suppliers are able to apply their own criteria for intervention when populating the table. |
| Asset disposals | means:   1. in relation to the unallocated RAB, the sum of unallocated opening RAB values less regulatory depreciation of disposed assets, as determined in accordance with the input methodologies identified as applicable to that asset in the IM determination; 2. in relation to the RAB, the value (as determined in accordance with paragraph (a)) which was allocated to gas distribution services in accordance with clause 2.1.1 of the IM determination |
| Asset disposals (other) | means asset disposals other than asset disposals to a regulated supplier and asset disposals to a related party |
| Asset disposals to a regulated supplier | means asset disposals disposed of to a regulated supplier |
| Asset disposals to a related party | means asset disposals disposed of to a related party |
| Asset or assets with non-standard depreciation | means a description of assets or groups of assets where depreciation is not included in Depreciation – standard |
| Assets acquired from a regulated supplier | means:   1. in relation to the unallocated RAB, the sum of value of assets acquired from another regulated supplier as determined in accordance with clause 2.2.11(1)(e) of the IM determination; 2. in relation to the RAB, the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the gas distribution services in accordance with clause 2.1.1 of the IM determination |
| Assets commissioned | means:   1. in relation to the unallocated RAB or works under construction, the sum of value of commissioned assets as determined in accordance with clause 2.2.11 of the IM determination; 2. in relation to the RAB, the value of the assets (as determined in accordance with paragraph (a)) which is allocated to the gas distribution services in accordance with clause 2.1.1 of the IM determination; 3. in relation to forecast information, a forecast of the value of the assets (as determined in accordance with paragraph (b)) for a future disclosure year |
| Attribution rate | means:  =  where:  = average opening and closing RAB values  = a leverage rate of 44%  = total book value of interest bearing debt |
| Average opening and closing RAB values | means;  =  where:  = total opening RAB value  = total closing RAB value |
| Average total number of distribution customers | means the average of customer numbers measured at the start of the disclosure year and at the end of the disclosure year |
| Basis for determining value | means the basis for determining the value of the related party transaction in accordance with clause 5 of section 2.3 |
| Billed quantities | means the quantities associated with charge types upon which the consumer’s bill for gas pipeline services is based, expressed in the units of measure used by the GDB for setting prices (for example volumes of gas delivered in GJ). |
| Book value | means:   1. in relation to the issue date, the book value in New Zealand dollars of a qualifying debt or non-qualifying debt on the issue date 2. in relation to the date of financial statements, the book value in New Zealand dollars of a qualifying debt or non-qualifying debt as at the end of the period of the GDB’s latest general purpose financial statements |
| Business support | in relation to expenditure, means operational expenditure associated with the following corporate activities:   * HR and training (other than operational training) * finance and regulation including compliance activities, valuations and auditing * CEO and director costs * legal services * consulting services (excluding engineering/technical consulting) * property management * corporate communications * corporate IT * industry liaison and participation * commercial activities including pricing, billing, revenue collection and marketing * liaison with GTBs, customers and gas retailers |
| Capital contributions | has the meaning set out in the IM determination. |
| Capital contributions funding customer connection expenditure | means capital contributions that are paid to the GDB in relation to customer connection expenditure. |
| Cathodic protection systems | means a system that inhibits the corrosion of a metallic gas pipe by means of an impressed current or sacrificial anodes. |
| Charge Type | A rate that is a component of a multi-part line charge – for example, a daily rate in c/day or a volume rate in c/kWh |
| Class A—planned interruptions by GTB | Means planned interruptions, caused by a GTB, when the GDB is able to give 10 business days’ notice to either the customer or its retailer or arrange the interruption with the customer or its retailer; unless otherwise arranged with the customer or its retailer. |
| Class B—planned interruptions on the network | Means planned interruptions, excluding those caused by a GTB, when the GDB is able to give 10 business days’ notice to either the customer or its retailer or arrange the interruption with the customer or its retailer; unless otherwise arranged with the customer or its retailer. |
| Class C (unplanned interruptions on the network) | Means an unplanned interruption originating within the works of the principal disclosing entity, where those works are used for carrying out line business activities. |
| Class C—unplanned interruptions on the network | means an unplanned interruption on the GDB’s network, excluding interruptions cause by third party damage and excluding any occurrence of insufficient system capability to provide the required quantity of gas to a supply point due to a failure on the transmission network |
| Class D—unplanned interruptions by GTB | Means an occurrence of insufficient system capability to provide the required quantity of gas to a supply point due to a failure on the transmission network |
| Class I—unplanned interruptions caused by third party damage | an unplanned interruption on the GDB’s network cause by third party damage |
| Closing deferred tax | has the meaning set out in clause 2.3.7(2) of the IM determination |
| Closing RAB (tax value) | means the sum of regulatory tax asset values for assets that have a value included in total closing RAB value |
| Closing RAB value under 'non-standard' depreciation | means the closing RAB value or sum of closing RAB values as determined in accordance with Part 2 subpart 2 of the IM determination for the relevant asset or assets with non-standard depreciation |
| Closing RAB value under 'standard' depreciation | means:  (a) in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, 'not applicable'  (b) in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets or depreciation - alternative depreciation determined in accordance with CPP, the sum of closing RAB values as determined in accordance with the IM determination as if the closing RAB value and all proceeding closing RAB values had been calculated in accordance with clause 2.1.1 of the IM determination applying a physical asset life determined in accordance with either clause 2.2.8(e)(iii) or (f) of the IM determination for the relevant asset or assets with non-standard depreciation |
| Closing RIV | means total closing RAB values less adjustment resulting from cost allocation less lost and found assets adjustment plus closing deferred tax |
| Closing tax losses | has the meaning given to that term in clause 2.3.2(4) of the IM determination |
| Closing unamortised initial differences in asset values | means closing unamortised initial differences in asset values determined in accordance with clause 2.3.5(5) of the IM determination |
| Commissioned | has the meaning set out in the IM determination |
| Complaint | means any separate complaint received from either a retailer or a customer |
| Confirmed public reported escapes of gas (PRE) | means any escape of gas confirmed by the GDB excluding third party damage events, routine survey find and no traces events |
| Control rights | has the meaning set out in the Electricity Industry Act 2010 |
| Corporate tax rate | has the meaning set out in the IM determination |
| Cost of debt assumption | means the sum of the risk free rate and debt premium estimates as determined by the Commission in accordance with clauses 2.4.3 and 2.4.4 of the IM determination and published under clause 2.4.8 of the IM determination for each disclosure year |
| Cost of executing an interest rate swap | has the meaning set out in the IM determination |
| Coupon rate | means:  (a) where the information is available publicly, the nominal coupon rate of interest of a qualifying debt on the issue date;  (b) where the nominal coupon rate of interest of a qualifying debt on the issue date is not available publicly, either the nominal coupon rate of interest or the basis for determining the nominal coupon rate of interest of a qualifying debt on the issue date |
| CPI4 | has the meaning set out in clause 2.2.9(4) of the IM determination |
| CPI4-4 | has the meaning set out in clause 2.2.9(4) of the IM determination |
| CPP | means customised price-quality path |
| Current period tax losses | has the meaning given to that term in clause 2.3.2(5) of the IM determination |
| Customer (Connection Point) Average Interruption Duration Index (CAIDI) | means the sum of the duration of each interruption during the disclosure year, divided by the total number of interruptions (Note: this definition means that CAIDI = SAIDI / SAIFI). |
| Customer types defined by GDB | means categories of customers that are defined by the GDB based on particular customer attributes. |
| Data Accuracy 1–4 | means the GDB’s assessment of the accuracy of the data provided, using one of the following options:  1 – means that good quality data is not available for any of the assets in the category and estimates are likely to contain significant error  2 – means that good quality data is available for some assets but not for others and the data provided includes estimates of uncounted assets within the category  3 – means that data is available for all assets but includes a level of estimation where there is understood to be some poor quality data for some of the assets within the category  4 – means that good quality data is available for all of the assets in the category |
| Debt issue cost readjustment | has the meaning set out in clause 2.4.11(4) of the IM determination |
| Deferred tax balance relating to assets acquired in the disclosure year | has the meaning set out in clause 2.3.7(3) of the IM determination |
| Deferred tax balance relating to assets disposed in the disclosure year | means the amount of deferred tax associated with the assets disposed of by the GDB |
| Deferred tax cost allocation adjustment | means cost allocation adjustments as defined in clause 2.3.7(5) of the IM determination |
| Depreciation - alternative depreciation in accordance with CPP | means:  (a) in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.6 of the IM determination;  (b) in relation to the RAB, depreciation calculated in accordance with clause 2.2.6 or 2.2.8(4) of the IM determination |
| Depreciation - modified life assets | means:   1. in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; 2. in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination;   of assets with a physical asset life determined in accordance with clauses 2.2.8(1)(b) or 2.2.8(2) of the IM determination or where clauses 2.2.8(1)(d) and 2.2.8(1)(e)(iv) of the IM determination apply with reference to assets with a physical asset life determined in accordance with clauses 2.2.8(1)(b) or 2.2.8(2) of the IM determination |
| Depreciation - no standard life assets | means:   1. in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; 2. in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination;   of assets with a physical asset life determined in accordance with clauses 2.2.8(1)(a) or 2.2.8(1)(d) or 2.2.8(1)(e)(iv)-(v) or 2.2.8(1)(g) of the IM determination or where clauses 2.2.8(1)(d) and 2.2.8(1)(e)(iv) of the IM determination apply with reference to assets with a physical asset life determined in accordance with clauses 2.2.8(1)(a) or 2.2.8(1)(d) or 2.2.8(1)(e)(iv)-(v) or 2.2.8(1)(g) of the IM determination |
| Depreciation - standard | means:   1. in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; 2. in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination;   excluding depreciation - alternative depreciation in accordance with CPP, depreciation - modified life assets, and depreciation - no standard life assets |
| Depreciation charge for the period (RAB) | means the depreciation or sum of depreciation as determined in accordance with the IM determination for the relevant asset or assets with non-standard depreciation |
| Description of transaction | means a brief description of the transaction with a related party, including the goods or services provided to or by the GDB as part of that transaction |
| Disposed asset | has the meaning set out in paragraph (a) of the defined term in the IM determination |
| Easement land | has the meaning set out in the IM determination |
| Emergency | [TBC] (a definition has been proposed in the Draft Initial Default Price-Quality Paths for Gas Pipelines Businesses Draft Reasons Paper and Draft Determinations, which will also be adopted here)[[1]](#footnote-1) |
| End-consumer type | The type of consumer who consumes gas for their own use |
| Equity return rights | has the meaning set out in the Electricity Industry Act 2010 |
| Expenditure or loss deductible but not in regulatory profit / (loss) before tax | means expenditure or loss deductible but not in regulatory profit / (loss) before tax as determined in accordance with clause 2.3.3(4)(b) of the IM determination |
| Expenditure or loss in regulatory profit / (loss) before tax but not deductible | means expenditure or loss in regulatory profit / (loss) before tax but not deductible as determined in accordance with clause 2.3.3(2)(b) of the IM determination |
| Expenses | means operational expenditure and pass-through and recoverable costs accrued in each of the months of the disclosure year. Where costs are notional they should be recognised evenly over the months of the disclosure year |
| Fault | means TBC [technical consultation] |
| Finance during construction | means the interest expenditure incurred by a GDB and accumulated during the construction phase of a project that creates a new, or modifies an existing, network asset. |
| Forecast expenditure | means, in relation to:   1. current disclosure year, the forecast expenditure for the current disclosure year disclosed pursuant to section 2.5 of this determination immediately prior to the start of the current disclosure year 2. regulatory period, the forecast expenditure for the disclosure years from the start of the regulatory period to the current disclosure year disclosed pursuant to Part 5 of the IM determination where a CPP is in place for the current disclosure year or disclosed pursuant to section 2.5 of this determination prior to the start of the disclosure year preceding the regulatory period where a CPP is not in place for the current disclosure year |
| Gains / (losses) on asset sales | means, in relation to:  (a) assets disposals to a related party, nil;  (b) assets disposals to a regulated supplier, nil;  (c) asset disposals (other), the values determined in accordance with:  sale price of an asset - assets disposals (other)  where each component has the value allocated to gas distribution services in accordance with clause 2.1.1 of the IM determination |
| Gas conveyed for Persons not involved in the GDB (TJ) | The total amount of gas conveyed through the system for persons not in prescribed business relationship |
| GFB customer type | means a category based on the type of customer, as defined by the GDB |
| Grade 1 | End of serviceable life, immediate intervention required |
| Grade 2 | Material deterioration but asset condition still within serviceable life parameters. Intervention likely to be required within 12 months. |
| Grade 3 | Deterioration requires assessment and ongoing monitoring |
| Grade 4 | Good or as new condition |
| Grade unknown | Condition unknown or not yet assessed |
| Gross capital expenditure on distribution network | means the sum of:  customer connection plus system growth plus quality of supply plus asset replacement and renewal plus asset relocations plus legislative and regulatory |
| Gross term credit spread differential | means the sum of term credit spread difference, cost of executing an interest rate swap and debt issue cost readjustment for qualifying debt |
| Highest rate of capitalised finance applied | means the highest rate of finance used as the cost of financing capitalised in works under construction |
| Income included in regulatory profit / (loss) before tax but not taxable | means income included in regulatory profit / (loss) before tax but not taxable as determined in accordance with clause 2.3.3(4)(a) of the IM determination |
| Income not included in regulatory profit / (loss) before tax but taxable | means income not included in regulatory profit / (loss) before tax that is taxable as determined in accordance with clause 2.3.3(2)(a) of the IM determination |
| Increase in value resulting from revaluations in accordance with 2.2.1(3)(b) | means the value of revaluations as determined in accordance with clause 2.2.1(3)(b) of the IM determination |
| Increase/(decrease) in value resulting from rolling forward the asset adjustment process adjustments | means the adjustment to the value of included or value modified assets resulting from applying clause 2.2.1(6)(c) of the IM determination. Included and value modified have the meanings as set out in clause 2.2.1 of the IM determination |
| Incremental gain/(loss) in year | means the incremental change or incremental adjustment term for the disclosure year determined in accordance with clause 3.3.1 of the IM determination |
| Initial disclosure year | means the disclosure year 2012 |
| Input methodology claw-back | means a cost specified in clause 3.1.3(1)(b) of the IM determination |
| Intermediate pressure (IP) | means an operating pressure greater than 700 kPa but not exceeding 2,000 kPa. |
| Interruption | A loss of gas supply upstream at the Customer Isolation Value (CIV) to a customer. |
| IRR | means internal rate of return |
| Issue date | means the day on which a qualifying debt or non-qualifying debt is issued |
| Items at end of year (quantity) | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year, expressed in the prescribed unit |
| Items at start of year (quantity) | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year, expressed in the prescribed unit |
| Leverage | has the meaning set out in the IM determination |
| Levies | means a cost specified in clause 3.1.2(2)(b) of the IM determination |
| Line charge revenue | Means revenue from prices |
| Line item | has the meaning set out in the IM determination |
| Line valve | means a valve for stopping the flow of gas within a main pipe. |
| Load factor | means  *a*  *\_\_\_\_\_\_\_\_ x*  *12 x b*  where  *a =* the amount of gas (in gigajoules) entering the system or systems  *b =* the maximum monthly amount of gas (in gigajoules) entering the system or systems |
| Lost and found assets adjustment | means:   1. in relation to the unallocated RAB, the value of found assets as determined in accordance with clause 2.2.12 of the IM determination, less the value of lost assets. The value of a lost asset is the unallocated opening RAB value of the asset less regulatory depreciation as determined in accordance with the IM determination; 2. in relation to the RAB, the value of the asset (as determined in accordance with paragraph (a)) which is allocated to gas distribution services in accordance with clause 2.1.1 of the IM determination |
| Low Pressure (LP) | means an operating pressure at, or below, 7 kPa. |
| Market value of asset disposals | means the market value of disposed assets sold or transferred to a related party |
| Material projects and programmes | Projects or programmes with actual or forecast total expenditure greater than the materiality threshold that is developed and applied by the GDB |
| Maximum daily load (GJ/day) | Means the maximum amount of gas entering a network, or sub-network in a day during the disclosure year, measured in GJ |
| Maximum monthly load (GJ/month) | Means the maximum amount of gas entering a network, or sub-network, in a month during the disclosure year, measured in GJ |
| Medium pressure (MP) | means an operating pressure above 7 kPa but not exceeding 700 kPa. |
| Merger and acquisition expenses | means expenditure related to merger and acquisition activities irrespective of the outcome of the merger or acquisition, but proportionate to the extent the benefits of the merger or acquisition would relate to gas distribution services where the expected benefits to gas distribution services from the merger or acquisition have been disclosed |
| Mid-point estimate of post tax WACC | means the mid-point estimate of vanilla WACC for the 5 year period commencing on the first day of the disclosure year determined by the Commission in accordance with subpart 4 of part 2 of the IM determination |
| Mid-point estimate of post tax WACC | means the mid-point estimate of post tax WACC for the 5 year period commencing on the first day of the disclosure year determined by the Commission in accordance with subpart 4 of part 2 of the IM determination |
| Monitoring system | means a system, including relocatable devices, that monitors the operating state of a network. |
| Name of related party | means either the legal name of the related party that has entered into a transaction with the GDB or 'inter-company' where the transaction is between the regulated and unregulated parts of the GDB |
| Net incremental rolling incentive scheme | means the sum of previous years incremental gain/loss from the 5 disclosure years preceding the current disclosure year |
| Net recoverable costs allowed under incremental rolling incentive scheme | means, where:  (a) net incremental rolling incentive scheme is positive, net incremental rolling incentive scheme;  (b) net incremental rolling incentive scheme is nil or negative, nil |
| Network support | means operational expenditure where the primary driver is the management of the network including:   * asset management planning including preparation of the AMP, load forecasting, network modelling * network and engineering design (excluding design costs capitalised for capital projects) * network policy development (including the development of environmental, technical and engineering policies) * standards and manuals for network management * network record keeping and asset management databases including GIS * outage recording * connection and customer records/customer management databases * customer queries and call centres (not associated with direct billing) * operational training for network management and field staff * operational vehicles and transport * IT & telecoms for network management (including IT support for asset management systems) * day to day customer management including responding to queries on new connections, disconnections and reconnections * engineering and technical consulting * network planning and system studies * logistics (procurement) and stores * network asset site expenses and leases * Route/easement management (including locating pipelines for third parties, mark cuts, stand-overs, obstructions, plans and permits) * surveying of new sites to identify work requirements * engineering/technical consulting services (excluding costs capitalised for capital projects) * contractor/contracts management (excluding costs capitalised for capital projects) * transmission operator liaison and management * network related research and development |
| New allocation | means the operating costs or regulated service asset value allocated to gas distribution services in accordance with the new allocator and line items for each of the relevant disclosure years |
| New allocator or line item | means the allocator or line items that are used subsequent to the change in allocator or line items |
| No. with default dates | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year where the original installation year is unknown and that have accordingly been allocated to a default installation year, expressed in the prescribed unit |
| Non-gas distribution services | means services of the GDB that are not gas distribution services |
| Non-qualifying debt | means interest bearing debt that is not a qualifying debt |
| Non-qualifying intangible assets | means the value of assets identified in clause 2.2.2(d) of the IM determination |
| Non-standard consumer | means any consumer that is not a standard consumer |
| Notional deductible interest | has the meaning set out in clause 2.3.4(2) of the IM determination |
| Notional interest tax shield | means the product of notional deductable interest and the corporate tax rate applicable to the current disclosure year |
| Notional net cash flows | means, in relation to the:   1. ROI, operating surplus / (deficit) less regulatory tax allowance less assets commissioned plus asset disposals 2. alternative ROI, revenue less expenses less tax less assets commissioned plus asset disposals |
| Notional revenue foregone | means, for the purposes of Schedule 8a, the revenue anticipated from posted discounts had they not been applied |
| Number of assets at end of disclosure year by installation date | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year that were first installed in the prescribed year, expressed in the prescribed unit |
| Number of complaints | The number of expressions of dissatisfaction made to The GDB, related to the GDBs controlled gas business, gas services offered, or the complaint-handling process itself, where a response or resolution is explicitly or implicitly expected. |
| Number of confirmed public reported gas escapes / total length of pipeline (escapes/1000 km) | Any confirmed escape of gas reported to The GDB; excluding third party damage events, leaks detected by routine survey and no traces events Calculated as [Number of confirmed public reported escapes of gas] / [total length of pipeline kms] × 1000. Measurement of PRE will be limited against assets for which the GDB is responsible, i.e. assets upstream of, and including, the customer isolation valve (CIV) |
| Number of connections (Number of ICPs connected in year by customer group) | Means the number of new live/active connection points assigned a unique national metering identification number or agreed point of supply, in the disclosure year |
| Number of directly billed ICPs (at year end) | Means the number of customer connections the GDB bills directly, as at the end of the disclosure year |
| Number of emergencies | The sum of the number of following events: An unplanned escape and/or ignition of gas that requires the active involvement of any emergencies service (i.e., fire service, ambulance); or an unplanned disruption in the supply of gas that affects more than five customers; or the need to evacuate premises as the result of escape or ignition of gas. |
| Number of ICPs (at year end) | The number of live/active connection points assigned a unique national metering identification number or agreed point of supply, as at the end of the current disclosure year. |
| Number of leaks detected by routine survey / total length of pipeline (leaks/1000 km) | Number of leaks detected on system by routine network survey  Calculated as [Number of leaks detected on the network by routine network survey] / [total length pipeline in kms] x 1000. |
| Number of non-compliant odour tests | The number of tests where gas does not comply with the New Zealand Standard on Gas detection and odorisation |
| Number of poor pressure events due to network causes | Number of confirmed unplanned incidents where delivery pressure drops below target levels within a pressure system. Incidents caused by low gate station pressure and third party damage events to the network should be excluded. |
| Number of telephone calls to emergency numbers answered within 30 seconds / total number of calls | Number of calls to the emergency number answered within 30 seconds / total number of calls to the emergency number |
| Number of third party damage events / total length of pipeline (events/km) | An event where a third party has caused damage requiring repair to the GDBs network or associated equipment. Third party damage excludes damage caused by related parties or contractors in the service of the GDB. |
| Number of unplanned outage events | Means the number of unplanned interruptions that affect more than 5 customers |
| Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 customers) | Means the number of unplanned interruptions that affect more than 5 customers caused by a third party and excludes interruptions caused by related parties or contractors in the service of the GDB |
| Opening deferred tax | has the meaning set out in the IM determination |
| Opening RAB (tax value) | means the sum of regulatory tax asset value for assets included in total opening RAB values |
| Opening RIV | means the sum of total opening RAB values plus opening deferred tax |
| Opening tax losses | has the meaning given to that term in clause 2.3.2(3) of the IM determination |
| Opening unamortised initial differences in asset values | means closing unamortised initial differences in asset values for the preceding disclosure year |
| Opening value of fully depreciated, disposed and lost assets | means   1. in relation to the unallocated RAB, the sum of unallocated RAB values of assets included in the total opening RAB values that are fully depreciated during the disclosure year, asset disposals and lost assets included in lost and found assets adjustment; 2. in relation to the RAB, the sum of RAB opening RAB values of assets that are fully depreciated during the disclosure year, asset disposals and lost assets included in the lost and found assets adjustment |
| Operating surplus / (deficit) | means total regulatory income less operational expenditure less pass through and recoverable costs |
| Operational expenditure on distribution network | means the sum of service interruptions, incidents and emergencies, routine and corrective maintenance and inspection, system operations and network support |
| Original allocation | means the operating costs or regulated service asset values allocated to gas distribution services in accordance with the original allocator and line items for each of the relevant disclosure years |
| Original allocator or line items | means the allocator or line items that were used prior to the change in allocator or line items |
| Original requirements | means the Gas (Information Disclosure) Regulations 1997 |
| Original tenor | means:   1. where the qualifying debt or non-qualifying debt is not issued to a related party, the term of a qualifying debt or non-qualifying debt at the issue date; 2. where the qualifying debt or non-qualifying debt is issued to a related party, the shorter of the-    1. the tenor of the qualifying debt; or    2. the period from the qualifying debt's issue date to the earliest date on which its repayment is or may be required |
| Other adjustments to the RAB tax value | means  =  where:  = closing RAB (tax value)  = opening RAB (tax value)  = regulatory tax asset value of assets commissioned  = regulatory tax asset value of asset disposals  = tax depreciation |
| Other related party transactions | means the value of related party transactions that are not disclosed as total regulatory income, operational expenditure, capital expenditure or market value of asset disposals |
| Other reliability, safety and environment | in relation to expenditure, means gross capital expenditure where the primary driver is to improve network reliability or safety or to mitigate the environmental impacts of the network, but is not included in either of the quality of supply or legislative and regulatory categories. For example, this category may include gross capital expenditure where the primary driver is to ensure staff safety or meet the GDB’s environmental policies. |
| Other specified pass-through costs | means costs identified in clause 3.1.2(1)(b) of the IM determination |
| Outage event | means any unplanned interruption that affects more than 5 customers |
| Outage in SAIDI assessed value | is given the value ‘Yes’ if the GDB is subject to price-quality regulation and the fault described gave cause to an interruption that contributed to the GDB’s SAIDI assessed value for the assessment period in which the fault occurred, otherwise ‘No’ |
| OVABAA allocation increase | has the meaning set out in the IM determination |
| Pass-through and recoverable costs | means a cost specified in clause 3.1.2 or 3.1.3 of the IM determination |
| Poor pressure event | means a confirmed unplanned incident where delivery pressure drops below target levels within a pressure system. Third party damage events to the network should be included, but incidents cause by low gate pressure should be excluded. |
| Posted Discounts | means a discount to charges payable for the supply of gas pipeline services i) that is offered by the GDB in a published tariff schedule; and ii) the take-up of which is determined by consumers |
| Pressure systems | means a configuration of connected pipes and fittings, at the same nominal operating pressure, used for the conveyance of gas |
| Previous years’ incremental gain/(loss) | means the incremental change or incremental adjustment term for the disclosure year in question determined in accordance with clause 3.3.1 of the IM determination |
| Previous years’ incremental gain/(loss) adjusted for inflation | means the previous years’ incremental gain/(loss) carried forward by applying the inflation rate in accordance with clause 3.3.2(1) of the IM determination |
| Price category code | Means the relevant code in the schedule published by the GDB that is used to unambiguously define the line charges for an ICP |
| Pricing date | means the day on which a qualifying debt is priced |
| Pricing schedule | Means the list of prices by price category code for the provision of gas pipeline services that is publicly disclosed |
| Proportion of emergencies responded to within 1 hour (%) | Number of emergencies responded to within 60 minutes / total number of emergencies. |
| Proportion of emergencies responded to within 3 hours (%) | Number of emergencies responded to within 180 minutes / total number of emergencies. |
| Qualifying debt | has the meaning set out in paragraph (a) of the defined term in clause 1.1.4(2) of the IM determination |
| Rates | means a cost specified in clause 3.1.2(2)(a) of the IM determination |
| Rationale for change | means the rationale for changing the allocator or line items, including whether the change occurred because of change in circumstance or another reason |
| Reason for non-standard depreciation | means:   * + - 1. in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, 'no standard life';       2. in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets, 'modified life';       3. in relation to assets or groups of assets where depreciation is included in depreciation - alternative depreciation determined in accordance with CPP, 'CPP amendment' |
| Recoverable costs | has the meaning set out in the IM determination |
| Recoverable customised price-quality path costs | means a cost specified in clause 3.1.3(c),(d),(e),(f) or (g) of the IM determination |
| Regions | means the portions of the network to which each posted standard price schedule applies |
| Regulated services | has the meaning set out in the IM determination |
| Regulated supplier | has the meaning set out in the IM determination |
| Regulatory net taxable income | has the meaning specified in clause 2.3.1(2) of the IM determination |
| Regulatory period | has the meaning set out in the IM determination |
| Regulatory profit / (loss) | means the regulatory profit / (loss) before tax less the regulatory tax allowance |
| Regulatory profit / (loss) before tax | means the value of *q* calculated using the following formula:  =  where:  = operating surplus / (deficit)  = total depreciation  = total CPI revaluations |
| Regulatory tax allowance | has the meaning set out in clause 2.3.1 of the IM determination |
| Regulatory tax asset value | has the meaning set out in the IM determination |
| Regulatory tax asset value of asset disposals | means the sum of regulatory tax asset values for assets that have a value in asset disposals |
| Regulatory tax asset value of assets commissioned | means the sum of regulatory tax asset values for assets that have a value in assets commissioned |
| Regulatory taxable income | has the meaning set out in the IM determination |
| Research and development | in relation to expenditure, means gross capital expenditure or operational expenditure where the primary driver for the expenditure relates to increasing the efficient provision of gas pipeline services through:   * implementing an original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge or understanding; or * applying research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. |
| Response time to emergencies (RTE) | means the time elapsed from when an emergency is reported to a GDB representative until the GDB’s personnel arrives at the location of the emergency. |
| Revaluation rate | has the meaning set out in the IM determination |
| Revenue related working capital | means for the opening RIV and closing RIV, the revenue for the last month of the disclosure year |
| ROI | means return on investment |
| ROI comparable to a post-tax WACC | means the ROI comparable to the vanilla WACC less the product of the cost of debt (%), the leverage and the corporate tax rate |
| ROI comparable to a vanilla WACC | means:  *q = (1 + half-yearly IRR)2 – 1*  where:  half-yearly IRR = IRR (3 half-yearly amounts)  where the 3 half-yearly amounts are:   * the negative of opening RIV (year-start) * notional net cash flows (mid-year) * the closing RIV less term credit spread differential allowance (year-end). |
| SAIDI (System Average Interruption Duration Index) | means [(Sum of (unplanned interruption durations) - Sum of (unplanned interruption durations caused by transmission faults))/ average total customer numbers] x1000 |
| SAIFI (System Average Interruption Frequency Index) | means [Sum of (no of customers affected by each unplanned interruption not caused by transmission faults)/ average total customer numbers] x 1000 |
| Secondary assets | means system fixed assets that support the conveyance of gas.  Secondary assets include monitoring & control systems and cathodic protection systems |
| Self-insurance allowance | means any self-insurance allowance allowed by the Commission through a CPP |
| Service interruptions, incidents and emergencies | In relation to expenditure, means **operational expenditure** where the **primary driver** is an unplanned instantaneous event or incident that impairs the normal operation of **network** assets. This relates to reactive work (either temporary or permanent) undertaken in the immediate or short term in response to an unplanned event. This category also includes the direct cost of providing a service to respond to reported gas escapes, loss of supply and low pressure reports to make safe, including a repair allowance, the cost of rechecks, restoring supply, provision for 24/7 response and any waiting/non-productive time for response teams. Includes back-up assistance required to restore supply, repair leaks or make safe. It also includes operational support used during the outage or emergency response. It also includes any necessary response to events arising upstream. It does not include expenditure on activities performed proactively to mitigate the impact such an event would have should it occur.  Planned follow-up activities resulting from an event which were unable to be permanently repaired in the short term are to be included under **routine and corrective maintenance and inspection** |
| Standard consumer | means a consumer of the GDB that has a standard contract with that GDB for the provision of gas pipeline services |
| System length (km) (at year end) | The total length of pipeline (in kilometres) that form the network as at the end of the current disclosure year |
| System operations and network support | In relation to expenditure, means **operational expenditure** where the **primary driver** is the management of the **network** and includes expenditure relating to control centre and office-based system operations, including:   * asset management planning including preparation of the **AMP**, load forecasting, **network** modelling * **network** and engineering design (excluding design costs capitalised for capital projects) * **network** policy development (including the development of environmental, technical and engineering policies) * standards and manuals for **network** management * **network record** keeping and asset management databases including GIS * outage recording * connection and customer records/customer management databases (including embedded generators) * customer queries and call centres (not associated with **direct billing**) * operational training for **network** management and field staff * operational vehicles and transport * IT & telecoms for network management (including IT support for asset management systems) * day to day customer management including responding to queries on new connections, disconnections and reconnections, embedded generators * engineering and technical consulting * **network** planning and system studies * logistics (procurement) and stores * **network** asset site expenses and leases |
| Tax depreciation | has the meaning set out in clause 2.3.8(3) of the IM determination |
| Tax effect | has the meaning set out in the IM determination |
| Tax effect of adjusted depreciation | means the tax effect of adjusted depreciation |
| Tax effect of amortisation of initial differences in asset values | means the tax effect of amortisation of initial differences in asset values |
| Tax effect of other temporary differences | means the tax effect of positive temporary differences less negative temporary differences. Positive temporary differences and negative temporary differences have the meanings set out in clause 2.3.8 of the IM determination |
| Tax effect of total tax depreciation | means the tax effect of tax depreciation |
| Tax payments | means regulatory tax allowance recognised proportionally to how the GDB has paid (or would have paid tax) over the tax year preceding the end of the disclosure year |
| Term credit spread difference | has the meaning set out in the IM determination |
| Term credit spread differential allowance | has the same meaning as the 'term credit spread differential' as set out in clause 2.4.11(3) of the IM determination |
| Third party damage event | means an event whereby damage to the GDB’s network (both mains and services) by a third party has resulted in an interruption  *(Note: third party damage excludes damage caused by related parties or by contractors in the service of the GDB)* |
| Total attributable to regulated service | means the sum of directly attributable and not directly attributable that is attributable to gas pipeline services |
| Total book value of interest bearing debt | means the sum of book value of qualifying debt and non-qualifying debt at the date of the latest general purpose financial statements |
| Total closing RAB values | means:  (a) in relation to the unallocated RAB, the sum of unallocated closing RAB values as determined in accordance with the IM determination;  (b) in relation to the RAB, the sum of closing RAB values as determined in accordance with the IM determination |
| Total CPI revaluations | means:  (a) in relation to the unallocated RAB, the sum of unallocated revaluation as determined in accordance with the IM determination;  (b) in relation to the RAB or regulatory profit, the sum of revaluations as determined in accordance with the IM determination |
| Total depreciation | means:  (a) in relation to the unallocated RAB, the sum of unallocated depreciation as determined in accordance with the IM determination;  (b) in relation to the RAB or regulatory profit, the sum of depreciation as determined in accordance with the IM determination |
| Total expenditure on distribution network | means the sum of gross capital expenditure on distribution network and operational expenditure on distribution network |
| Total expenditure on distribution network business | means the sum of non-system fixed assets plus business support plus direct billing |
| Total gas conveyed (GJ/annum) | Means the maximum amount of gas entering a network, or sub-network, in the disclosure year, measured in GJ |
| Total opening RAB values subject to revaluations | means:   * + - * 1. in relation to the unallocated RAB, total opening RAB values - unallocated RAB less opening RAB value of fully depreciated, disposed and lost assets - unallocated RAB;         2. in relation to the RAB, total opening RAB values - RAB less opening RAB value of fully depreciated, disposed and lost assets – RAB |
| Total unadjusted asset values | means the sum of 2009 authorisation assets and 2009 disclosed assets |
| Transmission system | means that part of the system that conveys gas from the point where the gas leaves a gas processing facility to the boundary of the gasworks or gate station outlet flange supplying gas-   * + - 1. for distribution; or       2. to a gas customer, where the gas does not enter a distribution system |
| Unallocated 2009 modified asset values | means the value of the 2009 modified asset values before any allocation of asset value relevant to the regulatory disclosures been undertaken |
| Unallocated initial RAB value | means the values of assets as determined in accordance with clause 2.2.3(1) of the IM determination |
| Unallocated works under construction | means for the components of the works under construction roll-forward, the works under construction values before the application of clause 2.1.1 of the IM determination |
| Unregulated services | has the meaning set out in the IM determination |
| Utilised tax losses | has the meaning set out in paragraph (a) of the defined term in the IM determination |
| Value of Commissioned assets | has the meaning set out in the IM determination. |
| Value of transaction | means the value of the related party transaction as determined in accordance with clause 5 of section 2.3 of this determination |
| Weighted average expected total asset life | means the weighted average expected total asset life of assets calculated by using the opening RAB values as weights where opening RAB value has the meaning set out in the IM Determination |
| Weighted average pipe diameter (mm) | The weighted average pipe diameter, expressed in millimetres, based on the length of pipeline that form the network |
| Weighted average remaining asset life | means the weighted average remaining asset life of assets calculated by using the opening RAB values as weights where remaining asset life and opening RAB values has the meaning set out in the IM Determination |
| Weighted average remaining useful life of relevant assets (years) | means the weighted average remaining useful life of assets included in opening unamortised initial differences in asset values calculated by using the opening unamortised initial difference in asset values as weights |
| Works under construction | means:   1. in relation to unallocated works under construction, the value of calculated using the following formula:     where:  = unallocated works under construction - preceding disclosure year  = unallocated capital expenditure  = unallocated assets commissioned  = adjustment resulting from cost allocation  (b) in relation to allocated works under construction, the value (as determined in accordance with paragraph (a)) which was allocated to gas pipeline services in accordance with clause 2.1.1 of the IM determination  (c) in relation to the establishment of the initial RAB value, the value of works under construction included in unallocated 2009 modified asset values as works under construction is defined in the IM determination |
| Year change made | means:  (a) in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, the year the asset was acquired;  (b) in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets, the year the asset life was modified;  (c) in relation to assets or groups of assets where depreciation is included in depreciation - alternative depreciation determined in accordance with CPP, the start of the CPP period |

# Schedule 17 Certification for Year-beginning Disclosures

clause 2.9.1

We, [insert full names], being directors of [name of GDB] certify that, having made all reasonable enquiry, to the best of our knowledge:

1. the following attached information of [name of GDB] prepared for the purposes of clause 2.4.1, clause 2.6.1, 2.6.3(2), 2.6.5(2)1 and 2.12.6(1)(b) of the Commerce Act (Gas Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.
2. The prospective financial or non-financial information included the attached information has been measured on a basis consistent with regulatory requirements or recognised industry standards.

[Signatures of 2 directors]

[Date]

# Schedule 18 Certification for Year-end Disclosures

Clause 2.9.2

We, [insert names], being directors of [name of GDB] certify that, having made all reasonable enquiry, to the best of our knowledge, the information prepared for the purposes of clauses 2.3.1 and 2.3.2, clauses 2.4.19 and 2.4.20, clause 2.5.1, and clauses 2.7.1 and 2.7.2 of the Commerce Act (Gas Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

\*[In respect of related party costs and revenues recorded in accordance with clauses 2.3.6(1), 2.3.6(2)(f) and 2.3.7(2)(b), we certify that, having made all reasonable enquiry, including enquiries of our related parties, we are satisfied that to the best of our knowledge and belief the costs and revenues recorded for related party transactions reasonably reflect the price or prices that would have been paid or received had these transactions been at arm’s-length.]

\*Delete if inapplicable

[Signatures of 2 directors]

[Date]

# Schedule 19 Certification for Transitional Disclosures

Clause 2.9.3

We, [insert names], being directors of [name of GDB] certify that, having made all reasonable enquiry, to the best of our knowledge the information, prepared for the purposes of clause 2.10.1 of the Commerce Act (Gas Distribution Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

[Signatures of 2 directors]

[Date]

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