

17 December 2012

Mr Geoff Evans
GasNet Limited
PO Box 7149
Wanganui

Dear Mr Evans

Notice to supply information to the Commerce Commission under section 53ZD of the Commerce Act 1986

1. The Commerce Commission (Commission) requires GasNet Limited (GasNet) to provide us with the information specified in this notice, issued under s 53ZD of the Commerce Act 1986 (the Act). We need this information for the purpose of carrying out our functions and exercising our powers under Part 4 of the Act. Specifically, this information is required to inform our decisions on the initial default price-quality paths for suppliers of gas distribution services.
2. Information required by this notice includes:
 - 2.1 An update to regulatory asset base-related information contained in the July 2011 and June 2012 information requests, where applicable, due to any restatement of the costs of related party transactions permitted under the input methodology amendments for information disclosure published on 29 June 2012;
 - 2.2 A reconciliation of annual asset value adjustments to the total asset value adjustment that was used to establish the 2009 modified asset values in the July 2011 information request, with any disallowed asset adjustments removed;
 - 2.3 Insurance information, including information demonstrating adjustments to GasNet's insurance rates or premiums for the period 2012 to 2018 due to natural disasters;
 - 2.4 Additional operating expenditure forecast information for regulatory compliance costs; and
 - 2.5 Information (including any calculations and supporting data) that demonstrates whether or not GasNet has increased, or intends to increase, its weighted average prices by more CPI for the period 30 September 2012 to 28 February 2012.

AUCKLAND

L19, ASB Building
135 Albert Street
P.O. Box 105-222
AUCKLAND 1143, NEW ZEALAND
1474720.1

WELLINGTON

L6, Vector Building
44 The Terrace
P.O. Box 2351
WELLINGTON 6140, NEW ZEALAND
Tel: (04) 924 3600 Fax: (04) 924 3700
Main Office

CHRISTCHURCH

9 Radley Street
Woolston
P.O. Box 10-199
CHRISTCHURCH 8145, NEW ZEALAND

3. In the *Revised Draft Decision on the Initial Default Price-Quality Paths for Gas Pipeline Services*, published on 24 October 2012, we indicated that we would issue requests for information. We have limited the scope and volume of information we are requesting in this notice after taking into consideration views from interested parties.

Interpretation

4. Unless the context otherwise requires, words in bold type have the following meanings:

Request workbook means the MS Excel workbook that we have provided, labelled 'GasNet - Request workbook for gas distribution DPP, Dec 2012'.

Information requirements

Schedules of required information

5. GasNet must provide us with the following completed Schedules of the **Request workbook**:
 - 5.1 Schedule A1.
 - 5.2 Schedule A2, where GasNet has elected to undertake an asset value adjustment process.
 - 5.3 Schedule A3 (population of 2013 to 2018 values is optional).
6. We have pre-populated the 'submitted' columns in schedule A1 and A2 of the **Request workbook** with the data we have previously received from GasNet. Populated values and formulas should not be changed in these columns unless agreed by, or at the direction of, the Commission.
7. Any necessary adjustments to previously disclosed values must be made by populating the white 'adjustment' cell that corresponds to that value. GasNet must provide reasons for each proposed adjustment and any supporting information, including any calculations.
8. Attachment A sets out a list of adjustments that GasNet must address when completing the **Request Workbook** for this notice.

Required information on weighted average prices

9. GasNet must provide us with information (including any calculations and supporting data) that demonstrates whether or not GasNet has increased, or intends to increase, its weighted average prices by more than the movement, or forecast movement, in the all groups index number of the New Zealand Consumer Price Index for the period beginning 30 September 2012 and ending 28 February 2013 (consistent with section 55F(2) of the Act).

Additional operating expenditure forecasts

10. GasNet supplied forecast increase in regulatory compliance expenditure in its 7 December 2012 submission on the "Revised Draft Decision on the Initial Default Price-Quality Paths for Gas Pipeline Services". Please provide this information in a separate MS Excel spreadsheet in response to this notice.

Supporting information

Cover letter

11. The information required by this notice must be provided under cover of a letter on GasNet's company letterhead, signed by a person with the appropriate authority.

Certification

12. GasNet must provide us with:
 - 12.1 a certificate, signed by an Officer of GasNet, in the form set out in Attachment B; and
 - 12.2 for weighted average price information required under paragraph 9 and additional operating expenditure under paragraph 10, a Directors' certificate in the form set out in Attachment C, to be completed and signed by at least one Director of GasNet.

Supporting information for related party transaction calculations

13. Please note that some of the additional options for including related party transactions require additional supporting documentation, such as market valuations prepared by a valuer, or prices certified by two Directors as reflecting arm's-length transactions. The Commission must be provided with this additional supporting information if related party transactions based on such information are included in the regulatory asset base.

Information format

14. The information required by paragraph 5 must be supplied in the **Request workbook**.
15. The **Request workbook** must be completed in accordance with the instructions and definitions contained in, or referenced in, the **Request workbook**.
16. The **Request workbook** must be 'unlocked' in MS Excel format, so that we can easily transfer information (ie, able to be 'copied and pasted'). The format of the **Request workbook** should not be altered unless by agreement with the Commission.

Publication of supplied information and confidentiality

17. We may publish the information provided by GasNet.
18. The **Request workbook** may contain requirements that parties consider require the disclosure of confidential information.

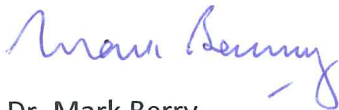
19. In the event that we agree to any request that information provided by GasNet remain confidential, GasNet should provide us with both confidential and public versions of its disclosure. The responsibility for ensuring that confidential information is not included in a public version of a disclosure rests entirely with GasNet.

Date of response

20. GasNet must supply the specified information to us by email to the following address: regulation.branch@comcom.govt.nz by no later than 5 pm on 1 February 2013.
21. Should you have any queries on this notice, please send them to Richard Eglinton, c/o regulation.branch@comcom.govt.nz.

Dated at Wellington: 17 December 2012

Yours sincerely,



Dr. Mark Berry
Chair

Attachment A: Matters to be addressed when responding to this notice

This attachment sets out certain matters that must be addressed when completing the **request workbook**.

1. Remove asset value adjustments totaling \$38,000 from Schedule A2. This adjustment has been disallowed.
2. Make any necessary changes as a result of 1. above e.g. impact on depreciation

Attachment B: Certification by a company Officer

I, *[insert full name of Officer]*, being an Officer of GasNet Limited (GasNet) certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached information complies with the Commerce Commission's requirements in respect of the request for information, which was issued by notice in writing to GasNet under section 53ZD of the Commerce Act 1986 on 17 December 2012 *[except in the following respects: *[insert description of non-compliance]*]

[Signature of Officer]

[Date]

*Delete if inapplicable.

Attachment C: Certification by a company Director

I, *[insert full name of first director]*, being a director of GasNet Limited (GasNet) certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached information complies with the Commerce Commission's requirements in respect of the request for information, which was issued by notice in writing to GasNet under section 53ZD of the Commerce Act 1986 on 17 December 2012 *[except in the following respects: *[insert description of non-compliance]*]

[Signature of director]

[Date]

*Delete if inapplicable.