

By email

9 June 2016

Richard Krogh
First Gas Limited
Private Bag 2020
New Plymouth 4342

Dear Richard

Exemption request response - 2016 Asset Management Plans

1. We refer to your letter of 10 May 2016 in which you requested the Commerce Commission (Commission) grant First Gas Limited (**First Gas**) an exemption from the requirement to disclose 2016 Asset Management Plans (**AMPs**) in relation to the transmission and distribution networks by 30 June 2016.
2. Disclosure of an AMP is required by clause 2.6.1 of the Gas Transmission Information Disclosure Determination 2012 and Gas Distribution Information Disclosure Determination 2012 respectively (**ID Determinations**).
3. As successor in title to Vector's gas transmission and non-Auckland gas distribution networks First Gas is required to produce full AMPs by 30 June 2016 for the AMP planning period 1 July 2016 to 30 June 2026.¹ You request that First Gas be allowed to disclose the AMPs by 30 September 2016, for the AMP planning period 1 October 2016 to 30 September 2026.
4. Your request arises as you believe that the disclosure of the AMPs as at 30 September 2016 will give rise to benefits to interested persons in terms of AMPs which would more fully incorporate the First Gas perspective on asset ownership and management.
5. Under clause 2.11.1 of the ID Determinations the Commission exempts First Gas from the requirement to disclose the AMPs by 30 June 2016 for the transmission and distribution networks for the disclosure year 2016.

¹ In the Gas Transmission ID Determination references to Vector should be read as First Gas. In the Gas Distribution ID Determination, references to Vector should be read as Vector for the gas distribution services supplied in Auckland by the Vector Group, and as First Gas for the non-Auckland gas distribution services supplied by First Gas.

6. The exemption is granted on the condition that First Gas discloses the AMPs and related schedules in accordance with clauses 2.6.1 and 2.6.6 of the Determinations by 30 September 2016, for the AMP planning period 1 October 2016 to 30 September 2026.
7. For the purposes of the preparation of the AMPs and related schedules by First Gas, **disclosure year**, as defined in clause 1.4.3 of the ID Determinations, should be interpreted as meaning

the 12 month period ending on 30 September of the year the disclosure relates to, or if the term disclosure year is combined with a year, the 12 month period ended on 30 September of that year
8. You have indicated that you intend to seek an equivalent exemption for the Maui pipeline assets once that transaction is complete. The exemption granted therefore does not relate to the AMP for the Maui pipeline assets. We will consider such an exemption when it is received from First Gas.
9. This exemption may be revoked or amended in accordance with clause 2.11.1(2) of the ID Determinations.
10. We note that operating expenditure (opex) and capital expenditure (capex) forecasts provided in the AMPs are currently inputs in the financial model for the Gas Transmission Services and Gas Distribution Services Default Price-Quality Path resets (DPP resets). Accordingly we may require additional opex and capex information to be subsequently calculated and provided under a s53ZD notice as provided for under the Commerce Act 1986.
11. For any further queries relating to this letter, please contact Alison Young on 04 924 3823.

Yours sincerely



Sue Begg

Deputy Chair