

# PQP2 Compliance Map

This document sets out how our documents comply with the IM requirements

## **Purpose and Overview of this Compliance map:**

Detail the obligations for Chorus in PQP2 under the final Fibre Input Methodologies Amendment Determination 2021 released November 29, 2021 as they relate to the base capex and connection capex proposals (collectively referred to as 'capital expenditure proposal'); and

Identify relevant supporting documentation that may be required to meet obligations.

This checklist does not incorporate all of the IMs detailed in the IMs rather it captures Chorus' obligations as they are relevant to the capital expenditure proposal.

### **Contents**

#### **1 PQP2 Submission Index**

Sets out the documents, models and spread sheets (regulatory templates) that make up the PQP2 capital expenditure proposals submission.

#### **2 PQP2 Submission Map**

Maps the documents, models and spread sheets (regulatory templates) that make up the PQP2 capital expenditure proposals submission.

#### **3 General rules and processes for capital expenditure proposals**

Sets out Chorus' obligations regarding capital expenditure proposals for PQP2.

#### **4 Asset Valuation**

Sets out Chorus' obligations regarding asset valuation for capital expenditure proposals for PQP2.

#### **5 Cost Allocation**

Sets out Chorus' obligations regarding cost allocation for capital expenditure proposals for PQP2.

#### **6 Capex Requirements**

Sets out Chorus' obligations for capex expenditure proposals for PQP2.

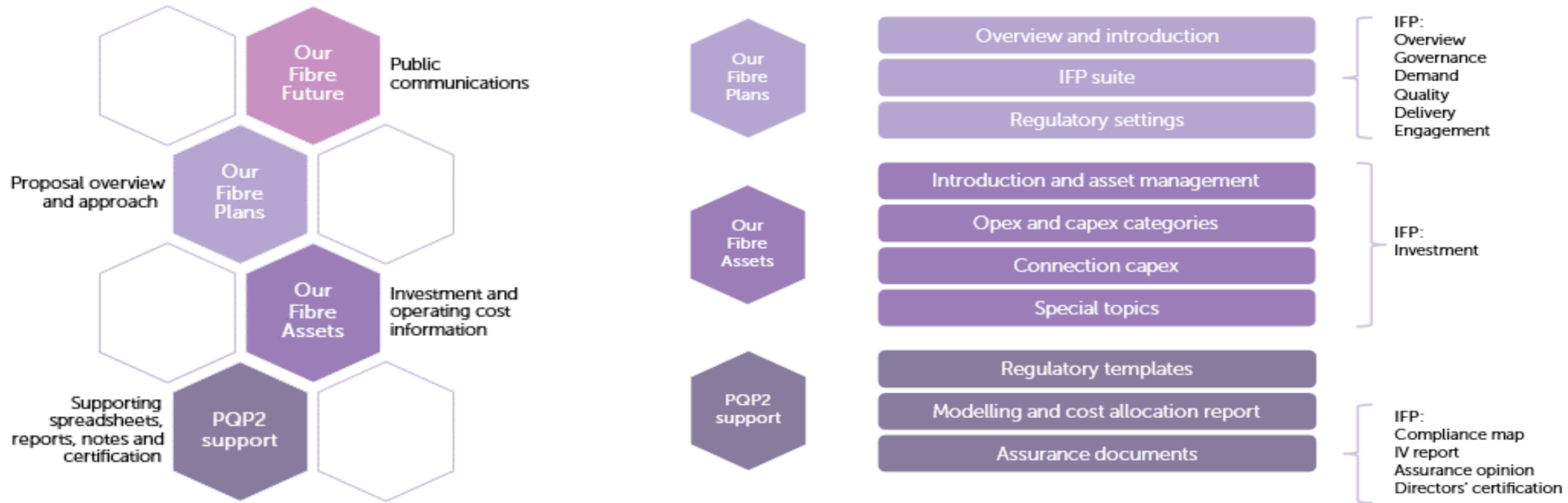
#### **7 Directors' Certification and Audit Requirements**

Sets out the Commission's requirements for Directors' certification and Audit and where in the PQP2 capital expenditure proposals submission these are met.

## 1. PQP2 Submission Index

Document	File Ref	Chapter / section
<b>Our Fibre Plans (IFP)</b>	C.PQP2.01	Chair's Letter
	C.PQP2.01	Overview
	C.PQP2.01	Introduction
	C.PQP2.01	Governance
	C.PQP2.01	Demand
	C.PQP2.01	Quality
	C.PQP2.01	Delivery
	C.PQP2.01	Engagement
	C.PQP2.01	Regulatory Settings
<b>Our Fibre Assets (Investment Report)</b>	C.RP1.04	Introduction
	C.RP1.04	Proposal insights
	C.RP1.04	Asset management
	C.RP1.04	Our Network
	C.RP1.04	Extending the Network
	C.RP1.04	Installations
	C.RP1.04	Network Sustain and Enhance
	C.RP1.04	Network Capacity
	C.RP1.04	IT and Support
	C.RP1.04	Connection Capex
	C.RP1.04	Opex insights
	C.RP1.04	Customer Opex
	C.RP1.04	Network Opex
	C.RP1.04	Support Opex
	C.RP1.04	Fibre Frontier
	C.RP1.04	ONTs
<b>Regulatory Templates</b>	C.RP1.05	RT01 Forecast expenditure regulatory template
	C.RP1.06	RT02 Cost escalation regulatory template
	C.RP1.07	RT03 Cost allocation regulatory template
	C.RP1.08	RT04 Connections capex and adjustment
<b>Supplementary Reports</b>	C.RP1.09	Modelling and Cost Allocation report
<b>Certification</b>	C.RP1.11	Directors' Certification
<b>Assurance Reports</b>	C.RP1.12	Assurance Opinion from KPMG
	C.RP1.13	Report from the Independent Verifier
<b>Compliance</b>	C.RP1.14	Compliance map

## 2. PQP2 Submission Map



3. General Rules						
Topic	Provision			Obligation	Chorus Comments/Document Reference	
<b>Subpart 1: Specification of Price and Revenues</b>						
Pass through costs	3.1.2	1		Subject to subclause (2), a 'pass-through cost' is a cost payable by a <b>regulated provider</b> on or after the <b>implementation date</b> , being:	Pass-through costs include regulatory levies (TRL and TDL), BBM fees and local authority rates. Utilities dispute resolution is forecast as capex, and not treated as opex so can't be a pass-through cost as required in 2(b)	
			a	an amount levied by regulations made under sections 11 or 12 of the <b>Act</b> ;		
			b	the telecommunications development levy, as determined by the <b>Commission</b> under sections 87 and 88 of the <b>Act</b> ;		
			c	rates on <b>fibre assets</b> paid or payable by a <b>regulated provider</b> to a <b>local authority</b> under the Local Government (Rating) Act 2002; and		
		d	a fixed membership fee relating to, or a fixed amount payable as a member of:			
			i	Utilities Disputes Limited's dispute resolution scheme;		
			ii	the Telecommunications Dispute Resolution Scheme; and		
2		If the cost under subclause (1) relates to <b>PQ FFLAS</b> and other services-supplied by the <b>regulated provider</b> , only the proportion of the cost allocated to <b>PQ FFLAS</b> (where applicable) according to the following requirements is a 'pass-through cost':	Pass-through costs are allocated in the AM model to PQ-FFLAS			
	b	if the cost is a forecast cost, it must be allocated according to clause 3.2.1(1), (2) and (3) as if it was a forecast 'operating cost'.				
<b>Subpart 7: Capital Expenditure</b>						
<b>Section 1: General rules and processes for capital expenditure proposals</b>						
Overview of capex	3.7.1	2		<b>Chorus</b> will submit one or more <b>capex proposals</b> to the <b>Commission</b> as follows:	Base Capex - multiple documents as referred to index. Connection Capex - multiple documents as referred to in index	
			a	<b>Chorus</b> will submit a <b>base capex proposal</b> and a <b>connection capex baseline proposal</b> for a <b>regulatory period</b> before the start of that <b>regulatory period</b> ; and		
General rule for information required for more than one purpose	3.7.5	1		Where <b>Chorus</b> must provide information under this subpart, an information requirement may be met by <b>Chorus</b> providing a reference to information in another document, provided that:		
			a	where the information is required to be certified, audited or independently verified, the information is covered by a relevant <b>certification</b> , audit report, or independent verification;	Compliance map	
			b	the reference provides the required information without the need for additional analysis, explanation or interpretation	Compliance map	
			c	the referenced information is provided under this subpart and available to the <b>Commission</b> when the information is required; and	Compliance map	
			d	in respect of each reference relied on, <b>Chorus</b> provides an index specifying:	Compliance map	
				i	the relevant requirement being met; and	Compliance map
				ii	the precise location of the referenced information within the document relied on	Compliance map
General rule for information claimed to be confidential	3.7.6	1		Where <b>Chorus</b> considers that it has a right to confidentiality in any information it provides the <b>Commission</b> in relation to this subpart and it does not waive the right, it must:	Confidential Information Appendix	
			a	include that information in an appendix; and		
			b	clearly mark the information as confidential.		
		2		For the avoidance of doubt:	n/a	
			a	nothing in subclause (1) prevents the <b>Commission</b> publishing such information if it considers <b>Chorus</b> has no right to confidentiality; and	n/a	
			b	nothing in paragraph (a) affects <b>Chorus'</b> rights or remedies for breach of any right to confidentiality.	n/a	

## 4. Asset Valuation

Topic	Provision		Chorus Obligation	Chorus Comments/Document Reference	
<b>Subpart 2</b>					
Asset Valuation	2.2.13	4		When applying GAAP for the purposes of subclauses (1)-(2), the cost of financing is:	
			a	applicable only in respect of the period commencing on the date an asset becomes a works under construction and terminating on its commissioning date; and	Applied implicitly in Reg Template RT01 estimate of IDC. Described in Modelling and Cost Allocation Report.
		b	for each applicable disclosure year, calculated using a rate not greater than the regulated provider's weighted average of borrowing costs for each applicable disclosure year.	Applied in Reg Template RT01 estimate of IDC. Described in Modelling and Cost Allocation Report	
		5		For the purposes of subclause (4)(b), the 'weighted average of borrowing costs' is calculated for a disclosure year using principles set out in GAAP, where:	RT01 sheet "IDC Rates and Inputs" uses numbers from the 2023 GAAP financial statements. Reg template RT01 and Modelling and Cost Allocation Report specify the rate used as cap
			a	the cost of financing rate is the weighted average of the costs applicable to borrowings in respect of capital expenditure that are outstanding during the disclosure year;	Implicit in the IDC calculation in RT01, using the 2023 financial statements
			b	the total costs applicable to borrowings outstanding, as used in calculating the weighted average, must include costs of borrowings made specifically for the purpose of any particular capital expenditure projects or capital expenditure programmes;	No such specific borrowings in the forecast approach
			c	the amount of borrowing costs capitalised during the disclosure year must not exceed the amount of borrowing costs incurred during the disclosure year;	n/a to these forecasts
			d	if a regulated provider receives a capital contribution, the relevant asset becomes works under construction for the purposes of calculating the cost of financing;	n/a - IDC is estimated at an aggregate level by cost category, not by asset
			e	subject to paragraph (i), a capital contribution will reduce the cost of works under construction for the purpose of the calculation of the finance cost, even if the resulting value of works under construction is negative;	n/a - IDC is estimated at an aggregate level by cost category, not by asset
			f	subject to paragraph (g), if the value of works under construction is negative in accordance with paragraph (e), the cost of financing for the period ending on the commissioning date will be negative;	n/a - IDC is estimated at an aggregate level by cost category, not by asset
			g	if the cost of financing an asset which is works under construction is negative under paragraph (f), the value of the relevant asset or assets will reduce by that negative amount if such a reduction is not otherwise made under GAAP;	n/a - IDC is estimated at an aggregate level by cost category, not by asset
			h	for the purpose of paragraph (d), works under construction includes assets that are forecast to be enhanced or acquired; and	n/a - IDC is estimated at an aggregate level by cost category, not by asset
i	if the cost of financing is derived as income in relation to works under construction and is both negative and included in regulatory income under an ID determination, the value of the relevant asset or assets will not reduce if such a reduction is not otherwise made under GAAP.	n/a - IDC is estimated at an aggregate level by cost category, not by asset			
<b>Subpart 3</b>					
Asset Valuation	3.3.1	4		For the purpose of subclauses (2) and (7)(b), where <b>CPI</b> is required to be forecast, it must be determined as follows:	Relates to revaluations, not CPI in the expenditure proposal or RT02. WACC is determined 1 July 2024, and CPI is calculated using the May 2024 RBNZ MPS quarter
			a	for a quarter prior to the quarter for which the vanilla <b>WACC</b> applicable to the relevant <b>regulatory period</b> was determined, <b>CPI</b> as per paragraph (a) of the <b>CPI</b> definition and excluding any adjustments made under paragraph (b) of the <b>CPI</b> definition arising as a result of an event that occurs after the issue of the Monetary Policy Statement referred to in paragraph (b) below;	
			b	for each subsequent quarter for which a forecast of the change in headline CPI is included in the Monetary Policy Statement last issued by the Reserve Bank of New Zealand prior to the date for which the vanilla <b>WACC</b> applicable to the relevant <b>regulatory period</b> was determined, the <b>CPI</b> last applying under paragraph (a) extended by the forecast change; and	
			c	in respect of subsequent quarters, the forecast last applying under paragraph (b) adjusted such that an equal increment or decrement made to that forecast for each of the following three years results in the forecast for the last of those years being equal to the target mid-point for the change in headline <b>CPI</b> set out in the Monetary Policy Statement referred to in paragraph (b).	

## 5. Cost Allocation

Topic	Provision		Chorus Obligation	Chorus Comments/Document Reference		
<b>Part 3: Input Methodologies for Price-Quality Paths</b>						
<b>Subpart 2: Cost Allocation</b>						
Calculation of price-quality path forecast values	3.2.1	1		For the purposes of specifying a price-quality path any <b>operating costs</b> or <b>asset values</b> that are forecast as <b>directly attributable</b> to the provision of:	Reg Templates RT03 Modelling and cost allocation Report 'Cost allocation approach' section, including explanation of geographic allocation. The AM model directly attributes and allocates to geographies, but we provide total ID-only FFLAS in response to A45.2 of the s221 information request. The Commission has not specified any additional FFLAS class.	
			a	<b>PQ FFLAS</b> must be allocated to <b>PQ FFLAS</b> ;		
			b	<b>ID-only FFLAS</b> must be allocated to <b>ID-only FFLAS</b> ; and		
		c	any <b>additional FFLAS class</b> specified by the <b>Commission</b> must be allocated to that <b>additional FFLAS class</b> .			
		2		The following must not be allocated to <b>PQ FFLAS</b> , <b>ID-only FFLAS</b> , or any <b>additional FFLAS class</b> specified by the <b>Commission</b> :		
			a	any <b>operating cost</b> that is forecast as <b>directly attributable</b> to the provision of <b>services that are not regulated FFLAS</b> ;		
			b	any <b>asset value</b> that is forecast as <b>directly attributable</b> to the provision of <b>services that are not regulated FFLAS</b> ;		
		c	any other cost that is forecast to be recovered in respect of a <b>Part 4 regulated service</b> .			
		3		Subject to subclauses (1)-(2), for the purposes of specifying a price-quality path, any <b>operating cost</b> must be:		Reg Templates RT03 Allocators consistent with PQP1 except where we have proposed alternative cost allocators. The Modelling and Cost Allocation report has Appendix E – Cost allocation methodology applied, which explains which are causal vs proxy.
			a	determined by applying, as required:		
			i	<b>cost allocators</b> in accordance with subclause (7), and where applicable, subclause (9); or		
		ii	<b>proxy cost allocators</b> (whichever the case may require); and			
		b	calculated by applying forecasts, subject to subclauses (5) and (6).			
		4		Subject to subclauses (1)-(2), for the purposes of specifying a price-quality path, any 'closing RAB value' must be:		Reg Templates RT03 Allocators consistent with PQP1 (no changes proposed). The Modelling and Cost Allocation report has Appendix E – Cost allocation methodology applied, which explains which are causal vs proxy.
			a	determined by applying in respect of an asset value, as required:		
			i	<b>asset allocators</b> in accordance with subclause (8), and, where applicable, subclause (9); or		
			ii	<b>proxy asset allocators</b> (whichever the case may require); and		
		b	calculated by applying forecasts, subject to subclauses (5) and (6).			
		5		For the purpose of subclauses (1), (2), (7), (8) and (9), all forecasts must be:		Allocators consistent with PQP1. Where opex allocators are new, we have provided evidence on its demonstrably reasonable in the Modelling and Cost Allocation Report under Cost allocation approach section.
a	based on relevant and demonstrably reasonable assumptions, data, methods and judgements; or					
b	if the <b>Commission</b> has approved the forecast values in accordance with an <b>input methodology</b> or other process relating to an <b>ID determination</b> or <b>PQ determination</b> , consistent with those forecast values.					
6		Subclause (5) relates to, but is not limited to, forecasts of <b>operating costs</b> , <b>capital expenditure</b> , revenue, or any of the <b>allocator types</b> and <b>allocator values</b> that may be used in forecasting an <b>asset allocator</b> or <b>cost allocator</b> .	As above			
7		For the purpose of subclause (3), in respect of <b>operating costs</b> that are forecast as not <b>directly attributable</b> to the provision of <b>PQ FFLAS</b> , <b>ID-only FFLAS</b> , or <b>services that are not regulated FFLAS</b> , <b>cost allocators</b> must be used to proportionally allocate those <b>operating costs</b> between:	Reg Templates RT03 Modelling and cost allocation Report 'Cost allocation approach' section, including explanation of geographic allocation. We will provide ID-only FFLAS in response to A45.2 of the s221 information request. The Commission has not specified any additional FFLAS class.			
	a	<b>PQ FFLAS</b> ;				
	b	<b>ID-only FFLAS</b> ; and				
c	services that are not regulated FFLAS.					
8		For the purpose of subclause (4), in respect of asset values that are forecast as not directly attributable to the provision of <b>PQ FFLAS</b> , <b>ID-only FFLAS</b> , or <b>services that are not regulated FFLAS</b> , <b>asset allocators</b> must be used to proportionally allocate those asset values between:	Reg Templates RT03 Modelling and cost allocation Report 'Cost allocation approach' section, including explanation of geographic allocation. We will provide ID-only FFLAS in response to A45.2 of the s221 information request. The Commission has not specified any additional FFLAS class.			
	a	<b>PQ FFLAS</b> ;				
	b	<b>ID-only FFLAS</b> ; and				
c	services that are not regulated FFLAS.					
9		If the <b>Commission</b> specifies an <b>additional FFLAS class</b> , any <b>operating costs</b> or <b>asset values</b> that are forecast as not <b>directly attributable</b> to that <b>additional FFLAS class</b> must be allocated using an approach that is specified by the <b>Commission</b> when it specifies the <b>additional FFLAS class</b> .	No additional FFLAS classes specified.			
10		For the purpose of subclause (1), if a <b>regulated fibre service provider</b> is subject to both information disclosure regulation and price-quality regulation in regulations made under s 226 of the <b>Act</b> , the <b>financial loss asset</b> must be treated as being <b>directly attributable</b> to <b>PQ FFLAS</b> .	FLA is directly attributed to PQ FFLAS in calculating the PQP2 price-path.			
11		Subject to subclause (12), when either a forecast <b>asset value</b> or a forecast <b>operating cost</b> that is not <b>directly attributable</b> to <b>PQ FFLAS</b> , <b>ID-only FFLAS</b> or <b>services that are not regulated FFLAS</b> is allocated between <b>PQ FFLAS</b> , <b>ID-only FFLAS</b> , and <b>services that are not regulated FFLAS</b> , the total forecast <b>asset values</b> or forecast <b>operating costs</b> allocated to <b>PQ FFLAS</b> and <b>ID-only FFLAS</b> combined must not be more than the total forecast <b>asset values</b> or total forecast <b>operating costs</b> that the <b>regulated provider</b> could not have avoided if it ceased supplying <b>services that are not regulated FFLAS</b> .	Calculated and can be demonstrated in the AM model			
12		Subclause (11) only applies to an allocation or allocations of a forecast <b>asset value</b> or a forecast <b>operating cost</b> that would have a material effect on the total forecast <b>asset values</b> or total forecast <b>operating costs</b> allocated to <b>PQ FFLAS</b> and <b>ID-only FFLAS</b> combined, and for which some of the <b>asset value</b> or <b>operating cost</b> is forecast to be allocated to <b>services that are not regulated FFLAS</b> .	Calculated and can be demonstrated in the AM model			
13		For the purpose of subclauses (1) and (7)-(9), where the <b>Commission</b> specifies an <b>additional FFLAS class</b> , any forecast <b>operating costs</b> or forecast <b>asset values</b> may be simultaneously allocated to both:	No additional FFLAS classes specified			
	a	that particular <b>additional FFLAS class</b> or any other <b>additional FFLAS class</b> specified by the <b>Commission</b> (where applicable); and				
b	either <b>PQ FFLAS</b> or <b>ID-only FFLAS</b> (whichever is applicable).					

6. Capex requirements

		Key		Coloured cells indicate where the IM requirements are met.																								
		Not applicable for PQP2																										
		Integrated Fibre Plan (IFP)										IFP Investment Report							Reg Templates									
		Doc Name	Overview (including Chair's letter)	Governance	Demand	Quality	Delivery	Engagement	Proposal Insights	Extending the Network Capex (including separate Fibre Frontier chapter)	Installations Capex (including separate ONTs chapter)	Network Sustain and Enhance Capex	Network Capacity Capex	IT and Support Capex	Connection Capex	RT01 Forecast expenditure	RT02 Cost escalation	RT03 Cost allocation	RT04 Connections capex and adjustment									
Topic	Provision	Chorus Obligation	Doc Name	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference	Doc Reference								
<b>Part 7: Capital expenditure</b>																												
<b>Section 1: General</b>																												
Information requirements for integrated fibre plan	3.7.7	1	At the same time as Chorus provides its base capex proposal and connection capex baseline proposal, Chorus must provide an integrated fibre plan that includes the following component reports:	IFP suite of documents including Investment Report chapters 8 & Connection Capex chapter	Overview (including Chair's letter)	Governance	Demand	Quality	Delivery	Engagement	Proposal Insights	Extending the Network Capex (including separate Fibre Frontier chapter)	Installations Capex (including separate ONTs chapter)	Network Sustain and Enhance Capex	Network Capacity Capex	IT and Support Capex	Connection Capex											
				2	An overview of the integrated fibre plan, a summary and commentary on forecast expenditure for the five regulatory years after the start of the regulatory period commencing with the regulatory year that starts on the same day as the regulatory period, including past expenditure and linkages with PQ FFLAS quality outcomes, operating costs and delivery performance.	Overview (including Chair's letter)	Overview (including Chair's letter)						Refer to 'Overall trends' section															
				3	Quality report: a report on the forecast PQ FFLAS quality outcomes and the linkages between forecast expenditure and PQ FFLAS quality outcomes for the five regulatory years after the start of the regulatory period commencing with the regulatory year that starts on the same day as the regulatory period, including sensitivity of forecast PQ FFLAS quality outcomes to varying levels of forecast expenditure and the demonstration of past performance.	Quality				Quality																		
				4	Governance report: a report describing Chorus' organisational governance, risk management and high-level asset management approach.	Governance		Governance																				
				5	Demand report: a report describing anticipated PQ FFLAS demand for the five regulatory years after the start of the regulatory period commencing with the regulatory year that starts on the same day as the regulatory period, including linkages between PQ FFLAS, data growth, and types of PQ FFLAS, including by reference to historic demand and past trends.	Demand			Demand																			
				6	Investment report: a report on investment plans and forecast capital expenditure for the five regulatory years after the start of the regulatory period commencing with the regulatory year that starts on the same day as the regulatory period, including categories of investment and capex not set in the regulatory templates asset portfolios and the investment approach to each.	Investment Report chapters including Connection Capex chapter								Extending the Network (including separate Fibre Frontier chapter)	Installations Capex (including separate ONTs chapter)	Network Sustain and Enhance	Network Capacity	IT and Support Capex	Connection Capex									
				7	Delivery report: a report on anticipated and actual past delivery of capital expenditure, including capex projects and programmes. The report must include any linkages with operating costs and network performance (such as fault rates).	Delivery				Delivery																		
				8	Engagement plan: a report outlining the engagement and consultation on capital expenditure undertaken and planned by Chorus. This includes consultation and engagement prior to submitting the base capex proposal and connection capex baseline proposal and planned consultation on any aspect of capex for the regulatory period relevant to the capex proposal or subsequent regulatory periods. The report is to identify consultation objectives, processes, stakeholders consulted, and any other aspect of engagement that is relevant to proposed capex and PQ FFLAS quality outcomes.	Engagement						Engagement																
				9	The integrated fibre plan may be one or more documents if the component reports are separate reports and clearly identified.	IFP suite of documents including Investment Report chapters 8 & Connection Capex chapter	Overview (including Chair's letter)	Governance	Demand	Quality	Delivery	Engagement	Proposal Insights	Extending the Network (including separate Fibre Frontier chapter)	Installations Capex (including separate ONTs chapter)	Network Sustain and Enhance	Network Capacity	IT and Support Capex	Connection Capex									
				10	The integrated fibre plan must include the following detail for the relevant reports:																							
Base capex proposal process and timelines	3.7.8	1	Chorus must submit a base capex proposal to the Commission:																									
				2	state any proposed base capex that Chorus considers should be included in the base capex allowance for each regulatory year of the regulatory period.	Proposal Insights, Investment Report Capex chapters, Forecast Expenditure Regulatory Template (RT01)						Refer to Figure 1 'Historical and forecast capex (PQ FFLAS)'	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	Refer to 'Forecast overview' section	RT01 Forecast expenditure					
				3	provide enough information to enable the Commission to evaluate the base capex proposal in accordance with Subpart 8, including:																							
				4	regulatory templates agreed under subclause (3) or specified under subclause (4), and	All Regulatory Templates																				RT01 Forecast expenditure		
Baseline proposal process and timelines	3.7.14	1	Chorus must submit a connection capex baseline proposal to the Commission for a regulatory period at the same time that it submits the base capex proposal for that regulatory period.	Connection Capex, Connections Capex Regulatory Template (RT04)																		RT04 Connections capex and adjustment						
				2	A connection capex baseline proposal must:																							
				3	state any connection capex that Chorus considers should be included in the connection capex baseline allowance for each regulatory year of the regulatory period.	Connection Capex, Connections Capex Regulatory Template (RT04)																					RT04 Connections capex and adjustment	
				4	only propose connection capex additional to the base capex allowance proposed for each regulatory year of the regulatory period.	Connection Capex, Connections Capex Regulatory Template (RT04)																					RT04 Connections capex and adjustment	
				5	provide enough information to enable the Commission to evaluate the connection capex baseline proposal in accordance with Subpart 8, including:																							
				6	regulatory templates agreed under subclause (3) or specified under subclause (4), and	Connections Capex Regulatory Template (RT04) agreed with Commission in advance. Minimum requirement is quantitative requirements agreed with Commission - refer to 'Minimum content for quantitative information' document dated 22 Feb 2023																					RT04 Connections capex and adjustment	
				7	information required by the Commission's connection capex information request; and	Connection Capex, Connections Capex Regulatory Template (RT04)																						RT04 Connections capex and adjustment
				8	be accompanied by the required assurance reports, including an independent verification report, certification, and an auditor report in accordance with clauses 3.7.16-3.7.17	Assurance Opinion from KPMG, Report from Independent Verifier																						
				9	The Commission and Chorus must use reasonable endeavours to agree the form of the regulatory templates and the content of the regulatory templates to be provided in the base capex proposal for the relevant regulatory period, including a list of base capex sub-categories and a description of each.	Agreed with Commission in advance. Minimum requirement is quantitative requirements agreed with Commission - refer to 'Minimum content for quantitative information' document dated 22 Feb 2023																						
				10	The regulatory templates must be agreed in accordance with subclause (3) or specified in accordance with subclause (4):																							
Baseline proposal process and timelines	3.7.14	2	For the second regulatory period and subsequent regulatory periods, before the first working day in March which is at least 22 months before the start of the regulatory period.																									
				3	For each base capex sub-category identified in the regulatory template as requiring geographic information, Chorus must provide a breakdown of its capital expenditure for the base capex sub-category by geo or, more, geographical locations including:																							
				4	urban areas,	Cost escalation Regulatory Template (RT02)																				RT02 Cost escalation		
				5	rural areas; and	Cost escalation Regulatory Template (RT02)																					RT02 Cost escalation	
Baseline proposal process and timelines	3.7.14	3	any further or other geographical breakdown set out in the regulatory templates	Cost escalation Regulatory Template (RT02)																				RT02 Cost escalation				
				4	For capital expenditure identified in the regulatory templates as relating to both PQ FFLAS and services that are not regulated FFLAS, Chorus must provide information specified in the base capex information request on the asset allocator used and on regulated FFLAS and services that are not regulated FFLAS to enable the Commission to assess the expenditure proposed as a whole.	Cost allocation Regulatory Template (RT03) and Cost Allocation IM requirements																					RT03 Cost allocation	



## 7. Directors' certification and audit

Topic	Provision			Chorus Obligation	Chorus Comments/Document Reference		
<b>Subpart 7: Capital Expenditure</b>							
<b>General certification requirements for capex proposals and other documents</b>	3.7.3	1		If a <b>director</b> or <b>CEO</b> of <b>Chorus</b> is required to provide <b>certification</b> in relation to a <b>capex proposal</b> or other document, the <b>director</b> or <b>CEO</b> must certify <i>in writing</i> , that having made all reasonable enquiries, it is their <i>belief that</i> :	Directors' certification requirements are met in the certification process and audit requirements are met in the Assurance Opinion from KPMG		
			a	the <b>capex proposal</b> or document being certified is derived from and accurately represents, in all material respects, the operations of <b>Chorus</b> ; and			
			b	the <b>capex proposal</b> or document being certified complies, in all material respects, with the requirements set out in Part 3.			
		2		During the period between <b>Chorus</b> providing a <b>capex proposal</b> or other document to the <b>Commission</b> and the <b>Commission</b> making a determination relating to the <b>capex proposal</b> or documents, <b>Chorus</b> must notify the <b>Commission</b> :			
			a	where the information that was the basis of the <b>capex proposal</b> or document being certified under subclause (1) has materially changed; and			
			b	where notice is provided under paragraph (a), by providing information that identifies and explains the changes referred to in paragraph (a).			
		3		The notice and information required under subclause (2) must be provided to the <b>Commission</b> as soon as practicable.			
		<b>General audit requirements for capex proposals</b>	3.7.4	1			If an audit is required for a capex proposal, it must include a report by an auditor that states whether:
						a	
i	compiled, in all material respects, in accordance with the requirements set out in Part 3;						
ii	properly extracted from Chorus' financial records sourced from its financial systems; and						
iii	audited in accordance with applicable auditing standards issued by the External Reporting Board in accordance with its functions under the Financial Reporting Act 2013 or any equivalent standards that replace these standards; or						
b					the historical non-financial information used in the preparation of the <b>capex proposal</b> has been:		
	i				compiled, in all material respects, in accordance with the requirements set out in Part 3;		
	ii				properly compiled on the basis of the relevant underlying source information; and		
iii	examined in accordance with applicable assurance standards;						
c					the forecast financial information provided in the <b>capex proposal</b> has been:		
	i				compiled, in all material respects, in accordance with the requirements set out in Part 3;		
	ii				properly compiled on the basis of relevant disclosed assumptions and relevant underlying source information; and		
iii	examined in accordance with applicable assurance						
d					the forecast non-financial information provided in the capex proposal has been		
	i				compiled in all material respects in accordance with the requirements set out in Part 3;		
	ii				properly compiled on the basis of disclosed assumptions and relevant underlying source information; and		
iii	examined in accordance with applicable assurance standards.						
<b>Other assurance for base capex: certification and audit</b>	3.7.11	1		At least 2 <b>directors</b> of <b>Chorus</b> must provide <b>certification</b> in relation to the <b>base capex proposal</b> in accordance with clause 3.7.3.			
		2		The base capex proposal must include a report by an auditor in accordance with clause 3.7.4.			
<b>Other connection capex assurance: certification and audit</b>	3.7.17	1		At least two <b>directors</b> of <b>Chorus</b> must provide <b>certification</b> in relation to the <b>connection capex baseline proposal</b> , in accordance with clause 3.7.3.			
		2		The connection capex baseline proposal must include a report by an auditor in accordance with clause 3.7.4.			