

DRAFT FOR CONSULTATION

Notice to Supply Information to the Commerce Commission Section 53ZD of the Commerce Act 1986

To: qq Limited
PO Box xx
XXXXXXXX

For the purpose of carrying out its functions and exercising its powers under Part 4 of the Commerce Act 1986 (the Act), the Commerce Commission (Commission) requires, under s 53ZD of the Act, that qq Limited (zz) provides the Commission with the information specified in this notice. Specifically, this information is required for the purpose of informing decisions on starting prices for default price-quality paths under Part 4 of the Act.

INTERPRETATION

1. In this notice, unless the context otherwise requires, words in bold type bear the following meanings:

Act means the Commerce Act 1986;

auditor means a person who-

- a. is qualified for appointment as auditor of a company under the Companies Act 1993; and
- b. has no relationship with, or interest in, zz that is likely to involve the person in a conflict of interest; and
- c. has not assisted with the preparation of the information required under this notice or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in preparing that information;
- d. has the necessary expertise to properly provide an independent assurance report as required by this notice; and
- e. need not be the same person as the person who audits the financial accounts of zz for any other purpose;

Commission means the Commerce Commission;

engineer has the meaning set out in clause 1.1.4 of the **IM determination**;

IM determination means the Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010; and

independent assurance report means a report in respect of zz in the form specified at Schedule E of this notice, issued by a person or firm that is qualified to be an **auditor**.

2. This notice also refers to terms that are defined in the **IM determination**, many of which are defined in Part 2 of that determination, which relates to information disclosure. For the avoidance of doubt, it has been necessary for the Commission to adopt this approach given that no information disclosure determination has yet been made for electricity distribution services under Part 4 of the Act. In future, the Commission intends to use information disclosed under information disclosure regulation to inform decisions on starting prices under a default price-quality path.¹

REQUIREMENTS

Information requirements

2. Zz must provide the **Commission** with the information required under:
 - a. Schedule A; and
 - b. if zz is a 'qualifying supplier', as that term is defined in clause 2.4.9(2) of the **IM determination**, Schedule B;

by completing the templates provided in those Schedules in the format required by this notice.

Expert opinions and supporting information.

3. Zz must provide the **Commission** with the following expert opinions and supporting information:
 - a. if zz has elected to undertake the asset adjustment process referred to in clause 2.2.1 of **IM determination**, a written **engineer's** report complying with the requirements specified in Schedule C;
 - b. a directors' certificate in the form set out in Schedule D, to be completed and signed by a minimum of two directors of Zz; and
 - c. an **independent assurance report** in the form set out in Schedule E, to be completed by an **auditor**.

Information format

The information required under Schedules A and B must be supplied in electronic form in the Microsoft Excel workbook provided by the Commission (the workbook contains templates of Schedules A and B). The workbook must be completed in accordance with the instructions contained in the workbook and, in particular, conform with the relevant definitions or clauses of the **IM determination** specified in the workbook instructions and templates. The workbook

¹ Refer to Commerce Commission, *Starting Price Adjustments for Default Price-Quality Paths Discussion Paper*, 5 August 2010, p 9, paragraph 2.20.

must be provided to the Commission in a form that is accessible (i.e. the workbook is 'unlocked' and data can be easily transferred by the Commission).

The information required under Schedules C, D and E must be supplied in electronic form (in PDF format).

Confidentiality

The **Commission** has allowed for the completion of both public and non-public versions of certain templates in Schedule A. Either version may contain disclosure requirements that parties consider require the disclosure of confidential information. The **Commission** discourages requests for non-disclosure of information, in whole or in part, on the basis that it is confidential. It is unlikely to agree to any requests that any information provided by Zz in response to this notice remains confidential.

However, the **Commission** recognises there may be some aspects of Zz's disclosures that are confidential. If there is any such information, it should be clearly marked and provided as a separate copy of the disclosure. The responsibility for ensuring that confidential information is included in a separate, clearly marked, copy of the disclosure rests entirely with Zz.

Zz can also request that the **Commission** makes orders under section 100 of the Act in respect of information that is confidential. Any request for a section 100 order must be made when the relevant information is supplied to the **Commission** and must identify the reasons why the relevant information is confidential. The **Commission** will provide further information on section 100 orders if requested by Zz, including the principles that are applied when considering requests for such orders. Any section 100 order will apply for a limited time only as specified in the order. Once an order expires, the **Commission** will follow its usual process in response to any request for information under the Official Information Act 1982.

Date of Response

Zz must supply the specified information to the Commission by email to the following address: regulation.branch@comcom.govt.nz by no later than 5pm on xx xxx 2011. The information must be provided under cover of a letter on Zz's company letterhead, signed by a person with the appropriate authority.

Dated at Wellington: xx xxx 2011

Signed by:

Dr Mark Berry
Commission Chair

SCHEDULE A: REQUIRED INFORMATION

EDB Name **Electricity Distribution Business**
 Disclosure Year Ended **31 March 2010**

SCHEDULE A: REQUIRED INFORMATION

row		(\$000)	Ref
6			
7			
8			
9	Line revenue through prices	—	from A1
10			
11	Other regulated income	—	from A1
12			
13	Pass-through costs	—	from A1
14			
15	Recoverable costs	—	from A1
16			
17	Operating expenditure	—	from A1
18			
19	Sum of opening RAB values—disclosure year 2010	—	from A3
20			
21	Sum of depreciation	—	from A3
22			
23	Sum of opening RAB values of assets with nil physical asset life at end of the disclosure year 2010	—	from A3
24			
25	Proportionate value of disposed assets	—	from A3
26			
27	Sum of opening RAB values of lost assets for the disclosure year 2010	—	from A3
28			
29	Proportionate value of commissioned assets	—	from A3
30			
31	Sum of closing RAB values of found assets for the disclosure year 2010	—	from A3
32			
33	Positive permanent differences	—	from A6
34			
35	Negative permanent differences	—	from A6
36			
37	Discretionary discounts and customer rebates	—	from A6
38			
39	Sum of regulatory tax asset values - disclosure year 2010	—	from A6
40			
41	Weighted average remaining useful life of relevant assets	—	from A6
42			
43			

EDB Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2010

SCHEDULE A1: REGULATORY INCOME AND EXPENSES

row		(\$000)	(\$000)	Ref
6				
7	Income			
8	Line revenue through prices		—	1.1.4
9				
10	Other regulated income		—	5.3.2(7)
11				
12	Costs and expenditure			
13	Pass-through costs		—	3.1.2(1)
14				
15	Recoverable costs		—	3.1.3
16				
17	General management, administration and overheads			from A2
18	plus System management and operations			from A2
19	plus Routine and preventative maintenance			from A2
20	plus Refurbishment and renewal maintenance			from A2
21	plus Fault and emergency maintenance			from A2
22	plus Other			from A2
23	Operating expenditure		—	1.1.4
24				Page 2

DRAFT

SCHEDULE A2: ALLOCATION OF OPERATING COSTS 2010 (NON-PUBLIC)

row	Opex category	Cost allocator	Allocator metrics or proportion allocated				Value allocated					OVABAA allocation increase	Line items
			Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated Services	Arm's length deduction	Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated services		
6	General management, administration and overheads												
7	Directly attributable operating costs												
8	Operating costs not directly attributable												
9	Insert category of operating costs	Allocator 1											
10	Insert category of operating costs	Allocator 2											
11	Insert category of operating costs	Allocator 3											
12	Total operating costs not directly attributable		-	-	-	-	-	-	-	-	-	-	-
13	Total operating costs		-	-	-	-	-	-	-	-	-	-	-
14	System management and operations												
15	Directly attributable operating costs												
16	Operating costs not directly attributable												
17	Insert category of operating costs	Allocator 1											
18	Insert category of operating costs	Allocator 2											
19	Insert category of operating costs	Allocator 3											
20	Total operating costs not directly attributable		-	-	-	-	-	-	-	-	-	-	-
21	Total operating costs		-	-	-	-	-	-	-	-	-	-	-
22	Routine and preventive maintenance												
23	Directly attributable operating costs												
24	Operating costs not directly attributable												
25	Insert category of operating costs	Allocator 1											
26	Insert category of operating costs	Allocator 2											
27	Insert category of operating costs	Allocator 3											
28	Total operating costs not directly attributable		-	-	-	-	-	-	-	-	-	-	-
29	Total operating costs		-	-	-	-	-	-	-	-	-	-	-
30	Refurbishment and renewal maintenance												
31	Directly attributable operating costs												
32	Operating costs not directly attributable												
33	Insert category of operating costs	Allocator 1											
34	Insert category of operating costs	Allocator 2											
35	Insert category of operating costs	Allocator 3											
36	Total operating costs not directly attributable		-	-	-	-	-	-	-	-	-	-	-
37	Total operating costs		-	-	-	-	-	-	-	-	-	-	-
38	Fault and emergency maintenance												
39	Directly attributable operating costs												
40	Operating costs not directly attributable												
41	Insert category of operating costs	Allocator 1											
42	Insert category of operating costs	Allocator 2											
43	Insert category of operating costs	Allocator 3											
44	Total operating costs not directly attributable		-	-	-	-	-	-	-	-	-	-	-
45	Total operating costs		-	-	-	-	-	-	-	-	-	-	-
46	Other												
47	Directly attributable operating costs												
48	Operating costs not directly attributable												
49	Insert category of operating costs	Allocator 1											
50	Insert category of operating costs	Allocator 2											
51	Insert category of operating costs	Allocator 3											
52	Total operating costs not directly attributable		-	-	-	-	-	-	-	-	-	-	-
53	Total operating costs		-	-	-	-	-	-	-	-	-	-	-

SCHEDULE A2: ALLOCATION OF OPERATING COSTS 2010 (PUBLIC)

ref	Opex category	Cost allocator	Allocator metrics or proportion allocated				Arm's length deduction	Value allocated					OVABAA allocation increase	Line items
			Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated Services		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated services	Total		
65	General management, administration and overheads													
66	Directly attributable operating costs													
67	Operating costs not directly attributable													
68	System management and operations													
69	Directly attributable operating costs													
70	Operating costs not directly attributable													
71	Routine and preventive maintenance													
72	Directly attributable operating costs													
73	Operating costs not directly attributable													
74	Refurbishment and renewal maintenance													
75	Directly attributable operating costs													
76	Operating costs not directly attributable													
77	Fault and emergency maintenance													
78	Directly attributable operating costs													
79	Operating costs not directly attributable													
80	Other													
81	Directly attributable operating costs													
82	Operating costs not directly attributable													
83														
84	Directly attributable operating costs													
85	Operating costs not directly attributable													
86														
87														

DRAFT

DRAFT

SCHEDULE A3: REGULATORY ASSET BASE VALUES 2010

row		(\$000)	Unallocated RAB * (\$000)	Ref		
6						
7	<u>Calculation of Initial RAB Values</u>					
8						
9	2009 disclosed assets - 'Total Regulatory Asset Base Value (Excluding FDC)'			1.1.4		
10	Adjustment to reinstate 2009 asset values to unallocated amounts			2.2.3(3)		
11	Unallocated 2009 disclosed assets		—			
12	<i>less</i>					
13	Assets not used to supply electricity distribution services			1.1.4		
14	Assets of 'excluded' type per asset adjustment process			from A4		
15	Easement land			1.1.4		
16	Non-qualifying intangible assets			2.2.2		
17	Works under construction			2.2.2		
18	Assets excluded from 2009 disclosed assets		—	1.1.4		
19						
20	<i>less</i> Value modified assets		—	from A4(1)		
21						
22	2009 disclosed asset values before Finance During Construction (FDC) allowance		—			
23						
24	<i>plus</i> FDC allowance of 2.45% (system fixed assets only)		—	2.2.3(1)(b)		
25						
26	<i>plus</i> Included value of assets of 'included' type per asset adjustment process			from A4		
27	Modified value of assets of 'value modified' type per asset adjustment process			from A4(2)		
28	Asset values subject to asset adjustment process		—			
29						
30	Sum of opening RAB values—disclosure year 2010		—			from A5
31						
32	<u>RAB-related Information - Disclosure Year 2010</u>					
33						
34	Sum of depreciation		—	2.2.5(1)		2.2.5(2)
35						
36	Sum of opening RAB values of assets with nil physical asset life at end of the disclosure year 2010					2.2.9(3)
37						
38	Sum of opening RAB values of disposed assets for the disclosure year 2010					1.1.4
39						
40	Proportionate value of disposed assets					defined
41						
42	Sum of opening RAB values of lost assets for the disclosure year 2010					1.1.4
43						
44	Sum of closing RAB values of commissioned assets for the disclosure year 2010					from A5
45						
46	Proportionate value of commissioned assets					defined
47						
48	Sum of closing RAB values of found assets for the disclosure year 2010					from A5

* The 'unallocated RAB' is the total value of assets used wholly or partially to provide specified services as if no allowance were made for the allocation of costs to non-specified services.

SCHEDULE A4: ASSET ADJUSTMENT PROCESS

row		(\$000)	(\$000)	(\$000)	(\$000)
6					
7					
8					
9	Assets of 'excluded' type per asset adjustment process	2009 disclosed value			
10					
11	Insert details of assets and nature of adjustment				
12	Insert details of assets and nature of adjustment				
13	Insert details of assets and nature of adjustment				
14		-			To A3
15					
16	Assets of 'included' type per asset adjustment process	Included value	FDC allowance *	Total	
17					
18	Insert details of assets and nature of adjustment				
19	Insert details of assets and nature of adjustment				
20	Insert details of assets and nature of adjustment				
21		-	-	-	To A3
22					
23	Assets of 'value modified' type per asset adjustment process	2009 disclosed value	Modified value	FDC allowance *	Total
24					
25	Insert details of assets and nature of adjustment				
26	Insert details of assets and nature of adjustment				
27	Insert details of assets and nature of adjustment				
28		-	-	-	-
29		to A3(1)			To A3(2)
30					
31	* Finance During Construction (FDC) allowance applies to those assets that are system fixed assets as defined in the Electricity (Information Disclosure) Requirements 2004 - refer cl. 2.2.3(2) and (5) of the EDB IMs.				
32					

DRAFT

SCHEDULE A5: ALLOCATION OF UNALLOCATED RAB VALUES 2010 (NON-PUBLIC)

row
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63

Allocation of Opening RAB Values

Asset categories	Asset allocator	Allocator metrics or proportion allocated				Value allocated						OVABAA allocation increase	Line Items
		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated Services	Arm's length deduction	Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated services	Total		
Asset Category 1													
Regulated service asset value directly attributable													
Regulated service asset value not directly attributable													
Insert asset description	Allocator 1												
Insert asset description	Allocator 2												
Insert asset description	Allocator 3												
Total regulated service asset value not directly attributable		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value		-	-	-	-	-	-	-	-	-	-	-	-
Asset Category 2													
Regulated service asset value directly attributable													
Regulated service asset value not directly attributable													
Insert asset description	Allocator 1												
Insert asset description	Allocator 2												
Insert asset description	Allocator 3												
Total regulated service asset value not directly attributable		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value		-	-	-	-	-	-	-	-	-	-	-	-
Asset Category 3													
Regulated service asset value directly attributable													
Regulated service asset value not directly attributable													
Insert asset description	Allocator 1												
Insert asset description	Allocator 2												
Insert asset description	Allocator 3												
Total regulated service asset value not directly attributable		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value directly attributable		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value not directly attributable		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value		-	-	-	-	-	-	-	-	-	-	-	-

to A3

Allocation of Closing RAB Values - Commissioned Assets and Found Assets

Commissioned assets - asset categories	Asset allocator	Allocator metrics or proportion allocated				Value allocated						OVABAA allocation increase	Line Items
		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated Services	Arm's length deduction	Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated services	Total		
Regulated service asset value directly attributable													
Regulated service asset value not directly attributable													
Insert asset description	Allocator 1												
Insert asset description	Allocator 2												
Insert asset description	Allocator 3												
Total regulated service asset value not directly attributable		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value		-	-	-	-	-	-	-	-	-	-	-	-

to A3

Found asset - asset categories	Asset allocator	Allocator metrics or proportion allocated				Value allocated						OVABAA allocation increase	Line Items
		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated Services	Arm's length deduction	Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated services	Total		
Regulated service asset value directly attributable													
Regulated service asset value not directly attributable													
Insert asset description	Allocator 1												
Insert asset description	Allocator 2												
Insert asset description	Allocator 3												
Total regulated service asset value not directly attributable		-	-	-	-	-	-	-	-	-	-	-	-
Total regulated service asset value		-	-	-	-	-	-	-	-	-	-	-	-

to A3

SCHEDULE A5: ALLOCATION OF UNALLOCATED RAB VALUES 2010 (PUBLIC)

row
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99

Allocation of Opening RAB Values

Asset categories	Asset allocator	Allocator metrics or proportion allocated				Arm's length deduction	Value allocated					OVABAA allocation increase	Line Items
		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated Services		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated services	Total		
Asset Category 1													
Regulated service asset value directly attributable												-	
Regulated service asset value not directly attributable												-	
Asset Category 2													
Regulated service asset value directly attributable												-	
Regulated service asset value not directly attributable												-	
Asset Category 3													
Regulated service asset value directly attributable												-	
Regulated service asset value not directly attributable												-	
Total regulated service asset value directly attributable		-	-	-	-		-	-	-			-	
Total regulated service asset value not directly attributable		-	-	-	-		-	-	-			-	

to A3

Allocation of Closing RAB Values - Commissioned Assets and Found Assets

Asset categories	Asset allocator	Allocator metrics or proportion allocated				Arm's length deduction	Value allocated					OVABAA allocation increase	Line Items
		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated Services		Electricity distribution services	Gas distribution services	Gas transmission services	Unregulated services	Total		
Commissioned Assets													
Regulated service asset value directly attributable												-	
Regulated service asset value not directly attributable												-	
Found Assets													
Regulated service asset value directly attributable												-	
Regulated service asset value not directly attributable												-	

to A3



DRAFT

EDB Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2010

SCHEDULE A6: REGULATORY TAX INFORMATION

row
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

Tax Permanent Differences

(\$000)

Ref

Income not included in regulatory profit / (loss) before tax but taxable		*	2.3.3(2)
Expenditure or loss in regulatory profit / (loss) before tax but not deductible		*	2.3.3(2)
Positive permanent differences			
Income included in regulatory profit / (loss) before tax but not taxable		*	2.3.3(4)
Expenditure or loss deductible but not in regulatory profit / (loss) before tax		*	2.3.3(4)
Negative permanent differences			
Discretionary discounts and customer rebates			2.3.3(6)

* Provide descriptions and values for each item (further explanation can be provided in a separate note if necessary).

Tax Asset Value Information

(\$000)

Sum of regulatory tax asset values - disclosure year 2010			2.3.9
Weighted average remaining useful life of relevant assets			defined

SCHEDULE C: INFORMATION REQUIREMENTS FOR ENGINEER'S REPORT

1. The report must be completed by an 'engineer' as defined in clause 1.1.4 of the *Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010* ('EDB IMs') in respect of the 'asset adjustment process' for setting the initial regulatory asset base for an EDB as set out in clause 2.2.1 of the EDB IMs.
2. The report must:
 - (a) be in writing and be accessible in electronic (PDF file-type) format;
 - (b) include a copy of the written instructions provided to the engineer by the EDB, including any subsequent variations or modifications;
 - (c) include a table corresponding to Schedule A4 of the Draft Information Disclosure Notice Templates summarising the asset adjustments;
 - (d) provide the minimum information for each category of asset adjustment outlined in Table 1 below, together with such additional information sufficient to allow a reader of the report:
 - (i) to understand the data, information, calculations and assumptions employed in respect of each category of asset adjustment;
 - (ii) to understand the extent to which professional judgement was exercised by the engineer and the effect of that judgement in deriving the resultant asset values; and
 - (iii) to verify the arithmetical accuracy of the asset adjustment calculations.
 - (e) include a signed statement by the engineer that:
 - (i) the ODV rules have been properly applied for assets which had not had an ODV valuation calculated originally;
 - (ii) where values under Generally Accepted Accounting Practice have been relied on, those values have been supplied or reviewed by an appropriately qualified party (e.g. accounting practitioner); and
 - (iii) the report meets the requirements of this Schedule C.

Table 1: Minimum Information Requirements for Adjustments to Assets

Category of adjustment	EDB IM cl. ref	Designated asset type	Minimum information requirements
Include load control relay	2.2.1(2)(a)	Included	<ul style="list-style-type: none"> ▪ Number and description of load control relays ▪ Relevant depreciated historic cost of each asset or where sufficient records do not exist to establish this cost, their depreciated carrying value in the general purpose financial statements of the EDB
Correct asset register errors	2.2.1(2)(b)	Included	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) ▪ ODV value of the asset (or sum value of each similar asset type) as of the day the asset was first commissioned after the disclosure year 2004, or the value that would have resulted from applying the Electricity Information Disclosure Requirements 2004 if an ODV value is not applicable ▪ Unallocated depreciation amounts for each asset (or sum value of each similar asset type) to 31 March 2009 ▪ Revaluation amounts for each asset (or sum value of each similar asset type) applying changes in CPI to 31 March 2009, including the cumulative change in CPI to 31 March 2009 ▪ Resultant 'included value' for each asset (or sum value of each similar asset type)
		Excluded	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) ▪ Value of each asset (or asset type where assets are substantially similar) in the 2009 Disclosure Reports had no allocation of asset value pursuant to regulatory disclosures been undertaken.

Category of adjustment	EDB IM cl. ref	Designated asset type	Minimum information requirements
		Value modified	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) and type of error (incorrect asset category, incorrect estimation of quantity, age, category or location now known to be incorrect) ▪ Value of each asset (or asset type where assets are substantially similar) in the 2009 Disclosure Reports had no allocation of asset value pursuant to regulatory disclosures been undertaken ▪ Calculation of relevant adjustment to value in order to correct for the error ▪ Unallocated depreciation amounts for each asset (or sum value of each similar asset type) to 31 March 2009 ▪ Revaluation amounts for each asset (or sum value of each similar asset type) applying changes in CPI to 31 March 2009, including the cumulative change in CPI to 31 March 2009 ▪ Resultant 'modified value' for each asset (or sum value of each similar asset type)

Category of adjustment	EDB IM cl. ref	Designated asset type	Minimum information requirements
Re-apply existing multiplier	2.2.1(2)(c)	Value modified	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) and value in the 2009 Disclosure Reports had no allocation of asset value pursuant to regulatory disclosures been undertaken ▪ ODV valuation for each asset (or asset type where assets are substantially similar) and multiplier originally applied ▪ Description of the more accurate information relating to the application of a multiplier, including supporting facts, data, calculations and assumptions where relevant ▪ Calculation of relevant modification to ODV valuation in order to be consistent with the more accurate information ▪ Unallocated depreciation amounts for each asset (or sum value of each similar asset type) to 31 March 2009 ▪ Revaluation amounts for each asset (or sum value of each similar asset type) applying changes in CPI to 31 March 2009, including the cumulative change in CPI to 31 March 2009 ▪ Resultant 'modified value' for each asset (or sum value of each similar asset type)

Category of adjustment	EDB IM cl. ref	Designated asset type	Minimum information requirements
Re-apply a modified multiplier	2.2.1(2)(d)	Value modified	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) and value in the 2009 Disclosure Reports had no allocation of asset value pursuant to regulatory disclosures been undertaken ▪ ODV valuation for each asset (or asset type where assets are substantially similar) and multiplier originally applied ▪ Specification of the alternative multiplier (rugged terrain, business district, rocky ground) and the reason for selecting the value of the multiplier within the range specified in clause 2.2.1(2)(d) of the EDB IMs ▪ Details of supporting facts, data, calculations and assumptions where relevant to support the reason ▪ Calculation of relevant modification to ODV valuation in order to be consistent with the modified multiplier ▪ Unallocated depreciation amounts for each asset (or sum value of each similar asset type) to 31 March 2009 ▪ Revaluation amounts for each asset (or sum value of each similar asset type) applying changes in CPI to 31 March 2009, including the cumulative change in CPI to 31 March 2009 ▪ Resultant 'modified value' for each asset (or sum value of each similar asset type)

Category of adjustment	EDB IM cl. ref	Designated asset type	Minimum information requirements
Re-apply optimisation or economic value test	2.2.1(2)(e)	Included	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) ▪ Value of each asset (or asset type where assets are substantially similar) in the 2009 Disclosure Reports had no allocation of asset value pursuant to regulatory disclosures been undertaken ▪ Value of each asset (or asset type where assets are substantially similar) in the ODV Valuation had the assets not been- <ul style="list-style-type: none"> – optimised in accordance with paragraphs 2.18 – 2.47 and Appendix B of the ODV Handbook; or – subject to the economic value test in accordance with paragraphs 2.59 – 2.65 of the ODV Handbook ▪ Value of each asset (or asset type where assets are substantially similar) after reapplying the optimisation or economic value test in light of more up-to-date information that has subsequently become available ▪ Details of supporting facts, data, calculations and assumptions where relevant to support the reapplication of the optimisation or economic value test ▪ Unallocated depreciation amounts for each asset (or sum value of each similar asset type) to 31 March 2009 ▪ Revaluation amounts for each asset (or sum value of each similar asset type) applying changes in CPI to 31 March 2009, including the cumulative change in CPI to 31 March 2009 ▪ Resultant 'included value' for each asset (or sum value of each similar asset type)
		Excluded	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) ▪ Value of each asset (or asset type where assets are substantially similar) in the 2009 Disclosure Reports had no allocation of asset value pursuant to regulatory disclosures been undertaken

Category of adjustment	EDB IM cl. ref	Designated asset type	Minimum information requirements
		Value modified	<ul style="list-style-type: none"> ▪ Description of each asset (or asset type where assets are substantially similar) ▪ Value of each asset (or asset type where assets are substantially similar) in the 2009 Disclosure Reports had no allocation of asset value pursuant to regulatory disclosures been undertaken ▪ Value of each asset (or asset type where assets are substantially similar) in the ODV valuation ▪ Value of each asset (or asset type where assets are substantially similar) had the assets not been- <ul style="list-style-type: none"> – optimised in accordance with paragraphs 2.18 – 2.47 and Appendix B of the ODV Handbook; or – subject to the economic value test in accordance with paragraphs 2.59 – 2.65 of the ODV Handbook ▪ Value of each asset (or asset type where assets are substantially similar) after reapplying the optimisation or economic value test in light of more up-to-date information that has subsequently become available ▪ Details of supporting facts, data, calculations and assumptions where relevant to support the reapplication of the optimisation or economic value test ▪ Unallocated depreciation amounts for each asset (or sum value of each similar asset type) to 31 March 2009 ▪ Revaluation amounts for each asset (or sum value of each similar asset type) applying changes in CPI to 31 March 2009, including the cumulative change in CPI to 31 March 2009 ▪ Resultant 'modified value' for each asset (or sum value of each similar asset type)

SCHEDULE D: FORM OF DIRECTORS' CERTIFICATE

We, *[insert full name of first director]* and *[insert full name of second director]*, being directors of qq Limited (zz) certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Schedule A **[and Schedule B]* complies with the Commission's requirements in respect of the request for information, which was issued by notice in writing to zz under section 53ZD of the Commerce Act 1986 on *[insert date]* **[except in the following respects: *[insert description of non-compliance]*]*

**[In respect of the arms' length deduction applied for the purpose of completing Schedules A2 / A5 *[delete as appropriate]*, we certify that, having made all reasonable enquiry, our belief is that it was appropriate to make those deductions].*

**[In respect of the optional variation to accounting-based allocation approach applied for the purpose of completing Schedules A2 / A5 *[delete as appropriate]*, we certify that, having made all reasonable enquiry, our belief is that:*

- (a) the following unregulated services would be unduly deterred had adjustments to allocations of regulated service asset values (in accordance with clause 2.1.5 of the input methodologies applying to EDBs) not been made: *[list relevant unregulated services]*; and*
- (b) the following unregulated services would be unduly deterred had adjustments to allocations of operating costs (in accordance with clause 2.1.5 of the input methodologies applying to EDBs) not been made: *[list relevant unregulated services].**

[Signatures of directors]

[Date]

**Delete if inapplicable.*

SCHEDULE E: FORM OF INDEPENDENT ASSURANCE REPORT

To the Commissioners of the New Zealand Commerce Commission:

We have been engaged to provide an independent assurance report on the:

- Schedule of Required Information (Schedules A to A6); and
- *[Schedule of Required Information (Schedule B)]

prepared by qq Limited (zz) in accordance with the Commerce Commission's requirements issued by notice in writing to Zz under section 53ZD of the Commerce Act 1986 on [insert date] (the Notice).

*Delete if inapplicable.

Directors' and Auditors' Responsibilities

Zz's directors are responsible for ensuring that the information provided is prepared in accordance with the Notice and for such internal controls as the directors determine are necessary to ensure the information provided is free from material misstatement.

We are qualified as an auditor as defined in the Notice. Our responsibility is to express an independent opinion on whether the information prepared by Zz has been calculated in accordance with the Notice.

Basis of Opinion

We conducted an assurance engagement in accordance with the Framework for Assurance Engagements and the International Standard on Assurance Engagements (New Zealand) 3000 (ISAE (NZ) 3000) issued by the New Zealand Institute of Chartered Accountants.

The objectives of an assurance engagement carried out under ISAE (NZ) 3000 are to:

- a. obtain assurance about whether, in all material respects, an entity has complied with requirements contained in legislation, regulation, agreements, contracts or similar, or internally imposed standards, codes or practices; and
- b. express a conclusion on that compliance in the form of an opinion.

The professional standards require that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance about whether the information as provided is free from material misstatement.

Considering materiality requires that we understand the factors that might influence the decisions of the intended users of the information in Schedules A and B when determining the nature and extent of our evidence-gathering procedures.

Our assurance engagement involves performing procedures to obtain appropriate evidence in respect of the information in Schedules A and B and the overall compliance with the Notice. The procedures selected depend on judgement, including the assessment of the risks of material

misstatement, whether due to fraud, error or other reasons. In evaluating those risks we consider the internal controls that are relevant to Zz's provision of the information in Schedules A and B in order to design assurance procedures that are appropriate in the circumstances. We do not express an opinion on the effectiveness of Zz's internal controls.

In relation to the Notice, our assurance procedures included examination, on a test basis, of evidence relevant to each item of information in Schedules A and B. Specifically, our assurance procedures included examining, on a test basis, evidence to support the information in Schedules A and B, examination of internally and externally generated documents and records relevant to the information, interviewing selected personnel, and such other procedures as we considered necessary.

These procedures included:

- a. reviewing the methodologies used in preparing the information in Schedules A and B and confirming that they are in accordance with the methodologies set out in the Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010 (IM determination) and the requirements set out in the Notice, and providing assurance that the underlying assumptions used are reasonable;
- b. testing whether the calculations are mathematically correct;
- c. identifying key inputs to the information in Schedules A and B and reconciling or agreeing them to source documents and systems.

In performing the procedures noted above, we have placed reliance on zz's underlying systems and business records from which inputs were sourced for the preparation of the information in Schedules A and B.

Opinion

In our opinion:

- (1) the recorded evidence and explanations we have obtained are sufficient and appropriate to provide a basis for our independent opinion on zz's compliance with the Notice;
- (2) where relevant, the information used in the preparation of the information in Schedules A and B has been properly extracted from zz's accounting records, sourced from its financial systems;
- (3) where relevant, the information in Schedules A and B and its inputs have been prepared consistent with the principles of Generally Accepted Accounting Practice (GAAP); and
- (4) the information in Schedules A and B has been calculated by zz in all material respects, in accordance with the Notice.

***[Qualification on Opinion]**

*[Our opinion is qualified as follows:]

*[Insert the nature of and reason(s) for the qualification together with the estimated impact on the information provided in Schedules A and B.]

Our assurance engagement was completed on [insert date] and our opinion is expressed as at that date.

[Signature of auditor]

[Name of auditor]

[Name of firm]

[Address of firm]

[Date]

*Delete if inapplicable.

Independence

We have no relationship with, or interests in zz other than [insert relationship and/or interests including a statement verifying that no conflict of interest exists].