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Public version

Electricity Distribution Services Input Methodologies Determination

This consolidated determination consolidates the principal determination and all applicable amendments as of 1 September 2026.

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Commerce Commission

Wellington, New Zealand

Status of this consolidated input methodologies determination

- We provide consolidated versions of the Commission's determinations for your reference and convenience. Consolidations are not the official versions. Official versions of Commission documents have a decision number and are signed by a member of the Commission.
- The official version of the principal determination and the amendments incorporated into this consolidated version are available on the Commission's website:
<https://comcom.govt.nz/regulated-industries/input-methodologies/input-methodologies-for-electricity-gas-and-airports>
- The official versions of the input methodologies determinations are also available for inspection at the Commission's office at level 9, 44 The Terrace, Wellington, and printed copies may be purchased at a reasonable price.
- This consolidated determination includes the input methodologies that apply for information disclosure regulation.

Determination history		
Determination date	Decision number	Determination name
28 September 2012	[2012] NZCC 26	Electricity Distribution Services Input Methodologies Determination 2012 ('principal determination')*
15 November 2012	[2012] NZCC 34	Electricity and Gas Input Methodologies Determination Amendments (No. 2) 2012
26 September 2014	[2014] NZCC 24	Electricity Lines Services Input Methodologies Determination Amendment 2014
29 October 2014	[2014] NZCC 27	Electricity Lines Services and Gas Pipeline Services Input Methodologies Determination Amendment (WACC percentile for price-quality regulation) 2014
14 November 2014	n/a	Determination of Input Methodologies by the High Court in <i>Wellington International Airports Ltd and others v Commerce Commission</i> [2013] NZHC 3289 (11 December 2013)
27 November 2014	[2014] NZCC 31	Electricity Distribution Input Methodology Amendments Determination 2014
27 November 2014	[2014] NZCC 32	Incremental Rolling Incentive Scheme Input Methodology Amendments Determination 2014
11 December 2014	[2014] NZCC 38	Electricity Lines Services and Gas Pipeline Services Input Methodologies Determination Amendment (WACC percentile for information disclosure regulation) 2014
12 November 2015	[2015] NZCC 28	Electricity and Gas (Customised Paths) Input Methodology Amendments Determination 2015
25 November 2015	[2015] NZCC 32	Electricity Distribution Services (Incremental Rolling Incentive Scheme) Input Methodologies Amendments Determination 2015
20 December 2016	[2016] NZCC 24	Electricity Distribution Services Input Methodologies Amendments Determination 2016
21 December 2017	[2017] NZCC 30	Electricity Distribution Services Input Methodologies Amendments Determination 2017
8 November 2018	[2018] NZCC 19	Electricity Distribution Services Input Methodologies (Accelerated Depreciation) Amendments Determination 2018
13 November 2019	[2019] NZCC 18	Electricity Distribution Services Input Methodologies Amendments Determination 2019

26 November 2019	[2019] NZCC 20	Electricity Distribution Services Input Methodologies Amendments Determination (No. 2) 2019
30 March 2020	[2020] NZCC 2	Electricity Distribution Services Input Methodologies Amendments Determination 2020
13 December 2023	[2023] NZCC 35	Electricity Distribution Services Input Methodologies (IM Review 2023) Amendment Determination 2023
20 November 2024	[2024] NZCC 27	Electricity Distribution Services Input Methodologies (Wash-up Amounts) Amendment Determination 2024
11 December 2024	[2024] NZCC 36	Electricity Distribution Services Input Methodologies (treatment of insurance entitlements) Amendment Determination 2024
27 March 2025	[2025] NZCC 5	Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025
19 May 2026	[2026] NZCC 15	Electricity Distribution Services Input Methodologies (Accounting for Shifted Revenue) Amendment Determination 2026
1 September 2026	[2026] NZCC 32	Electricity Distribution Services Input Methodologies (Government Grants Related to Income) Amendment Determination 2026

* The principal determination re-determined the input methodologies contained in *Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010* (Commerce Commission Decision No. 710, 22 December 2010), as amended by the *Electricity and Gas Input Methodologies Determination Amendments (No. 1) 2012* [2012] NZCC 18 (29 June 2012). A complete history of determinations relevant to the input methodologies applicable to electricity distribution services is available on the Commission's website.

Electricity Distribution Services Input Methodologies Determination (consolidated as at 1 September 2026)

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Under section 52P of the Commerce Act 1986, the Commerce Commission makes the following determination:

PART 1 GENERAL PROVISIONS

1.1.1 Title

This determination is the Electricity Distribution Services Input Methodologies Determination 2012.

1.1.2 Application

- (1) The **input methodologies** in this determination apply to **electricity distribution services**.
- (2) The **input methodologies** relating to cost allocation in Part 2 Subpart 1, Part 5 Subpart 3 Section 2 and Part 5 Subpart 4 Section 4 also apply to any **other regulated service supplied** by an **EDB**, as provided by the provision in question.
- (3) The **input methodologies** in-
 - (a) Part 2 of this determination apply in relation to information disclosure regulation under Part 4 Subpart 4 of the **Act**;
 - (b) Part 3 of this determination apply to default/customised price-quality regulation under Part 4 Subpart 6 of the **Act**;
 - (c) Part 4 of this determination apply in relation to default price-quality paths under sections 53O and 53P of Part 4 Subpart 6 of the **Act**; and
 - (d) Part 5 of this determination apply in relation to customised price-quality paths under sections 53Q to 53ZA of Part 4 Subpart 4 of the **Act**.

1.1.3 Commencement

This determination comes into force on the day after the date on which notice of it is given in the New Zealand Gazette under s 52W of the **Act**.

1.1.4 Interpretation

- (1) In this determination-
 - (a) unless otherwise stated, references to-
 - (i) 'Sections' are to sections within the same subpart; and
 - (ii) 'Subparts' are to Subparts within the same part,in which the reference is made;
 - (b) unless stated otherwise, references to Parts, Subparts and Sections are to named and numbered parts, subparts and sections of the determination;
 - (c) unless the context otherwise requires, a word which denotes the singular also denotes the plural and vice versa;
 - (d) unless stated otherwise, any reference to an allowance, amount, cost, sum or value is a reference to an allowance, amount, cost, value or sum calculated in relation to an **EDB** in respect of a **disclosure year**;

- (e) unless stated otherwise, any reference to “includes” means “includes, but is not limited to”;
 - (f) examples in this determination are for guidance purposes only and do not form part of this determination; and
 - (g) materials incorporated by reference into this determination, including standards promulgated by other bodies, are incorporated in accordance with Schedule 5 of the **Act**.
- (2) In this determination, including in the schedules, the words or phrases in bold type bear the following meanings:

65th percentile estimate of WACC means, for the purpose of-

- (a) Part 2, the 65th percentile estimate of post-tax **WACC**, determined in accordance with clause 2.4.5(4); and
- (b) Part 4 and Part 5, the 65th percentile estimate of vanilla **WACC**, determined in accordance with clause 4.4.5(1);

2009 disclosed asset means an asset included by the **EDB** in question in the 'Total Regulatory Asset Base Value (Excluding FDC)' category for the **disclosure year** in the **2009 disclosure reports**;

2009 disclosure reports means the reports disclosed by the **EDB** in question in accordance with the Electricity Distribution (Information Disclosure) Requirements 2008 for the **disclosure year** 2009;

A

ABAA means accounting-based allocation approach, as described in, in the case of -

- (a) **operating costs**, clause 2.1.3(1); and
- (b) **regulated service asset values**, clause 2.1.3(2);

ACAM means avoidable cost allocation methodology, as described in clause 2.1.5;

Act means the Commerce Act 1986;

actual allowable revenue has the meaning specified in clause 3.1.4(4);

actual opex	has the meaning specified in clause 3.3.3(8);
actual revenue	has the meaning specified in clause 3.1.4(9);
additional assets	means assets of an EDB which are not existing assets and are forecast to be commissioned ;
additional CPP assets	means assets of an EDB which, for the purpose of a CPP proposal , are forecast to be commissioned within the assessment period or the CPP regulatory period ;
additional net costs	in relation to a reopener event allowance or an urgent project allowance, include, for the avoidance of doubt and without limitation, costs of 1 or more of the following types: (a) capital costs; (b) opex; (c) tax; (d) a negative opex incentive amount after offsetting any positive opex incentive amount or positive retention adjustment; (e) a negative retention adjustment after offsetting any positive opex incentive amount (unless that amount is netted off under paragraph (d)); or (f) any other type of cost determined by the Commission, adjusted to offset any benefits of any insurance entitlements, third-party liability entitlements, compensatory entitlements, or any other amounts determined by the Commission;
adjusted depreciation	means total depreciation for all assets calculated as if no amount of revaluation had been included in the calculation of any opening RAB value following the determination of the initial RAB, where: (a) any remaining asset lives used in calculating 'adjusted depreciation' for

	the purposes of Part 2 and Part 5 must be consistent with the remaining asset lives used for calculating total depreciation ; and
	(b) any remaining asset lives for existing assets used in calculating 'adjusted depreciation' must be consistent with the remaining asset lives for existing assets used for calculating total depreciation ;
adjusted tax value	has the same meaning as in the tax rules ;
adjustment to the opex incentive	means the amount calculated in accordance with clause 3.3.4;
aggregate closing RAB value for additional assets	means the amount determined in accordance with clause 4.2.1(5);
aggregate closing RAB value for existing assets	means the amount determined in accordance with clause 4.2.1(3);
aggregate opening RAB value for additional assets	means the amount determined in accordance with clause 4.2.1(4);
aggregate opening RAB value for existing assets	means the amount determined in accordance with clause 4.2.1(2);
allocator metric	means the value in units (e.g., number of employees or kilometres of cable) for each cost allocator or asset allocator used to calculate the proportion of operating costs or regulated service asset values to be allocated to each of- (a) electricity distribution services, (b) where applicable, each other regulated service; and where applicable, each unregulated service ;
allocator type	means the basis for the attribution or allocation of an operating cost or regulated service asset value to electricity distribution services and other regulated services ,

	namely, ' directly attributable ', ' causal ' or ' proxy ';
allowable revenue before tax	means allowable revenue before tax as determined by the Commission ;
alternative depreciation method	means a depreciation method which is not the standard depreciation method ;
amalgamate	means amalgamate in accordance with Part 13 of the Companies Act 1993 and amalgamation is to be construed accordingly;
amortisation of initial differences in asset values	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.5; (b) Part 4, clause 4.3.3(3); and (c) Part 5, clause 5.3.17;
amortisation of revaluations	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.6; (b) Part 4, clause 4.3.3(5); and (c) Part 5, clause 5.3.18;
amount carried forward	means, for any given disclosure year , the amount determined in accordance with clause 3.3.3;
arm's-length deduction	means in respect of- (a) operating costs not directly attributable, an amount of operating costs incurred by an EDB in the supply of unregulated services that have been recouped in an arm's-length transaction; and (b) regulated service asset values not directly attributable, the amount of regulated service asset values in respect of assets used by an EDB in the supply of unregulated services for which a recoupment of capital costs

	has been made by the EDB in an arm's-length transaction ,
	in respect of which the EDB wishes account to be taken for cost allocation purposes;
arm's-length transaction	means a transaction conducted on such terms and conditions as between a willing buyer and a willing seller who are unrelated and are acting independently of each other and pursuing their own best interests;
assessment period	means the period between the end of the most recent disclosure year prior to submission of the CPP application in question and the EDB's anticipated commencement date of the CPP , assuming that- (a) the CPP application is neither discontinued in accordance with s 53S of the Act nor deferred in accordance with s 53Z of the Act; and (b) reasonable time is allotted for the Commission to undertake its assessment of the CPP application in accordance with ss 53S, 53T and 53U of the Act;
asset adjustment process	has the meaning specified in clause 2.2.1;
asset allocator	means a ratio used to allocate regulated service asset values that are not directly attributable and whose quantum is- (a) based on a causal relationship; or (b) equal to a proxy asset allocator;
asset category	means any asset type described in <i>Table A.2: Asset lives for CPP commissioned assets</i> of Schedule A;
asset life	means a finite period in respect of an asset, being- (a) its physical asset life; or

	(b) where an alternative asset life to the physical asset life is sought for the purpose of a CPP pursuant to clause 5.4.12(3)(d), the alternative asset life determined pursuant to clause 5.3.8;
asset life for CPP commissioned assets	means the lives specified in <i>Table A.2: Asset lives for CPP commissioned assets</i> of Schedule A;
asset replacement and renewal capex or asset replacement and renewal opex	means capex or opex 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 to replace or renew assets incurred as a result of- (a) the progressive physical deterioration of the condition of network assets or their immediate surrounds; (b) the network assets becoming obsolete; (c) preventative replacement programmes, consistent with asset lifecycle management policies; or (d) the need to ensure the ongoing physical security of the network assets;
asset relocation capex	means capex on assets involving the relocation of those assets at the request of a relocation party , including, but not limited to, relocation for the purpose of allowing road widening or undergrounding of previously above ground assets;
auditor	means- (a) where the EDB is a public entity (as defined in s 4 of the Public Audit Act 2001), the Auditor-General; or (b) a person who- (i) is qualified for appointment as auditor of a company under the Companies Act 1993;

(ii) is **independent**; and

where the **EDB** is a **CPP applicant**-

(iii) is not a **verifier** of the **EDB's CPP proposal**;

(iv) has not assisted with the compilation of the information in that proposal;

(v) has not provided opinions or advice (other than in relation to audit reports) on the methodologies or processes used or to be used in compiling the information in the proposal; and

(vi) is neither professionally associated with nor directed by any **person** who has provided such assistance, opinions or advice;

Aurora CPP determination

means the *Aurora Energy Limited Electricity Distribution Customised Price-Quality Path Determination 2021* [2021] NZCC 3;

average debt premium

has the meaning specified in, and is the amount determined in accordance with-

(a) Part 2, clause 2.4.4(2); and

(b) Part 4, clause 4.4.4(2);

B

base year

means the **disclosure year** selected by the **Commission**;

building blocks allowable revenue after tax

means the amount determined in accordance with clause 5.3.3;

building blocks allowable revenue before tax

means the amount determined in accordance with clause 5.3.2;

business

has the same meaning as defined in s 2 of the **Act**;

business day	means any day on which statistics relating to trading in New Zealand government bonds are published by a financial information service such as Bloomberg or Reuters;
C	
capex	means capital expenditure ;
capex forecast	means the part of the CPP proposal , provided pursuant to clause 5.4.29, that forecasts capex for the next period ;
capex incentive amount	means the amount determined in accordance with clause 3.3.10(2);
capital contributions	means- (a) money or the monetary value of other consideration that is charged to or received from (or, in Part 5 only, that is forecast to be charged to or received from) consumers or other parties for the purposes of asset construction, acquisition or enhancement; but (b) excludes any contribution of a type described in paragraph (a) that is charged or received (or, in Part 5 only, that is forecast to be charged or received) under a large connection contract;
capital costs	means either or both the return on or return of regulated service asset values ;
capital expenditure	means costs, for the purposes of- (a) Part 2- (i) incurred in the acquisition or development of an asset that is, or is intended to be, commissioned; and (ii) that are or are intended to be included in the value of commissioned asset; and

- (b) Part 4-
 - (i) forecast to be incurred in the acquisition or development of an **additional asset**; and
 - (ii) that are included in the **forecast aggregate value of commissioned asset**, but only to the extent that the costs are forecast to be included in an **aggregate closing RAB value for additional assets**; and
- (c) Part 5-
 - (i) incurred or forecast to be incurred in the acquisition or development of an asset that is, or is intended to be, **commissioned**; and
 - (ii) that are included or are intended to be included in the **value of commissioned asset or forecast value of commissioned asset**, as the case may be, but only to the extent that the costs are included or are intended to be included in a **closing RAB value**;

catastrophic event

has,—

- (a) for the purposes of Part 4, the meaning specified in clause 4.5.4; and
- (b) for the purposes of Part 5, the meaning specified clause 5.6.4;

causal relationship

means, in relation to-

- (a) **operating costs**, a circumstance in which a cost driver leads to an **operating cost** being incurred during the 18-month period terminating on the last day of the **disclosure year** in

	respect of which the cost allocation is carried out; and
	(b) regulated service asset values , a circumstance in which a factor influences the utilisation of an asset during the 18-month period terminating on the last day of the disclosure year in respect of which the asset allocation is carried out;
change event	has,— (a) for the purposes of Part 4, the meaning specified in clause 4.5.5; and (b) for the purposes of Part 5, the meaning specified in clause 5.6.5;
closing RAB value	means the value determined in accordance with, for the purpose of- (a) Part 2, clause 2.2.4(4); and (b) Part 5, clause 5.3.6(3);
closing tax losses	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.2(4); (b) Part 4, clause 4.3.2(3); and (c) Part 5, clause 5.3.14(5)
closing works under construction	means the amount determined in accordance with clause 5.3.12(3);
Commission	has the same meaning as defined in s 2 of the Act ;
commissioned	means used by an EDB to provide electricity distribution services and commission shall be construed accordingly;
commissioning date	means the date that an asset is or is forecast to be first commissioned , as the case may be;
committed	in respect of a project or programme , means all approvals internal and external to the EDB

	that are required in order for work on the project to commence have been received;
compensatory entitlement	means, for the purposes of– (a) Part 2, money or the monetary value of other consideration relating to an event, other than an insurance entitlement or capital contribution, that is received or receivable from consumers or other parties, for any of the following purposes: (i) restoring damaged assets to the same operating condition and location as prior to the event; (ii) relocating assets if required; and (iii) compensating for damaged or destroyed assets; (b) Parts 4 and 5, money or the monetary value of other consideration relating to an event, other than an insurance entitlement or capital contribution, that is received or receivable from, or forecast to be received or receivable from, consumers or other parties, for any of the following purposes: (i) restoring damaged assets to the same operating condition and location as prior to the event; (ii) relocating assets if required; and (iii) compensating for damaged or destroyed assets;
compulsory revenue foregone	has the meaning specified in clause 3.1.4(8);
connecting party	means a party that has requested electricity distribution services that would require connection capex or system growth capex being incurred in order to supply such services;

connection capex	means capex on assets to establish a new, or alter an existing, connection point or other connection point at the request of a connecting party , and includes capex relating to- (a) parts of the network for which the capex is recoverable in total, or in part, by a capital contribution from the connecting party requesting the new or altered connection point; and (b) electricity injection and offtake connection points;
connection point	see the definition of ICP ;
consequential capex	means capex that is incurred in connection with an opex project or programme and would not otherwise be incurred but for that project or programme ;
consequential opex	means opex that is incurred in connection with a capex project or programme and would not otherwise be incurred but for that project or programme ;
consumer	has the same meaning as defined in s 2(1) of the Electricity Act 1992;
consumer-owned	has the same meaning as defined in s 54D of the Act ;
contingent project	has the meaning specified in clause 5.6.10;
corporate tax rate	means the rate of income taxation applying to companies as specified in the tax rules ;
cost allocator	means a ratio used to allocate operating costs that are not directly attributable , and whose quantum is- (a) based on a causal relationship; or (b) equal to a proxy cost allocator;
cost of debt	means the amount specified for r_d in, for the purpose of- (a) Part 2, clause 2.4.1(3); and

	(b) Parts 3, 4, and 5, clause 4.4.1(3);
CPI	means- (a) subject to paragraph (b), the consumer price index stipulated for each quarter in the 'All Groups Index SE9A' as published by Statistics New Zealand; and (b) in respect of quarters prior to any quarter in which the rate of GST is amended after this determination comes into force, the same index as described in paragraph (a), multiplied by the Reserve Bank of New Zealand's forecast change in that index (expressed as a decimal) arising from the amendment;
CPP	means customised price-quality path;
CPP applicant	means an EDB who- (a) is preparing a CPP proposal; or (b) has made a CPP proposal that has not been determined;
CPP application	has the meaning specified in clause 5.1.1(2);
CPP determination	means a determination of a CPP in relation to electricity distribution services made by the Commission under s 52P of the Act ;
CPP inflation rate	has the meaning specified in clause 5.3.4(9);
CPP proposal	means a proposal made by an EDB to the Commission for a CPP comprising the information specified in Part 5 Subpart 4;
CPP regulatory period	means- (a) in relation to a CPP proposal, the 5 disclosure years following the assessment period; and (b) in relation to a particular CPP, the period to which the relevant CPP determination relates;

current period	means the 5 disclosure years preceding the disclosure year in which the CPP application is submitted;
customer interruption minutes	means the sum of the total duration in minutes accumulated for each ICP for each interruption ;
cybersecurity	means the application of technologies, processes, and controls to protect systems, networks, programmes, devices, and data;
D	
debt issuance costs	means costs associated with the issuance of debt by a supplier (including, but not limited to, arrangement fees, legal fees, brokerage, advertising, credit rating fees, registry costs, listing fees, syndicate fees, trustee fees, facility fees, line fees, roadshow and marketing costs, paying agency fees and any fee or premium incurred in entering into an interest rate or cross-currency derivative);
debt premium	for the purpose of Part 2 or Part 4, has the meaning specified in, and is the amount determined in accordance with, clause 2.4.4(4);
debt premium reference year	means a 12-month period ending on 31 August; <i>Example: 'debt premium reference year 2016' means the 12-month period ending 31 August 2016;</i>
demand group	means a pricing category (irrespective of the pricing methodology used) that has a discrete rate of growth in the demand for electricity distribution services over the CPP regulatory period ; <i>Examples: industrial consumers, commercial consumers, residential consumers, non-standard consumer groups, irrigation connections, large</i>

capacity connections, or a combination or sub-group of each of these;

depreciation

means an allowance to account for the diminution in an asset's remaining service life potential in the **disclosure year** in question with respect to its **opening RAB value**, or, for the purpose of Part 4, its **aggregate opening RAB value for existing assets** and **aggregate opening RAB value for additional assets**, and the amount of such allowance is determined in accordance with, for the purpose of-

- (a) Part 2, clause 2.2.5(2);
- (b) Part 4, clause 4.2.2(2); and
- (c) Part 5, clause 5.3.7(2);

depreciation temporary differences

has the meaning specified, for the purpose of-

- (a) Part 2, clause 2.3.8(2);
- (b) Part 4, clause 4.3.5; and
- (c) Part 5, clause 5.3.20(2);

designated individual

means an individual who is-

- (a) **independent**; and
- (b) engaged or instructed by a **person** falling within paragraph (a) of the definition of verifier to verify (in accordance with Schedule G) part or all of the **CPP proposal** which that **person** is engaged to verify;

directly attributable

means, in relation to-

- (a) **operating costs**, wholly and solely incurred by the **EDB** in or in relation to its **supply** of one **regulated service**; and
- (b) **regulated service asset values**, wholly and solely related to an asset used by the **EDB** in or in relation to its **supply** of one **regulated service**;

director	means, in the case of an EDB that is - (a) a company (as 'company' is defined in s 2 of the Companies Act 1993), an individual occupying the position of director of the EDB, by whatever name that position is called; (b) a partnership (other than a special partnership), a partner; (c) a special partnership, a general partner; and (d) any other body corporate or unincorporated body, an individual occupying a position in the body that is comparable with that of director of a company;
disclosure year	means a 12-month period ending on the date specified in an ID determination as the last date in the period to which annual disclosure relates; <i>Example: 'Disclosure year 2017' means the 12-month period ending on 31 March 2017.</i>
discretionary discounts and customer rebates	has the meaning specified in clause 2.3.3(6);
disposed asset	means, for the purpose of- (a) Part 2, an asset that, in the disclosure year in question, has been sold or transferred, or has been irrecoverably removed from the EDB's possession without consent but is not a lost asset; and (b) Parts 3, 4 and 5, an asset that, in relation to a disclosure year, is- (i) sold or transferred but is not a lost asset; or (ii) forecast to be sold or transferred;

document	has the same meaning as defined in s 2 of the Act ;
DPP	means default price-quality path;
DPP determination	means a DPP determination in relation to electricity distribution services made by the Commission under s 52P of the Act ;
DPP regulatory period	means the period to which the relevant DPP determination relates;
DPP3 determination	means the <i>Electricity Distribution Services Default Price-Quality Path Determination 2020</i> [2019] NZCC 21;
E	
easement	means a right to use but not possess land belonging to another person or a right to prevent certain uses of another person's land ;
easement land	means land acquired with the intention of- (a) creating an easement in respect of it; and (b) disposing of the land thereafter;
EDB	means a supplier of electricity distribution services ;
electricity distribution services	means all electricity lines services , other than those supplied by Transpower or any subsidiary of, or successor to Transpower ;
Electricity Information Disclosure Requirements 2004	means the Electricity Information Disclosure Requirements 2004 as were originally published by the Commission on 31 March 2004 and consolidating all amendments to 7 May 2004;
electricity lines services	has the same meaning as defined in s 54C of the Act ;
electricity retailer	means a person who supplies electricity to another person(s) for any purpose other than for re-supply by the other person(s) ;

embedded network	has the meaning given in Part 1 of the Electricity Industry Participation Code 2010;
engineer	means an individual who is- (a) a chartered professional engineer as defined in s 6 of the Chartered Professional Engineers of New Zealand Act 2002; (b) acting in that professional capacity; and (c) independent;
error event	has,- (a) for the purposes of Part 4, the meaning specified in clause 4.5.6; and (b) for the purposes of Part 5, the meaning specified in clause 5.6.7;
excluded asset	means an asset that is- (a) not used to supply electricity distribution services as on the last day of the disclosure year 2009; (b) designated as 'excluded' type as a result of the asset adjustment process; or (c) easement land;
existing assets	means assets of an EDB for which an aggregate closing RAB value for existing assets is calculated for the base year ;
existing CPP assets	means assets of an EDB included in the closing RAB value of the last year of the current period ;
expenditure objective	means the objective that capex and opex reflect the efficient costs that a prudent non-exempt EDB would require to- (a) meet or manage the expected demand for electricity distribution services, at appropriate service standards, during the DPP regulatory period or CPP

	regulatory period and over the longer term; and (b) comply with applicable regulatory obligations associated with those electricity distribution services;
extended reserves allowance	means an amount determined by the Commission as a positive allowance for costs incurred and amounts payable, or a negative allowance for amounts receivable, in accordance with requirements in the Electricity Industry Participation Code 2010 relating to extended reserves made under the Electricity Industry Act 2010;
F	
false or misleading information	has,- (a) for the purposes of Part 4, the meaning specified in clause 4.5.7; and (b) for the purposes of Part 5, the meaning specified in clause 5.6.8;
finance lease	has the same meaning as under GAAP ;
fixed life easement	means an easement that- (a) is of fixed duration; or (b) whilst of indefinite duration, is to be held for a fixed period;
flexibility	means the ability to modify energy generation injection or consumption patterns (or both);
forecast aggregate value of commissioned asset	means the amount determined in accordance with clause 4.2.5(1);
forecast aggregate value of disposed assets	means the amount determined in accordance with clause 4.2.6;
forecast allowable revenue	means the amount determined in accordance with clause 3.1.1(3);
forecast CPI	means, for the purposes of Part 3 and Part 5, the value specified in clause 3.1.1(6);

forecast CPI for CPP revaluation	means the value specified in accordance with clause 5.3.10(5);
forecast CPI for DPP revaluation	means the value specified in accordance with clause 4.2.3(4);
forecast net allowable revenue	means a value specified in clause 3.1.1(4) or 3.1.1(5), as applicable;
forecast operating expenditure	has the meaning specified in clause 5.3.2(6);
forecast opex	has the meaning specified in clause 3.3.3(7);
forecast regulatory tax allowance	has the meaning specified in clause 5.3.13;
forecast revenue from prices	means an amount specified in clause 3.1.1(2);
forecast value of commissioned asset	means the value determined in accordance with clause 5.3.11;
foreseeable large project	has the meaning specified in clause 4.5.10;
found asset	has the meaning specified in clause 2.2.12(1);

G

GAAP	means generally accepted accounting practice in New Zealand, save that, where the cost of an asset is being determined in accordance with this determination, only the cost model of recognition is applied insofar as an election may be made between the cost model of recognition and the fair value model of recognition;
government grant related to income	has the same meaning as 'grants related to income' under GAAP , except to the extent such a grant relates to expenditure that has been explicitly or implicitly provided for in a DPP or CPP ;
GPB	means GDB (as 'GDB' is defined in the Gas Distribution Input Methodologies Determination 2012) or GTB (as 'GTB' is defined in the Gas Transmission Input Methodologies Determination 2012);
GST	has the same meaning as defined in s YA 1 of the Income Tax Act 2007;

H

highly probable

means one in respect of which the following conditions have been met at the time the **CPP application** is made:

- (a) the **directors** have approved a plan to sell either or both the **other regulated service** or **unregulated service**, as the case may be;
- (b) the **EDB** is taking active steps to-
 - (i) locate a buyer for the assets; and
 - (ii) complete the plan,referred to in paragraph (a);
- (c) the **EDB** is actively marketing the assets for sale at a price that is reasonable;
- (d) the **directors** expect the sale to complete within 12 months of the **CPP application** being made; and
- (e) actions to date do not contemplate that significant amendment to the plan may be made or that it will be withdrawn.

I

ICP (or connection point)

means a point of connection on a local **network** or **embedded network** which the **EDB** nominates as the point at which an **electricity retailer** will be deemed to supply electricity to a **consumer**;

ID determination

means an information disclosure determination in relation to an **EDB** made by the **Commission** under s 52P of the **Act**;

identifiable non-monetary asset

has the same meaning as under **GAAP** (which, for the avoidance of doubt, includes **right-of-use assets** and excludes goodwill);

identified programme	means a project or programme that an EDB intends to undertake during the next period and which is selected by the verifier for detailed assessment in accordance with clause G4(1);
incentive rate	means the incremental rate of change used to calculate the quality incentive adjustment , as specified in a DPP determination or CPP determination ;
included asset	means an asset which, as a result of the asset adjustment process , is designated as 'included';
included value	means value assigned to an included asset ;
independent	means neither in a relationship with, nor having an interest in, the EDB in question that is likely to involve him her or it in a conflict of interest between his, her or its duties to the EDB and his, her or its duties to the Commission ;
initial differences in asset values	has the meaning specified in, for the purpose of- (a) Part 2, clause 2.3.5(3); and (b) Part 5, clause 5.3.17(3);
initial RAB	has the meaning specified in clause 2.2.2;
initial RAB value	means value of an asset in the initial RAB determined in accordance with clause 2.2.3(4);
innovation and non-traditional solutions allowance	means, in respect of an EDB , an amount or amounts set by the Commission that the EDB may recover as a recoverable cost , for capex and opex , on any conditions specified by the Commission in a DPP determination or a CPP determination (for example, conditions relating to delivery of a project , the achievement of particular outcomes, and penalties and rewards);

input methodology

has the same meaning as defined in s 52C of the **Act**;

insurance entitlement

means, for the purposes of—

- (a) Part 2, money or the monetary value of other consideration relating to an event, that is received or receivable from a ‘licensed insurer’ as that term is defined in the Insurance (Prudential Supervision) Act 2010, in respect of a contract of insurance that insures against damaged or destroyed assets or **operating costs** arising from damaged or destroyed assets, excluding business interruption insurance or **third-party liability entitlements**; and
- (b) Parts 4 and 5, money or the monetary value of other consideration relating to an event that is received or receivable from, or forecast to be received or receivable from, a ‘licensed insurer’ as that term is defined in the Insurance (Prudential Supervision) Act 2010, in respect of a contract of insurance that insures against damaged or destroyed assets or **operating costs** arising from damaged or destroyed assets, excluding business interruption insurance or **third-party liability entitlements**;

interruption

means, in relation to the conveyance of electricity to a **consumer** by means of a **prescribed voltage electric line**, the cessation of conveyance of electricity to that **consumer** for a period of 1 minute or longer, or disconnection of that **consumer**, other than—

- (a) in accordance with any requirements in the Electricity Industry Participation

	Code 2010 relating to extended reserves; or
	(b) as a result of an automatic under voltage, under frequency, or rolling outage scheme or similar arrangement required as part of the system operator services or other instruction from an authorised regulator; or
	(c) for breach of the contract under which the electricity is conveyed; or
	(d) as a result of a request from the consumer ; or
	(e) as a result of a request by the consumer's electricity retailer; or
	(f) for the purpose of isolating an unsafe installation;
investment grade credit rated	means endorsed with a credit rating by an established credit rating agency (such as Standard and Poor's) of "investment grade" on that agency's credit rating scale applicable to long-term investments;
IRIS incentive adjustment	means the recoverable cost amount determined under clause 3.3.1(2);
L	
land	excludes easements ;
large connection contract	means a contract between an EDB and another person- (a) for the construction and operation of assets- (i) that enable the supply to the other person (and not to any other customer) of new electricity distribution services requiring the connection of new generation capacity or load that is at least 5MW;

- (ii) the costs of which are funded under the contract; and
 - (iii) in respect of which expenditure is not explicitly or implicitly provided for in the **DPP** or **CPP**;
- (b) under which the **LCC asset costs** exceed one of the following thresholds:
 - (i) 1% of the **EDB's forecast net allowable revenue** for the **regulatory period**; or
 - (ii) \$5 million if the **EDB** is Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**; and
- (c) in respect of which the other person has agreed in writing that the terms and conditions of the contract, and of any variation of the contract, (including terms and conditions relating to charges for the supply of **electricity distribution services**) are reasonable;

LCC asset costs

means, in relation to assets to be constructed and operated under a **large connection contract** and referred to in paragraph (a) of the definition of that term, the sum of:

- (a) the forecast value of the assets, which is the cost of the assets determined by applying clause 2.2.11 (excluding clause 2.2.11(1)(l), treating the assets as if they were **commissioned**, and subject to any other necessary modifications) as on the assets' forecast **commissioning date**; and
- (b) any **operating costs** (excluding para (j) of the definition of that term) for the **regulatory period** that are forecast to be incurred in connection with the assets to be constructed and that would not otherwise be incurred;

lease payment	has the same meaning as under GAAP except that it only applies to lease payments under an operating lease ;
leverage	means the ratio of debt capital to total capital and is the amount specified in, for the purpose of- (a) Part 2, clause 2.4.2(1); and (b) Part 4, clause 4.4.2(1);
levy	means a tax, charge or fee directly imposed by or under legislation- (a) on- (i) EDBs alone; or (ii) a class of persons (other than the general public or businesses in general) that includes EDBs; or (b) in relation to electricity distribution services;
lifetime solution costs	means, in relation to a project or programme that includes the purchase or supply of flexibility , an amount that is the sum of- (a) the forecast opex to be incurred in the purchase or supply of flexibility; and (b) if it is anticipated that capex related to the project or programme will not be able to be delayed beyond the end of the next regulatory period, the forecast total value of commissioned assets for the project or programme, less any capital contributions, on the basis that any expenditure included in that sum that is forecast to be incurred in a disclosure year after the disclosure year in which the project or programme is nominated as a reopener event is included at its net present value calculated using a discount rate that is the mid-point estimate

	of vanilla WACC (as estimated in accordance with clause 2.4.1);
line item	means, in respect of- (a) assets, a group of assets within an asset category for which the same asset allocator is used to allocate their regulated service asset values; and (b) costs, a group of operating costs within an opex category for which the same cost allocator is used to allocate them, to electricity distribution services and other regulated services ;
lines	has the same meaning as defined in s 2 of the Electricity Act 1992;
local authority	has the same meaning as defined in s 5(1) of the Local Government Act 2002;
lost asset	means an asset- (a) not included in the initial RAB; and (b) having, in relation to the disclosure year in question, an unallocated opening RAB value, but determined by the EDB in that disclosure year never to have been used to provide electricity distribution services ;
M	
major transaction event	has,- (a) for the purpose of Part 3 and Part 4, the meaning specified in clause 4.5.8; and (b) for the purposes of Part 5, the meaning specified in clause 5.6.9;
maximum allowable revenue after tax	means the amount determined in accordance with clause 5.3.4;

maximum allowable revenue before tax	means the amount determined in accordance with clause 5.3.4;
mid-point estimate of WACC	means,— (a) for the purpose of Part 2, the mid-point estimate of— (i) vanilla WACC as estimated in accordance with clause 2.4.1(1); or (ii) post-tax WACC as estimated in accordance with clause 2.4.1(2), as the case may be; (b) for the purpose of— (i) Subpart 3 of Part 3, the mid-point estimate of vanilla WACC as estimated in accordance with clause 4.4.1(1); and (ii) any other provisions of Part 3, the mid-point estimate of post-tax WACC as estimated in accordance with clause 4.4.1(2); (c) for the purpose of Part 4, the mid-point estimate of— (i) vanilla WACC as estimated in accordance with clause 4.4.1(1); or (ii) post-tax WACC as estimated in accordance with clause 4.4.1(2), as the case may be;
modified value	means the value of a value modified asset assigned in accordance with clause 2.2.1;
multi-rate PIE	has the same meaning as defined in s YA 1 of the Income Tax Act 2007;
N	
Nelson-Siegel-Svensson approach	has the meaning specified in clause 2.4.4(8);

network	means the fixed assets used by an EDB to provide electricity distribution services ;
network spare	means an asset that is held by an EDB to replace any other asset it holds should that other asset be withdrawn from use owing to failure or damage;
new connection	means a new connection point or a new other connection point at the request of a connecting party , and includes electricity injection and offtake connection points ;
new connection adjustment	means an adjustment to the sum of the forecast value of commissioned assets by applying the formula in clause 3.3.12(4)(d), for the purposes of a new connection wash-up mechanism specified in a CPP determination ;
new connection wash-up mechanism	means a mechanism that the Commission may specify in a CPP determination to adjust the price path through one or more new connection adjustments to reflect the difference between: (a) the actual quantity of new connections; and (b) the forecast quantity of new connections, as specified in the CPP determination;
next period	means the period commencing on the first day of the disclosure year during which the CPP application is submitted and terminating on the last day of the 5 disclosure years following the assessment period ;
non-exempt EDB	means an EDB other than a consumer-owned EDB exempt under s 54G(2) of the Act ;
NZ IAS 24	means <i>New Zealand Equivalent to International Accounting Standard 24, Related Party Disclosures (NZ IAS 24)</i> , issued by the New Zealand Accounting Standards Board of the External Reporting Board in

November 2009, incorporating amendments to 31 December 2015, under s 24(1)(a) of the Financial Reporting Act 1993;

O

ODV handbook	means Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Lines Businesses published by the Commerce Commission on 30 August 2004 and effective 31 August 2004;
ODV valuation	means valuation of an asset as of 31 March 2004 in accordance with the Electricity Information Disclosure Requirements 2004 and the ODV handbook ;
opening deferred tax	has the meaning specified in, for the purpose of- (a) Part 2, clause 2.3.7; (b) Part 4, clause 4.3.4(1); and (c) Part 5, clause 5.3.19;
opening RAB value	means the value determined in accordance with, for the purpose of- (a) Part 2, clause 2.2.4(3); and (b) Part 5, clause 5.3.6(1);
opening tax losses	means the amount determined in accordance with, for the purpose of – (a) Part 2, clause 2.3.2(3); (b) Part 4, clause 4.3.2(3)(a); and (c) Part 5, clause 5.3.14(3);
opening works under construction	has the meaning specified in clause 5.3.12(1);
operating cost	means a cost incurred by the EDB in question relating to the supply of- (a) regulated services alone; or (b) regulated services and one or more unregulated service ,

	net of any insurance entitlement, compensatory entitlement, third-party liability entitlement, or government grant related to income for the same cost, up to the amount of that cost, which the EDB chooses to net off in calculating that cost, and excludes- (c) a cost that is treated as a cost of an asset by GAAP; (d) amounts that are depreciation, tax, subvention payments, revaluations or an interest expense, in accordance with their meanings under GAAP; (e) debt issuance costs; (f) pass-through costs; (g) recoverable costs; (h) distribution of profits to consumers; (i) pecuniary penalties; and (j) costs associated with the assets that are funded under large connection contracts;
operating expenditure	for the purpose of – (a) Subpart 3 of Part 3, means operating costs plus any lease payments; (b) Part 4, means the value of operating costs attributable to electricity distribution services supplied by an EDB which are forecast to be incurred in the disclosure year in question as determined by the Commission; and (c) Part 5, means operating costs after application of clause 5.3.5;
operating lease	has the same meaning as under GAAP ;
opex	means operating expenditure ;
opex category	has the meaning specified in Schedule D;

opex forecast	means the part of a CPP proposal , provided pursuant to clause 5.4.29, that forecasts operating expenditure for the next period ;
opex incentive amount	means the amount determined in accordance with clause 3.3.2(2);
other connection point	means a point of connection on a network which the EDB nominates as the point at which a party that is not the EDB , either or both injects and offtakes electricity;
other regulated income	for the purpose of– (a) Part 3, means income associated with the supply of electricity distribution services, including gains and losses on disposed assets, but excluding - (i) income through prices; (ii) investment-related income; (iii) capital contributions; (iv) vested assets; (v) income associated with the assets that are funded under large connection contracts; (vi) any insurance entitlement that has been applied to reduce the value of a commissioned asset under clause 2.2.11(1)(m); (vii) any compensatory entitlement that has been applied to reduce the value of a commissioned asset under clause 2.2.11(1)(m); (viii) any insurance entitlement that has been netted off in calculating an operating cost; (ix) any third-party liability entitlement that has been netted off in calculating an operating cost;

- (x) any **government grant related to income** that has been netted off in calculating an operating cost; and
- (xi) any **retained entitlement**; and
- (b) Parts 4 and 5, means income associated with the supply of **electricity distribution services**, including gains and losses on **disposed assets**, but excluding -
 - (i) income through **prices**;
 - (ii) investment-related income;
 - (iii) **capital contributions**;
 - (iv) **vested assets**;
 - (v) income associated with the assets that are funded under **large connection contracts**;
 - (vi) any **insurance entitlement** that has been applied to reduce the value of a **commissioned** asset under clause 2.2.11(1)(m);
 - (vii) any **compensatory entitlement** that has been applied to reduce the value of a **commissioned** asset under clause 2.2.11(1)(m);
 - (viii) any **insurance entitlement** that has been netted off in calculating an **operating cost**; and
 - (ix) any **third-party liability entitlement** that has been netted off in calculating an **operating cost**;
 - (x) any **government grant related to income** that has been netted off in calculating an **operating cost**; and

	(xi) any retained entitlement , as determined by the Commission ;
other regulated service	means a regulated service , other than electricity distribution services, supplied by the EDB in question;
OVABAA	means the optional variation to accounting-based allocation approach, as described in clause 2.1.4;
OVABAA allocation increase	means, in respect of either or both- (a) operating costs ; and (b) regulated service asset values , not directly attributable , as the case may be, allocated to electricity distribution services , the dollar difference between the amount determined pursuant to the last application of clause 2.1.4(7)(c) and the application of clause 2.1.4(2)(a) or 2.1.4(3)(a), as the case may be;
P	
pass-through cost	has the meaning specified in clause 3.1.2(1);
pecuniary penalties	means fines or penalties imposed- (a) by a court; or (b) by any other body with a statutory power to impose fines or penalties;
permanent differences	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.3; and (b) Part 5, clause 5.3.15;
person	has the same meaning as defined in s 2 of the Act ;
physical asset life	has the meaning specified in clause 2.2.8;
positive permanent differences	has the meaning specified in clause 5.3.15(2);

prescribed investor rate	has the same meaning as defined in the Income Tax Act 2007 or any subsequent legislation that supplements or replaces the provisions relating to prescribed investor rate in the Income Tax Act 2007;
prescribed voltage electric line	means an electric line that is capable of conveying electricity at a voltage equal to or greater than 3.3 kilovolts;
prices	has the meaning specified in clause 3.1.1(7);
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;
programme	means a group of related projects with a common purpose;
project	means a temporary endeavour requiring concerted effort, undertaken to create a defined outcome;
proxy asset allocator	means a ratio- (a) used to allocate regulated service asset values for which a causal relationship cannot be established; (b) whose quantum is based on factors in existence during the 18-month period terminating on the last day of the most recent disclosure year in respect of which the proxy allocation is carried out; (c) that is consistent with similar ratios (both within a disclosure year and from year to year); and (d) that is reasonable;
proxy cost allocator	means a ratio- (a) used to allocate operating costs for which a causal relationship cannot be established;

- (b) whose quantum is based on factors in existence during the 18-month period terminating on the last day of the most recent **disclosure year** in respect of which the cost allocation is carried out;
- (c) that is consistent with similar ratios (both within a **disclosure year** and from year to year); and
- (d) that is reasonable;

Q

qualifying debt

has, for the purpose of-

- (a) Part 2, the meaning specified in clause 2.4.7(1); and
- (b) Part 5, the meaning specified in clause 5.3.25(1);

qualifying issuer

means a New Zealand resident limited liability company -

- (a) that-
 - (i) undertakes the majority of its business activities in Australia and New Zealand; or
 - (ii) is part of a corporate group that undertakes the majority of its business activities in Australia and New Zealand;
- (b) that-
 - (i) does not operate predominantly in the banking or finance industries; or
 - (ii) is part of a corporate group that does not operate predominantly in the banking or finance industries; and
- (c) that issues **vanilla NZ\$ denominated bonds** that are publicly traded;

qualifying rating	means- (a) a Standard and Poor's long term credit rating of the specified grade; or (b) an equivalent long term credit rating of another internationally recognised rating agency;
qualifying supplier	has the meaning specified in, for the purpose of- (a) Part 2, clause 2.4.7(2); and (b) Part 5, clause 5.3.25(2);
quality incentive adjustment	means an amount to provide incentives for a non-exempt EDB to maintain or improve its quality of supply in accordance with s 53M(2) of the Act, and is a function of- (a) a non-exempt EDB's performance above or below the quality targets, up to the caps or collars specified in relation to the quality targets; (b) revenue at risk; and (c) incentive rate, calculated in accordance with the method specified in a DPP determination or CPP determination;
quality standard variation	means variation to any standard or incentive measure- (a) specified in a DPP determination; and (b) which prescribes the use by an EDB of an historic time series of data relating to service quality measured in accordance with a specified metric, where the variation is limited to changed values of the metric by which such quality standards or quality incentive measures are specified but not the metric itself;

quantity	has the meaning, for the purpose of Part 3, specified in clause 3.1.1(8);
R	
recoverable cost	has the meaning specified in clause 3.1.3;
regulated goods or services	has the same meaning as defined in s 52C of the Act ;
regulated service	means a type of service supplied by an EDB pursuant to the supply of a regulated good or service, which, for the avoidance of doubt, includes the following types of services- (a) electricity distribution services; (b) gas distribution services as defined in the Gas Distribution Services Input Methodologies Determination 2012; and (c) gas transmission services as defined in the Gas Transmission Services Input Methodologies Determination 2012);
regulated service asset value	means, in respect of an asset- (a) used by an EDB in the supply of- (i) one or more regulated service; - or (ii) one or more regulated service and one or more unregulated service; where at least one of those regulated services is an electricity distribution service- (iii) in the disclosure year 2009, its unallocated initial RAB value; - and (iv) in all other disclosure years, its unallocated closing RAB value; - and (b) used by an EDB only in the supply of-

	(i) one or more other regulated service; or (ii) one or more other regulated service and one or more unregulated service; in- (iii) the disclosure year 2009, its unallocated initial RAB value; and (iv) all other disclosure years, its unallocated closing RAB value, determined in accordance with the input methodologies applicable to the other regulated service.
regulated supplier	means a supplier of regulated goods or services ;
regulatory investment value	has the meaning specified in clause 5.3.2(2);
regulatory net taxable income	has the meaning specified in, for the purpose of- (a) Part 2, clause 2.3.1(2); (b) Part 4, clause 4.3.1(2); (c) Part 5, clause 5.3.13(2);
regulatory period	means the regulatory period for default/customised price-quality regulation applicable to an EDB as specified in a determination made under s 52P of the Act ;
regulatory period term	means the number of years equal to the number of years in the relevant regulatory period ;
regulatory profit / (loss) before tax	has the meaning specified in, for the purpose of – (a) Part 2, clause 2.3.1(4); (b) Part 4, clause 4.3.1(4); and (c) Part 5, clause 5.3.13(4);

regulatory taxable income	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.1(3); and (b) Part 4, clause 4.3.1(3); and (c) Part 5, clause 5.3.13(3);
regulatory tax adjustments	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.4; (b) Part 4, clause 4.3.3; and (c) Part 5, clause 5.3.16;
regulatory tax allowance	has the meaning specified, for the purpose of – (a) Part 2, clause 2.3.1; and (b) Part 4, clause 4.3.1;
regulatory tax asset value	has the meaning specified in, for the purpose of- (a) Part 2, clause 2.3.9; and (b) Part 5, clause 5.3.21;
regulatory templates	has the meaning specified in clause 5.4.29(2);
related party	means- (a) a person that is related to the EDB, where the EDB would be considered as the ‘reporting entity’, as specified in the definition of ‘related party’ in NZ IAS 24; or (b) any part of the EDB that does not supply electricity distribution services;
related party transaction	means- (a) the procurement of an asset or good or service from a related party by the part of the EDB that supplies the electricity distribution service; or (b) the sale or supply of an asset or good or service to a related party by the

	part of the EDB that supplies the electricity distribution service ;
relocation party	means a party that has requested the relocation of assets that would require asset relocation capex to be incurred;
remaining asset life	means term remaining of an asset's asset life at the commencement of the disclosure year in question, taking into account the reduction in asset life as specified in clause 2.2.8(4)(a);
remaining asset life for existing assets	has the meaning specified in clause 4.2.2(3)(a);
remaining asset life for existing CPP assets	has the meaning specified in clause 5.3.7(4)(a);
reopener event	has,- (a) for the purposes of Part 4, the meaning specified in clause 4.5.1; and (b) for the purposes of Part 5, the meaning specified in clause 5.6.1;
reopener event (prospective)	means,- (a) for the purposes of Part 4, a reopener event of a type specified in clause 4.5.1(3)(b); and (b) for the purposes of Part 5, a reopener event of a type specified in clause 5.6.1(3)(b);
reopener event (responsive)	means,- (a) for the purposes of Part 4, a reopener event of a type specified in clause 4.5.1(3)(a); and (b) for the purposes of Part 5, a reopener event of a type specified in clause 5.6.1(3)(a);
reopener event allowance	means an amount, determined by the Commission , that reflects the following: (a) any additional net costs (over and above those provided for in a DPP determination or CPP determination)

prudently incurred by the **EDB** as a result of a **reopener event (responsive)** (other than costs that are foregone revenue);

- (b) the impact of a **reopener event (responsive)** on any **quality incentive adjustment**;
- (c) in the case of an **error event** or the discovery of **false or misleading information**, any amounts to mitigate the effect of the event or information on the **DPP** or **CPP**; and
- (d) any gains resulting from a **reopener event (responsive)**,

that are, in each case, incurred in or relating to the period before the date on which the **reopener event** was nominated under clause 4.5.2 or 5.6.2;

resilience capex

means **capex** for the purposes of preparing to mitigate or respond to 1 or more high-impact, low-probability events that, if the preparation is not done promptly, may have a significant impact on the **EDB's** ability to maintain current security or quality of **supply** standards; but does not include any regular:

- (a) **asset replacement and renewal capex** that is consistent with appropriate lifecycle and asset management planning; or
- (b) expenditure for **cybersecurity**;

retained entitlement

for the purpose of-

- (a) Part 3, means the **retention factor** multiplied by (the sum of any **insurance entitlements, compensatory entitlements, third-party liability entitlements, and government grants related to income** excluding the sum of any of those entitlements netted off in calculating an **operating cost** or applied

	to reduce the value of a commissioned asset under clause 2.2.11(1)(m)); and
	(b) Parts 4 and 5, means the retention factor multiplied by (the sum of insurance entitlements, compensatory entitlements, third-party liability entitlements, and government grants related to income excluding the sum of any of those entitlements netted off in calculating an operating cost or forecast to be applied to reduce the value of a commissioned asset, as determined by the Commission);
retention adjustment	means the amount determined in accordance with clause 3.3.12(1);
retention factor	means the percentage amount determined by the Commission in a CPP determination or DPP determination for the purpose of calculating:
	(a) a capex incentive amount ; or
	(b) a retained entitlement ;
revaluation	means the amount determined in accordance with, for the purpose of-
	(a) Part 2, clause 2.2.9(2);
	(b) Part 4, clause 4.2.3(2); and
	(c) Part 5, clause 5.3.10(2);
	which, for the avoidance of doubt, may be a negative number;
revaluation rate	has the meaning specified in, for the purpose of-
	(a) Part 2, clause 2.2.9(4);
	(b) Part 4, clause 4.2.3(3); and
	(c) Part 5, clause 5.3.10(4);
revenue at risk	means the maximum financial reward or penalty arising under a quality incentive

	adjustment , as specified in a DPP determination or CPP Determination ;
revenue foregone	has the meaning specified in clause 3.1.4(6);
revenue smoothing limit	means a maximum limit on revenue (excluding recovery of pass-through costs) specified by the Commission in a DPP determination or CPP determination ;
reversal and reverse	have the same meanings as under GAAP ;
right-of-use asset	has the same meaning as under GAAP except that it excludes any part of the cost of that asset that is a pass-through cost or recoverable cost ;
risk event	has the meaning specified in clause 4.5.11;
S	
safety	means the quality of averting or not causing injury, danger, or loss;
SAIDI value	means the customer interruption minutes accrued for each interruption divided by the total number of ICPs where any interruption that spans multiple 30-minute periods accrues to the 30-minute period in which the interruption began;
selection rationale	means a description of either or both of the- (a) criteria applied; and (b) fundamental reasons used, for, either or both- (c) determining; and (d) selecting, each- (e) asset allocator and associated allocator metric; and (f) cost allocator and associated allocator metric;

services	has the same meaning as defined in s 2 of the Act ;
shifted revenue	means the sum of the differences, in present value terms, between the building blocks allowable revenue before tax, and the maximum allowable revenue before tax, for each disclosure year of the DPP regulatory period before the start of the CPP regulatory period ;
standard depreciation method	means, in respect of an asset whose remaining asset life is the term remaining of its physical asset life at the commencement of the disclosure year in question, method specified in clause 5.3.7 excluding any method referred to in the whole clauses to which clause 5.3.7 is subject;
standard error	means estimated standard deviation;
standard physical asset life	means life for an asset as specified in <i>Table A.1: Standard Physical Asset Lives for EDBs</i> of Schedule A;
starting price year	means, in relation to an EDB ,– (a) the first disclosure year of a regulatory period; or (b) the disclosure year immediately following the expiration of a CPP;
supply	has the same meaning as defined in s 2 of the Act , and supplied must be construed accordingly;
system growth capex	means capex other than connection capex , where the primary driver for the capex is either a requirement for additional capacity at a particular location or a change in the requirement for electricity distribution services as a result of the introduction of new or emerging technologies, and includes:

	(a) capex associated with network protection, control, automation, and telecommunications assets; and (b) capex incurred in the acquisition of networks from other providers of electricity lines services;
system growth expenditure	means: (a) system growth capex; or (b) opex for which the primary driver is a requirement for additional capacity at a particular location (including, for example, opex that is incurred to acquire flexibility to respond to that driver);
T	
tax asset value	means the value determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.9(2); and (b) Part 5, clause 5.3.21(2);
tax depreciation rules	means, for the purpose of- (a) Part 2, for existing assets, the tax rules that relate to the determination of depreciation allowances for tax purposes; (b) Part 5, for existing CPP assets, the tax rules that relate to the determination of depreciation allowances for tax purposes; (c) Part 5, for additional CPP assets, the tax rules that relate to the determination of depreciation allowances for tax purposes, to be applied by adopting the tax depreciation rate for the assets representing the largest proportion within each asset category, as forecast over the CPP regulatory period;

tax effect	means the product of multiplication by the corporate tax rate ;
tax rules	means the rules applicable to an EDB for determining income tax payable in the Income Tax Act 2007 (as amended from time to time, and any equivalent preceding legislation, or any subsequent legislation that supplements or replaces that Act);
temporary differences	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.8; and (b) Part 5, clause 5.3.20;
term credit spread difference	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.4.8(1); and (b) Part 5, clause 5.3.24(1);
term credit spread differential	is determined in accordance with, for the purpose of- (a) Part 2, clause 2.4.9(3); and (b) Part 5, clause 5.3.23(1);
term credit spread differential allowance	for the purpose of- (a) Part 2 and Part 5, means the sum of term credit spread differentials; and (b) Part 4, means the amount determined in accordance with clause 4.4.7(2);
third-party liability entitlement	means, for the purposes of– (a) Part 2, money or the monetary value of other consideration relating to an event, that is received or receivable from a ‘licensed insurer’ as that term is defined in the Insurance (Prudential Supervision) Act 2010, in respect of a contract of insurance that insures against third-party liability; and

	(b) Parts 4 and 5, money or the monetary value of other consideration relating to an event, that is received or receivable from, or forecast to be received or receivable from, a 'licensed insurer' as that term is defined in the Insurance (Prudential Supervision) Act 2010, in respect of a contract of insurance that insures against third-party liability;
total depreciation	means, for the purpose of- (a) Part 2 and Part 5, the sum of depreciation for all assets; and (b) Part 4, the value determined in accordance with clause 4.2.2;
total opening RAB value	means, for the purpose of- (a) Part 4, the amount determined in accordance with clause 4.2.1(1); and (b) has the meaning specified in clause 5.3.6(7);
total revaluation	means, for the purpose of- (a) Part 2 and Part 5, the sum of revaluation for all assets; and (b) Part 4, the value determined in accordance with clause 4.2.3;
Transpower	has the same meaning as defined in s 54B of the Act ;
trigger event	has the meaning specified in clause 5.6.10(2)(a);
U	
unallocated closing RAB value	means value determined in accordance with, for the purpose of- (a) Part 2, clause 2.2.4(2); and (b) Part 5, clause 5.3.6(6);
unallocated depreciation	means an allowance to account for the diminution in an asset's remaining service life

	potential in the disclosure year in question with respect to its unallocated opening RAB value and the amount of such allowance is determined in accordance with, for the purpose of Part 2, clause 2.2.5(1);
unallocated initial RAB value	means value of an asset in the initial RAB determined in accordance with clause 2.2.3(1);
unallocated opening RAB value	means value determined in accordance with, for the purpose of- (a) Part 2, clause 2.2.4(1); and (b) Part 5, clause 5.3.6(5);
unallocated revaluation	means amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.2.9(1); and (b) Part 5, clause 5.3.10(1);
undercharging limit	means, for a disclosure year , an amount specified by the Commission in a DPP determination or CPP determination for the purposes of calculating voluntary revenue foregone ;
unduly deterred	means, solely as a result of an allocation to the unregulated service in question of either or both of- (a) operating costs not directly attributable; and (b) regulated service asset values not directly attributable; the operating costs not directly attributable or capital costs associated with the regulated service asset values not directly attributable (as the case may be) to be borne by that unregulated service would cause that unregulated service to be- (a) discontinued; or (b) not provided,

	and ' unduly deter ' must be construed accordingly;
unforeseeable large project	has the meaning specified in clause 4.5.9;
unforeseen project	has the meaning specified in clause 5.6.11;
unplanned interruption	means any interruption in respect of which no notice was given, or less than 24 hours' notice was given, to: (a) the public; or (b) all consumers affected by the interruption;
unregulated service	means any good or service supplied by the EDB that is not a regulated service ;
urgent project allowance	has the meaning specified in clause 3.1.3(8);
utilised tax losses	means the amount determined in accordance with, for the purpose of- (a) Part 2, clause 2.3.2; (b) Part 4, clause 4.3.2(1); and (c) Part 5, clause 5.3.14;
V	
value modified asset	means an asset which, as a result of the asset adjustment process , is designated as 'value modified' type;
value of commissioned asset	means the value determined in accordance with clause 2.2.11;
value of found asset	means the value of a found asset determined in accordance with clause 2.2.12(2);
valuer	means an individual who- (a) is registered as a valuer under the Valuers Act 1948; (b) holds a current practising certificate issued by- (i) the Property Institute of New Zealand; or

	(ii) the New Zealand Institute of Valuers; (c) has been engaged to act in his or her professional capacity as a valuer; and (d) is independent;
vanilla NZ\$ denominated bonds	means senior unsecured nominal debt obligations denominated in New Zealand dollars without callable, puttable, conversion, profit participation, credit enhancement or collateral features;
verification report	means a report prepared by a verifier in accordance with Schedule G;
verifier	means- (a) a person who- (i) is independent; and (ii) has been engaged to verify the CPP applicant's CPP proposal in accordance with Schedule G; or (b) a designated individual of a person described in paragraph (a);
vested asset	means an asset associated with the supply of electricity distribution services received by an EDB - (a) without provision of consideration; or (b) with provision of nominal consideration;
voluntary revenue foregone	has the meaning specified in clause 3.1.4(7);
W	
WACC	means weighted average cost of capital;
WACC change event	has the meaning specified in clause 5.6.6;
wash-up account balance	means, for each disclosure year , the sum calculated in accordance with clause 3.1.4(1) or (2);
wash-up accrual amount	has the meaning specified in clause 3.1.4(3);

wash-up drawdown amount	has the meaning specified in clause 3.1.4(5);
working day	has the same meaning as defined in s 2 of the Act ; and
works under construction	means an asset, or a collection of assets that- (a) has been or is being or is forecast to be constructed by, or on behalf of, an EDB; (b) has not been commissioned; and (c) the EDB intends to commission.

PART 2 INPUT METHODOLOGIES FOR INFORMATION DISCLOSURE

SUBPART 1 Cost allocation

2.1.1 Cost allocation process

(1) Any-

- (a) **operating costs**; and
- (b) **regulated service asset values**,

that are **directly attributable** to **electricity distribution services** supplied by the EDB must be allocated to **electricity distribution services**.

(2) Any-

- (a) **operating costs**; and
- (b) **regulated service asset values**,

that are **directly attributable** to any **other regulated service** supplied by the EDB must be allocated to the **other regulated service** to which they are **directly attributable**.

(3) Any **operating costs** and **regulated service asset values** that are not allocated in accordance with subclauses (1) and (2) must be allocated to **electricity distribution services** and **other regulated services** using, at the supplier's election-

- (a) **ABAA**; or
- (b) **OVABAA**.

(4) Notwithstanding anything else in this Subpart, the maximum value of-

- (a) **operating costs** that may be allocated to **electricity distribution services** and **other regulated services**, in aggregate, must not exceed the total value of **operating costs**; and
- (b) **regulated service asset values** that may be allocated to **electricity distribution services** and **other regulated services**, in aggregate, must not exceed the total **regulated service asset values**,

that would be allocated to **electricity distribution services** and **other regulated services**, in aggregate, using **ACAM** in accordance with clause 2.1.5.

2.1.2 Allocation constraints

(1) For the avoidance of doubt, all allocations of-

- (a) **operating costs**; and
- (b) **regulated service asset values**,

not **directly attributable** to **other regulated services supplied** by the **EDB** must be consistent with allocations made in accordance with **input methodologies** relating to cost allocation applying to those **other regulated services**.

- (2) Where the **OVABAA** is applied to both **operating costs** not **directly attributable** and **regulated service asset values** not **directly attributable**, the combined amount of such costs and values that is re-allocated in accordance with clause 2.1.4(5) must not exceed the amount required to ensure that the **unregulated service** is not **unduly deterred**.
- (3) For the avoidance of doubt, after application of this Subpart, notwithstanding anything else that may suggest otherwise, each **unregulated service** must bear at least the total-

- (a) **operating costs**; and
- (b) value of assets,

directly attributable to that **unregulated service**.

2.1.3 Accounting-based allocation approach (ABAA)

- (1) **Cost allocators** must be used to proportionally allocate **operating costs** not **directly attributable**, less any **arm's-length deduction**, to-
 - (a) **electricity distribution services**; and
 - (b) **other regulated services**.
- (2) **Asset allocators** must be used to proportionally allocate **regulated service asset values** not **directly attributable**, less any **arm's-length deduction**, to-
 - (a) **electricity distribution services**; and
 - (b) **other regulated services**.
- (3) Where an **EDB** uses a **proxy cost allocator** for the purposes of subclause (1) or a **proxy asset allocator** for the purposes of subclause (2), the **EDB** must, in accordance with the requirements in the relevant **ID determination**, explain why a **causal relationship** cannot be established.
- (4) Where an **EDB** uses a **proxy cost allocator** for the purposes of subclause (1), the **EDB** must, in accordance with the requirements in the relevant **ID determination**, explain the rationale for using that **proxy cost allocator**.
- (5) Where an **EDB** uses a **proxy asset allocator** for the purposes of subclause (2), the **EDB** must, in accordance with the requirements in the relevant **ID determination**, explain the rationale for using that **proxy asset allocator**.

2.1.4 Optional variation to accounting-based allocation approach (OVABAA)

- (1) This clause applies to the allocation of-
 - (a) only **operating costs** not **directly attributable**;

- (b) only **regulated service asset values** not **directly attributable**; or
 - (c) **operating costs** not **directly attributable** and **regulated service asset values** not **directly attributable**.
- (2) **Operating costs** not **directly attributable** less any **arm's-length deduction** must be initially allocated to-
 - (a) **electricity distribution services**;
 - (b) **other regulated services**; and
 - (c) each **unregulated service**,
 using **cost allocators**.
- (3) **Regulated service asset values** not **directly attributable** less any **arm's-length deduction** must be initially allocated to-
 - (a) **electricity distribution services**;
 - (b) **other regulated services**; and
 - (c) each **unregulated service**,
 using **asset allocators**.
- (4) Where, after application of subclause (2)(c), (3)(c) or both, an **unregulated service** would-
 - (a) be **unduly deterred**, subclause (5) applies; and
 - (b) not be **unduly deterred**, the allocation of either or both of-
 - (i) **operating costs** not **directly attributable**; and
 - (ii) **regulated service asset values** not **directly attributable**
 must remain as carried out in accordance with either or both of subclauses (2)(c) and (3)(c).
- (5) Where this subclause applies, any-
 - (a) **operating costs**; and
 - (b) **regulated service asset values**,
 not **directly attributable** that were allocated to an **unregulated service** in accordance with either or both of subclauses (2)(c) and (3)(c) may be reduced to the amount at which the **unregulated service** would no longer be **unduly deterred**.
- (6) For the avoidance of doubt, the adjusted amounts determined in accordance with subclause (5) must be treated as the share of either or both of-
 - (a) **operating costs**; and
 - (b) **regulated service asset values**,
 not **directly attributable** to be borne by the **unregulated service** in question.

- (7) The adjusted amounts determined in accordance with subclause (5) must be deducted from either or both the-
- (a) **operating costs** not **directly attributable**; and
 - (b) **regulated service asset values** not **directly attributable**,
- to which subclause (2) or (3) applied after any **arm's-length deduction** was made, and the remaining costs or values reallocated between-
- (c) **electricity distribution services**;
 - (d) **other regulated services**; and
 - (e) each remaining **unregulated service**,
- in accordance with subclauses (2) and (3).
- (8) Where, after application of subclause (7), the-
- (a) **operating costs**; and
 - (b) **regulated service asset values**,
- not **directly attributable** allocated to another **unregulated service** **unduly deter** that **unregulated service**, the process in subclauses (5) and (7) may be repeated subject to the modifications specified in subclause (9).
- (9) When re-applying-
- (a) subclause (5) to another **unregulated service**, the starting values of-
 - (i) **operating costs**; and
 - (ii) **regulated service asset values**,

not **directly attributable** allocated to that **unregulated service** must be the values obtained in relation to that **unregulated service** as a result of the previous application of subclause (7); and
 - (b) subclause (7), for "to which subclause (2) or (3) applied after any **arm's-length deduction** was made", substitute "to which this subclause previously applied".
- (10) Subclauses (5) and (7) may be re-applied sequentially in respect of each **unregulated service** which is **unduly deterred** until any remaining **regulated service asset values** or **operating costs** or both are of such quantum that their allocation to the remaining **unregulated services** does not result in any of those **services** being **unduly deterred**.
- (11) For the avoidance of doubt, the reallocation undertaken in accordance with subclause (7) is carried out by grossing up allocation percentages used to make allocations to **electricity distribution services**, **other regulated services** and each remaining **unregulated service** based on the same **cost allocators** or **asset allocators**, as the case may be, used under subclauses (2) and (3), to take into account the

omission of the allocation percentages for the **unregulated service** to which allocation has already been made under subclause (5).

2.1.5 Avoidable cost allocation methodology (ACAM)

(1) In respect of-

- (a) **operating costs**; and
- (b) **regulated service asset values**,

not **directly attributable**, less any **arm's-length deduction**, an assessment must be made as to the proportion of each that would be non-avoidable were the **EDB** not to **supply unregulated services**.

(2) The amounts of non-avoidable-

- (a) **operating costs**; or
- (b) **regulated service asset values**,

not **directly attributable**, assessed in accordance with subclause (1), must be allocated to **regulated services** in aggregate.

(3) Where the **EDB** supplies **other regulated services**, the amounts allocated in accordance with subclause (2) must be allocated to each **regulated service supplied** by the **EDB** using the **ABAA**.

SUBPART 2 **Asset valuation**

2.2.1 Asset adjustment process for setting initial RAB

(1) Asset adjustment process means the process of assets-

- (a) being designated as one of the following asset types:
 - (i) 'excluded';
 - (ii) 'included'; or
 - (iii) 'value modified';
- (b) of 'included' type being assigned an **included value**; and
- (c) of 'value modified' type being assigned a **modified value**.

(2) Subject to subclauses (3) to (5), under the asset adjustment process, an **EDB** may elect to undertake none, some or all of the following things:

- (a) designate a load control relay asset owned by an **EDB**, except a **2009 disclosed asset**, as of 'included' type;
- (b) correct the following types of error found in an **EDB's** asset register where the error relates to **2009 disclosed assets**:
 - (i) assets omitted in error, which assets are treated as of 'included' type;

- (ii) assets included in error, which assets are designated as of 'excluded' type; and
 - (iii) assets allocated to the incorrect asset category, or given an estimation of quantity, age, category or location now known to be incorrect, which assets are designated as of 'value modified' type;
- (c) re-apply a multiplier in an **ODV valuation** which affects a **2009 disclosed asset**, where more accurate information relating to application of the multiplier has subsequently become available, which asset is designated as of 'value modified' type;
- (d) re-apply, in an **ODV valuation** which affects a **2009 disclosed asset**, one of the following types of multiplier in the manner described, which asset is designated as of 'value modified' type:
 - (i) the rugged terrain multiplier in paragraph A.9 of the **ODV handbook** may be amended to a range of 1.2 - 1.8 times, and, in addition to the circumstances cited in the **ODV handbook** for its application, that multiplier may also be applied to non-standard designs of overhead line networks that accommodate difficult physical or climatic conditions involving swampy ground, high winds or snow;
 - (ii) the business district multiplier in paragraph A.14 of the **ODV handbook** may be amended to a range of 1.15 - 2.5 times; and
 - (iii) the rocky ground multiplier in paragraph A.15 of the **ODV handbook** may be amended to a range of 1.0 - 2.0 times, and, in addition to the circumstances cited in the **ODV handbook** for its application, that multiplier may also be applied to cables laid in loose rock or sand; and
- (e) in respect of a **2009 disclosed asset** whose value in an **ODV valuation** was affected by the application of an optimisation or economic value test, do one of the following things:
 - (i) designate it as of 'included' type and give it an included value;
 - (ii) designate it as of 'excluded' type; or
 - (iii) modify its value,

consistent with re-applying the optimisation or economic value test previously applied in the **ODV valuation**.

(3) The included value of an asset to which subclause (2)(a) is applied is-

- (a) its depreciated historic cost determined by applying **GAAP** as of the last day of the **disclosure year** 2009; or
- (b) where sufficient records do not exist to establish this cost, its depreciated carrying value in the general purpose financial statements of the **EDB**.

- (4) The included value or modified value, as the case may be, of an asset to which subclause (2)(b), (2)(c) or (2)(d) is applied, is determined by-
- (a) taking its-
 - (i) **ODV valuation**; or
 - (ii) where an **ODV valuation** is not applicable in respect of that asset under the **Electricity Information Disclosure Requirements 2004**, its value that resulted, or, for an omitted asset, would have resulted, from application of those requirements as of the day on which the asset was first **commissioned** after the **disclosure year 2004**;
 - (b) implementing the corrections or modifications required to account for the matters specified in subclauses (2)(b) – (2)(d) as the case may be; and
 - (c) adjusting that value to the value as of 31 March 2009 by taking account of-
 - (i) **unallocated depreciation** in accordance with the **standard depreciation method**, where the total asset life used for the purpose of that method is the total asset life used for the purpose of the **2009 disclosure reports**; and
 - (ii) revaluation to account for consumer price index changes using a method consistent with that used to account for such revaluation in the **2009 disclosure reports**.
- (5) The included value or modified value, as the case may be, of an asset to which subclause (2)(e) is applied is determined by-
- (a) taking its **ODV valuation** had the assets not been-
 - (i) optimised in accordance with paragraphs 2.18 - 2.47 and Appendix B of the **ODV handbook**; or
 - (ii) subject to the economic value test in accordance with paragraph 2.59 - 2.65 of the **ODV handbook**;
 - (b) re-applying the sub-paragraphs of paragraph (a) in light of more up-to-date information relating to optimisation or economic value that has subsequently become available; and
 - (c) adjusting that value to the value as of 31 March 2009 by taking account of-
 - (i) **unallocated depreciation** in accordance with the **standard depreciation method**, where the asset life used for the purpose of that method is the asset life used for the purpose of the **2009 disclosure reports**; and

- (ii) revaluation to account for consumer price index changes using a method consistent with that used to account for such revaluation in the **2009 disclosure reports**.

2.2.2 Composition of initial RAB

Initial RAB means-

- (a) **2009 disclosed assets**; and
- (b) **included assets**,

less-

- (c) **excluded assets**;
- (d) intangible assets, unless they are-
 - (i) **finance leases**; or
 - (ii) **identifiable non-monetary assets**; and
- (e) **works under construction**.

2.2.3 Initial RAB values for assets

- (1) Subject to subclause (3), the unallocated initial RAB value of-
 - (a) an **included asset** or **value modified asset**, is its **included value** or **modified value**, as the case may be; and
 - (b) any other asset is-
 - (i) where the asset is included in the value of 'Regulatory Value of System Fixed Assets', its value as on the last day of the **disclosure year 2009** included in 'Total Regulatory Asset Base Value (Excluding FDC)' in the **2009 disclosure reports** multiplied by 1.0245; and
 - (ii) where the asset is included in the value of 'Regulatory Value of Non-System Fixed Assets', its value as on the last day of the **disclosure year 2009** included in 'Total Regulatory Asset Base Value (Excluding FDC)' in the **2009 disclosure reports**.
- (2) For the purpose of subclause (1)(a), in the case of a system fixed asset valued in accordance with one of paragraphs (b) to (e) of clause 2.2.1(2), unallocated initial RAB value is its **included value** or **modified value** (as the case may be) multiplied by 1.0245.
- (3) For the purpose of subclause (1), where an asset is used by an **EDB** in the **supply** of-
 - (a) one or more **regulated service**; or
 - (b) one or more **regulated service** and one or more **unregulated service**,

where at least one of those **regulated services** is an **electricity distribution service**, the unallocated initial RAB value is the value of the asset had no allocation of asset value relevant to regulatory disclosures been undertaken.

- (4) The initial RAB value of an asset is determined as the value allocated to **electricity distribution services** as a result of-
 - (a) adopting its **unallocated initial RAB value**; and
 - (b) applying clause 2.1.1 to it.
- (5) In this clause, 'system fixed asset' has the same meaning as defined in the **Electricity (Information Disclosure) Requirements 2004**.

2.2.4 RAB roll forward

- (1) Unallocated opening RAB value in respect of an asset in relation to-
 - (a) the **disclosure year 2010**, is its **unallocated initial RAB value**; and
 - (b) a **disclosure year** thereafter, is its **unallocated closing RAB value** in the preceding **disclosure year**.
- (2) Unallocated closing RAB value means, in the case of-
 - (a) a **found asset**, its **value of found asset**;
 - (b) a **disposed asset**, nil;
 - (c) a **lost asset**, nil;
 - (d) any other asset with an **unallocated opening RAB value**, the value determined in accordance with the formula-

$$\text{unallocated opening RAB value} - \text{unallocated depreciation} + \text{unallocated revaluation}; \text{ and}$$
 - (e) any other asset having a **commissioning date** in the **disclosure year** in question, its **value of commissioned asset**.
- (3) Opening RAB value, in respect of an asset, is, for-
 - (a) the **disclosure year 2010**, its **initial RAB value**; and
 - (b) a **disclosure year** thereafter, its **closing RAB value** in the preceding **disclosure year**.
- (4) Closing RAB value, in respect of an asset, is determined as the value allocated to **electricity distribution services** as a result of-
 - (a) adopting its **unallocated closing RAB value**; and
 - (b) applying clause 2.1.1 to it.

2.2.5 Depreciation

- (1) Unallocated depreciation, in the case of an asset with an **unallocated opening RAB value**, is determined, subject to subclause (3) and clauses 2.2.6 and 2.2.7, in accordance with the formula-

$[1 \div \text{remaining asset life}] \times \text{unallocated opening RAB value.}$

- (2) Depreciation, in the case of an asset with an **opening RAB value**, is determined, subject to subclause (3) and clause 2.2.6, in accordance with the formula-

$[1 \div \text{remaining asset life}] \times \text{opening RAB value.}$

- (3) For the purposes of subclauses (1) and (2)-
- (a) unallocated depreciation and depreciation are nil in the case of-
 - (i) **land**;
 - (ii) an **easement** other than a **fixed life easement**; and
 - (iii) a **network spare** in respect of the period before which depreciation for the **network spare** in question commences under **GAAP**; and
 - (b) in all other cases, where the asset's **physical asset life** at the end of the **disclosure year** is nil-
 - (i) unallocated depreciation is the asset's **unallocated opening RAB value**; and
 - (ii) depreciation is the asset's **opening RAB value**.

2.2.6 Depreciation - alternative depreciation method

Where, under a **CPP**, in accordance with clause 5.3.8, an **alternative depreciation method** is applied to an asset, unallocated depreciation and depreciation for that asset, in respect of each **disclosure year** of the **CPP regulatory period**, are determined in accordance with that **alternative depreciation method**, subject to, in the case of unallocated depreciation, clause 2.2.7.

2.2.7 Unallocated depreciation constraint

For the purpose of clause 2.2.5, the sum of **unallocated depreciation** of an asset calculated over its **asset life** may not exceed the sum of-

- (a) all **unallocated revaluations** applying to that asset in all **disclosure years**; and
- (b) in the case of an asset-
 - (i) in the **initial RAB**, its **unallocated initial RAB value**; or
 - (ii) not in the **initial RAB**, its **value of commissioned asset** or **value of found asset**.

2.2.8 Physical asset life

- (1) Physical asset life means, subject to subclause (2), in the case of-
- (a) a **fixed life easement**, the fixed duration or fixed period (as the case may be) referred to in the definition of **fixed life easement**;

- (b) an extended life asset or a refurbished asset, its physical service life potential as determined by the **EDB**;
- (c) an asset determined by the **EDB** to have a service life potential shorter than its **standard physical asset life**, its physical service life potential determined by an **engineer**, subject to subclause (3);
- (d) an asset where the **Commission** has applied an adjustment factor in accordance with clause 4.2.2(3), the asset life determined in accordance with subclause (4);
- (e) **found asset** for which a similar asset exists as described in subclause 2.2.12(2)(b)(i), the **asset life** applying to the similar asset;
- (f) a non-**network** asset or **right-of-use asset**, its asset life determined under **GAAP**;
- (g) an asset acquired or transferred from a **regulated supplier**, the asset life that the vendor would have assigned to the asset at the end of its **disclosure year** had the asset not been transferred;
- (h) an asset acquired or transferred from an entity other than a **regulated supplier**:
 - (i) where a similar asset to that acquired or transferred already exists in the **EDB**, the **asset life** assigned to the similar asset; or
 - (ii) where a similar asset to that acquired or transferred does not already exist in the **EDB**, the physical service life potential determined by an **engineer**, subject to subclause (3).
- (i) an asset not referred to in paragraphs (a) – (h)-
 - (i) in the **initial RAB** and an **included asset**; or
 - (ii) not in the **initial RAB**,
 and-
 - (iii) having a **standard physical asset life**, its **standard physical asset life**;
 - (iv) not having a **standard physical asset life**, the **asset life** applying to an asset with an **unallocated opening RAB value** that is similar in terms of asset type; or
 - (v) in all other cases, its physical service life potential determined by an **engineer**, subject to subclause (3);
- (j) an asset (other than a composite asset) not referred to in paragraphs (a)-(g), its remaining physical service life potential as on the last day of the **disclosure year 2009** as determined in accordance with the method used to determine **depreciation** for the purpose of the **2009 disclosure reports**;
- (k) a composite asset, the average asset life of the assets comprising it determined in accordance with paragraphs (a)–(i), with the modification

that each such asset life must be weighted with respect to the proportion of its respective **opening RAB value** to the sum of the **opening RAB values** of the components in the earliest **disclosure year** in which all component assets were held by the **EDB**.

- (2) For the purpose of subclause (1), physical asset life means, in the case of a dedicated asset which is not expected to be used by the **EDB** to provide **electricity distribution services** beyond the term of the fixed term agreement relating to the asset between the **EDB** and the **consumer**, at the **EDB's** election, the term of that agreement instead of the physical asset life that would otherwise apply under that subclause.
- (3) For the purpose of subclauses (1)(c), (1)(h)(ii) and (1)(i)(v), a determination made in accordance with this clause by an **engineer** of physical service life potential-
 - (a) in relation to an asset with an **unallocated opening RAB value** is deemed applicable to all assets of similar asset type for which there is a requirement in this clause for an **engineer's** determination of physical service life potential; and
 - (b) must be evidenced by a report written by the **engineer** in question that includes an acknowledgement by the **engineer** that the report may be publicly disclosed by an **EDB** pursuant to an **ID determination**.
- (4) For the purpose of subclause (1)(d), an **EDB** must –
 - (a) in the first **disclosure year** of the **DPP regulatory period** in which an adjustment factor is applied by the **Commission**, reduce the asset life of assets that have an **unallocated opening RAB value**, such that the remaining average asset life of existing assets in that **disclosure year** in accordance with subclause (6) is the same value as the remaining asset life for existing assets calculated under the **DPP** for that **disclosure year** when applying the formula:
$$\text{aggregate opening RAB value for existing assets} \div \text{total depreciation};$$
and
 - (b) for an asset **commissioned** in subsequent **disclosure years**, apply a reduced asset life to the asset equal to the asset life of an existing asset of a similar asset type.
- (5) In this clause-
 - (a) 'dedicated asset' means an asset operated for the benefit of a particular **consumer** pursuant to a fixed term agreement for the **supply** of **electricity distribution services** between the **EDB** in question and that **consumer**;
 - (b) 'extended life asset' means an asset whose physical service life potential is greater than its **standard physical asset life**;

- (c) 'refurbished asset' means an asset on which work (other than maintenance) has been carried out resulting in an extension to its physical service life potential;
 - (d) 'composite asset' means a configuration of two or more assets that is not capable of operation in the absence of any of those assets.
- (6) For the purposes of subclause (4)(a), the 'remaining average asset life for existing assets' means the value determined in accordance with the formula-

opening RAB value for all assets ÷ total depreciation.

2.2.9 Revaluation

- (1) Unallocated revaluation is the amount determined, subject to subclause (3), in accordance with the formula-

unallocated opening RAB value × revaluation rate.

- (2) Revaluation is the amount determined, subject to subclause (3), in accordance with the formula-

opening RAB value × revaluation rate.

- (3) For the purposes of subclauses (1) and (2), where-

- (a) the asset's **physical asset life** at the end of the **disclosure year** is nil; or
- (b) the asset is a-
 - (i) **disposed asset**; or
 - (ii) **lost asset**,

unallocated revaluation and revaluation are nil.

- (4) Revaluation rate means, in respect of a **disclosure year**, the amount determined in accordance with the formula-

$$(CPI_4 \div CPI_4^{-4}) - 1,$$

where-

CPI_4 means **CPI** for the quarter that coincides with the end of the **disclosure year**; and

CPI_4^{-4} means CPI for the quarter that coincides with the end of the preceding disclosure year.

2.2.10 Revaluation treated as income

Revaluation, for the purpose of determining profitability, must be treated as income.

2.2.11 Value of commissioned assets

- (1) Value of **commissioned** asset, in relation to an asset (including an asset in respect of which **capital contributions** were received or a **vested asset**), means the cost of the

asset to an **EDB** determined by applying **GAAP** to the asset as on its **commissioning date**, except that, subject to subclause (2), the cost of-

- (a) an intangible asset, unless it is-
 - (i) a **finance lease**; or
 - (ii) an **identifiable non-monetary asset**,is nil;
- (b) an **easement**, is limited to its market value as on its **commissioning date** as determined by a **valuer**;
- (c) **easement land** is nil;
- (d) a **network spare**-
 - (i) which is not required, in light of the historical reliability and number of the assets it is held to replace; or
 - (ii) whose cost is not treated wholly as or part of the cost of an asset under **GAAP**,is nil;
- (e) an asset-
 - (i) acquired from another **regulated supplier**; and
 - (ii) used by that **regulated supplier** in the **supply of regulated goods or services**,

is the unallocated closing RAB value of the asset that would have applied for the other **regulated supplier**, had the asset not been acquired by the **EDB** in the **disclosure year** of the **regulated supplier** when the asset was transferred (as 'unallocated closing RAB value' is defined in the **input methodologies** applying to the **supply of regulated goods or services** by the **regulated supplier**);

- (f) an asset that was previously used by an **EDB** in its **supply of other regulated services** is limited to the unallocated opening RAB value of the asset in relation to those **other regulated services** as on the day before the **commissioning date** (as 'unallocated opening RAB value' is defined in the **input methodologies** applying to the **regulated goods or services supplied** by the **EDB**);
- (g) an asset or a component of a **commissioned** asset acquired in a **related party transaction**, other than an asset to which paragraphs (e) or (f) apply, is the cost specified in subclause (5);
- (h) an asset in respect of which **capital contributions** were received where such contributions do not reduce the cost of the asset when applying **GAAP**, is the cost of the asset by applying **GAAP** reduced by the amount of the **capital contributions**;

- (i) a **vested asset** in respect of which its fair value is treated as its cost under **GAAP**, must exclude any amount of the fair value of the asset determined under **GAAP** that exceeds the amount of consideration provided by the **EDB**;
- (j) for the purpose of subclause (a)(i), a **finance lease** excludes the value of any asset for which annual charges are a **pass-through cost** under clause 3.1.2(2)(d);
- (k) an asset, part or all of the cost of which an **EDB** has recovered under an **innovation and non-traditional solutions allowance**, is the cost of the asset by applying **GAAP**, reduced by the amount of **capex** recovered under that **innovation and non-traditional solutions allowance**;
- (l) an asset used in providing **electricity distribution services** under a **large connection contract** is nil; and
- (m) an asset in respect of which-
 - (i) an **insurance entitlement** or **compensatory entitlement** was received or is receivable; and
 - (ii) such an **insurance entitlement** or **compensatory entitlement** does not reduce the cost of the asset when applying **GAAP**,
 is the cost of the asset by applying **GAAP**, reduced (at the **EDB's** choice) by the amount of the **insurance entitlement** or **compensatory entitlement** that was received or is receivable.

(2) When applying **GAAP** for the purpose of subclause (1),-

- (a) the cost of financing is-
 - (i) applicable only in respect of the period commencing on the date the asset becomes a **works under construction** and terminating on its **commissioning date**; and
 - (ii) calculated using a rate not greater than the **EDB's** weighted average of borrowing costs for each applicable **disclosure year**; and
- (b) the value of a **commissioned** asset that, before its **commissioning date**, the **EDB** acquired from another **regulated supplier** as **works under construction**, is limited to the sum of:
 - (i) the cost incurred by the other **regulated supplier** in constructing those works; and
 - (ii) any additional costs of the **EDB** in completing the construction of those works (excluding any amount paid to the other **regulated supplier**).

(3) For the purposes of subclause (2)(a)(ii), the 'weighted average of borrowing costs' is calculated for a **disclosure year** using principles set out in **GAAP**, where:

- (a) the cost of financing rate is the weighted average of the costs applicable to borrowings in respect of **capex** that are outstanding during the **disclosure year**;
 - (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 –
 - (i) **capex projects**; or
 - (ii) **capex programmes**; and
 - (c) the amount of borrowing costs capitalised during the **disclosure year** must not exceed the amount of borrowing costs incurred during the **disclosure year**;
 - (d) if a **capital contribution** is received by an **EDB**, the relevant asset becomes **works under construction** for the purposes of calculating the cost of financing;
 - (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;
 - (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;
 - (g) if the cost of financing an asset which is **works under construction** is negative under paragraph (f), it will reduce the value of the relevant asset or assets by that negative amount where such a reduction is not otherwise made under GAAP;
 - (h) for the purpose of paragraph (d), **works under construction** includes assets that are forecast to be enhanced or acquired; and
 - (i) if the cost of financing is derived as income in relation to **works under construction** and is both-
 - (i) negative; and
 - (ii) included in regulatory income under an **ID determination**,
 it will not reduce the value of the relevant asset or assets where such reduction is not otherwise made under **GAAP**.
- (4) For the avoidance of doubt-
- (a) revenue derived in relation to **works under construction** that is not included in regulatory income under an **ID determination** or preceding regulatory information disclosure requirements reduces the cost of an asset by the amount of the revenue where such reduction is not otherwise made under **GAAP**;

- (b) where expenditure on an asset which forms part of the cost of that asset under **GAAP** is incurred by an **EDB** after that asset was **commissioned**, such expenditure is treated as relating to a separate asset; and
 - (c) where an **insurance entitlement** is applied to reduce the cost of an asset under subclause (1)(m), any subsequent adjustment to the amount of that **insurance entitlement**, to reflect the full and final settlement of the associated insurance contract, is treated as expenditure or negative expenditure relating to a separate asset or negative asset, adjusted by the amount of $b - a$, where-
 - a is the nominal amount of the expenditure or negative expenditure referred to in this paragraph expressed at the date the **insurance entitlement** was first applied to reduce the cost of the asset under subclause (1)(m); and
 - b is the present value of a at the date the separate asset or negative asset referred to in this paragraph is recognised, calculated using the **WACC** for each **disclosure year** applied by the **Commission** in setting prices for the relevant **DPP** or **CPP**.
- (5) For the purpose of subclause (1)(g), the cost of a **commissioned** asset, or a component of a **commissioned** asset, acquired in a **related party transaction**, must be set on the basis that–
- (a) the cost is not greater than either of the following amounts determined under **GAAP**:
 - (i) the value that would have applied if that transaction had been an **arm's-length transaction**; or
 - (ii) the actual amount charged to the **EDB** by the **related party**; and
 - (b) for the purpose of paragraph (a)(i), an objective and independent measure must be used in determining the terms of an **arm's-length transaction**.
- (6) For the purpose of subclause (5)(a), a **related party transaction** will be treated as if it had the terms of an **arm's-length transaction** if the **commissioned** asset, or the component of the **commissioned** asset, acquired from a **related party** is valued at the cost incurred by the **related party**, provided that this is–
- (a) fair and reasonable to the **EDB**; and
 - (b) substantially the same as the cost that has been incurred or would be incurred by the **related party** in providing the same type of asset to third parties.

2.2.12 Value of found asset

- (1) Found asset means, in relation to a **disclosure year**, an asset-
 - (a) other than **easement land**;
 - (b) other than an intangible asset, unless it is-
 - (i) a **finance lease**; or
 - (ii) an **identifiable non-monetary asset**;
 - (c) not having a **commissioning date** in the **disclosure year** in question;
 - (d) the value of which-
 - (i) is not included as an **unallocated opening RAB value** in the **disclosure year** in question nor was so included in any prior **disclosure year** pursuant to clause 2.2.4(1); and
 - (ii) was not included in an **unallocated closing RAB value** in any prior **disclosure year** in accordance with clause 2.2.4(2); and
 - (e) first determined by the **EDB** in the **disclosure year** in question to have a **commissioning date** after the **disclosure year** 2009.
- (2) The value of found asset is-
 - (a) the **found asset's** cost calculated consistently with **GAAP**; or
 - (b) where sufficient records do not exist to establish the **found asset's** cost for the purposes of **GAAP**-
 - (i) where an asset with an **unallocated opening RAB value** for that **disclosure year** is similar (in terms of asset type and age) to the **found asset**, the **unallocated opening RAB value** of the similar asset; and
 - (ii) in all other cases, its market value as determined by a **valuer** as at the date that the asset was first determined to have been **commissioned** in a prior **disclosure year** after the **disclosure year** 2009.

SUBPART 3 **Treatment of taxation**

2.3.1 Regulatory tax allowance

- (1) Regulatory tax allowance is, where **regulatory net taxable income** is-
 - (a) nil or a positive number, the **tax effect of regulatory net taxable income**; and
 - (b) a negative number, nil.
- (2) Regulatory net taxable income is **regulatory taxable income** less **utilised tax losses**.

- (3) Regulatory taxable income is the amount determined in accordance with the formula-

regulatory profit / (loss) before tax + permanent differences + regulatory tax adjustments.

- (4) Regulatory profit / (loss) before tax means the amount of 'regulatory profit / (loss) before tax' as determined in accordance with an **ID determination**.

2.3.2 Tax losses

- (1) Utilised tax losses means opening tax losses, subject to subclause (2).
- (2) For the purpose of subclause (1), utilised tax losses may not exceed **regulatory taxable income**.
- (3) In this clause, 'opening tax losses' in relation to a **disclosure year** that commenced-
- (a) in 2009, are nil; and
 - (b) after 2009, are closing tax losses for the preceding **disclosure year**.
- (4) For the purpose of subclause (3)(b), 'closing tax losses' means the amount determined in accordance with the following formula, in which each term is an absolute value:

opening tax losses + current period tax losses - utilised tax losses.

- (5) For the purpose of subclause (4), current period tax losses is, where **regulatory taxable income** is-
- (a) nil or a positive number, nil; and
 - (b) a negative number, **regulatory taxable income**.

2.3.3 Permanent differences

- (1) Permanent differences is the amount determined in accordance with the formula-
- positive permanent differences - discretionary discounts and customer rebates - negative permanent differences.*
- (2) For the purpose of subclause (1), 'positive permanent differences' means, subject to subclause (3), the sum of-
- (a) all amounts of income-
 - (i) treated as taxable were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of income in determining **regulatory profit / (loss) before tax**; and
 - (b) all amounts of expenditure or loss-

- (i) included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**; and
- (ii) not treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**,

if the difference in treatment of amounts of-

- (c) income under paragraphs (a)(i) and paragraph (a)(ii); or
- (d) expenditure or loss under paragraph (b)(i) and paragraph (b)(ii),

is a difference that-

- (e) is not a **reversal** or partial **reversal** of a difference for a prior **disclosure year**; and
- (f) will not **reverse** in a subsequent **disclosure year**.

(3) For the purpose of subclause (2), positive permanent differences excludes any amounts that are-

- (a) **amortisation of initial differences in asset values**; or
- (b) **amortisation of revaluations**.

(4) For the purpose of subclause (1), 'negative permanent differences' means, subject to subclause (5), the sum of-

- (a) all amounts of income-
 - (i) included as amounts of income in determining **regulatory profit / (loss) before tax**; and
 - (ii) not treated as taxable were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
- (b) all amounts of expenditure or loss-
 - (i) treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**,

if there are differences between the values in-

- (c) paragraphs (a)(i) and paragraph (a)(ii); and
- (d) paragraphs (b)(i) and paragraph (b)(ii),

and such differences-

- (e) are not the **reversal** of a difference in a prior **disclosure year**; and
- (f) will not **reverse** in a subsequent **disclosure year**.

- (5) For the purpose of subclause (4), negative permanent differences excludes amounts that are-
- (a) **discretionary discounts and customer rebates;**
 - (b) expenditure or loss determined in accordance with the **tax rules** that is-
 - (i) interest; or
 - (ii) incurred in borrowing money; and
 - (c) any-
 - (i) tax losses; or
 - (ii) subvention payment made or received by an **EDB**.
- (6) Discretionary discounts and customer rebates means the expenditure or loss allowed as a deduction under the **tax rules** in respect of the-
- (a) sum of all payments made; and
 - (b) value of all credit amounts given,
- to **persons** by an **EDB** in respect of the **supply of electricity distribution services** owing to those **persons'** direct or indirect ownership interest in the **EDB**.

2.3.4 Regulatory tax adjustments

- (1) Regulatory tax adjustments are determined in accordance with the formula-
- amortisation of initial differences in asset values + amortisation of revaluations** - notional deductible interest.
- (2) For the purpose of subclause (1), 'notional deductible interest' means the amount determined in accordance with the formula—
- $$\frac{((\text{regulatory investment value} \times \text{leverage} \times \text{cost of debt}) + \text{term credit spread differential allowance})}{\sqrt{1 + \text{cost of debt}}}.$$
- (3) For the purpose of subclause (2), 'regulatory investment value' means the value for 'regulatory investment value' determined in accordance with the **ID determination** applicable to the **disclosure year** and the **regulated good or service** in question.

2.3.5 Amortisation of initial differences in asset values

- (1) Amortisation of initial differences in asset values is, subject to subclause (5), determined in accordance with the formula-
- $$\text{opening unamortised initial differences in asset values} \div \text{opening weighted average remaining useful life of relevant assets}.$$

- (2) For the purpose of this clause, 'opening unamortised initial differences in asset values' means, in respect of-
- (a) the **disclosure year** 2010, initial differences in asset values; and
 - (b) each **disclosure year** thereafter, subject to subclause (5), closing unamortised initial difference in asset values for the preceding **disclosure year**.
- (3) For the purpose of subclause (2)(a), 'initial differences in asset values' means, subject to subclause (5), the sum of **initial RAB values** less the sum of **regulatory tax asset values** on the first day of the **disclosure year** 2010.
- (4) For the purpose of subclause (1), 'opening weighted average remaining useful life of relevant assets' means-
- $$q = a - b$$
- where:
- a = the 2010 weighted average **remaining asset life** of assets included in the initial RAB calculated by using **initial RAB values** as weightings
- b = **disclosure year** less 2010.
- (5) For the purpose of subclauses (1) and (2)-
- (a) no account may be taken of unamortised initial differences in asset values of sold assets from the date of sale; and
 - (b) account must be taken of unamortised initial differences in asset values of acquired assets from the date of acquisition.
- (6) For the purpose of subclause (2)(b), 'closing unamortised initial difference in asset values' is determined in accordance with the formula-

*Opening unamortised initial differences in asset values - **amortisation of initial difference in asset values**.*

2.3.6 Amortisation of revaluations

Amortisation of revaluations is calculated in accordance with the formula-

total depreciation - adjusted depreciation.

2.3.7 Deferred tax

- (1) Opening deferred tax means,-
- (a) in respect of the **disclosure year** 2010, nil; and
 - (b) subject to paragraph (c), in respect of each **disclosure year** thereafter, closing deferred tax for the preceding **disclosure year**; and
 - (c) in respect of each **disclosure year** after the **disclosure year** 2010, for assets for which there is no **regulatory tax asset value**, the opening deferred tax balance under **GAAP** for those assets at the date when those assets were first **commissioned**.

- (2) For the purpose of subclause (1)(b), 'closing deferred tax' is determined in accordance with the formula-
- opening deferred tax + tax effect of temporary differences - tax effect of amortisation of initial difference in asset values + deferred tax balance relating to assets acquired in the disclosure year in question – deferred tax balance relating to assets disposed of in the disclosure year in question + cost allocation adjustment.**
- (3) For the purpose of subclause (2), 'deferred tax balance relating to assets acquired in the **disclosure year** in question' means the amount of deferred tax associated with the assets acquired by the **EDB** from another **regulated supplier** excluding the **reversal** of temporary adjustments arising as a consequence of the sale, as determined in accordance with **input methodologies** applicable to the **regulated services** that the assets in question were used to **supply**.
- (4) For the avoidance of doubt, the amount referred to in subclause (3) must include proportionate adjustments for-
- (a) the **tax effect of temporary differences**; and
 - (b) the **amortisation of initial differences in asset values**,
- up to the date the assets in question were acquired.
- (5) For the purpose of subclause (2), 'cost allocation adjustment' means the **tax effect** of the dollar value difference between the change in the sum of **regulatory tax asset values** on the last day of the **disclosure year** and the change in the sum of **closing RAB values** as a result only of applying-
- (a) the result of the asset allocation ratios to the **tax asset value** in accordance with clause 2.3.9(1); and
 - (b) clause 2.1.1 to the **unallocated closing RAB value**.
- (6) For the purpose of subclause (2), 'deferred tax balance relating to assets disposed of in the **disclosure year** in question' means the amount of deferred tax associated with the assets disposed of by the **EDB** and, where that deferred tax balance is a deferred tax liability, it must have a negative value.

2.3.8 Temporary differences

- (1) Temporary differences is the amount determined in accordance with the formula-
- depreciation temporary differences + positive temporary differences - negative temporary differences.*
- (2) For the purpose of this clause, 'depreciation temporary differences' means **adjusted depreciation** less tax depreciation.

- (3) For the purpose of subclause (2) 'tax depreciation' means the sum of the amounts determined for all assets of an **EDB** by application of the **tax depreciation rules** to the **regulatory tax asset value** of each asset.
- (4) For the purpose of subclause (1), 'positive temporary differences' means the sum of-
- (a) all amounts of income-
 - (i) treated as taxable if the **tax rules** were applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of income in determining **regulatory profit / (loss) before tax**; and
 - (b) all amounts of expenditure or loss-
 - (i) included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**; and
 - (ii) not treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**,
- less any amount that are **depreciation temporary differences**, if there are differences between the values in-
- (c) paragraphs (a)(i) and (a)(ii); and
 - (d) paragraphs (b)(i) and (b)(ii),
- and such differences-
- (e) are the **reversal** of a difference in a prior **disclosure year**; or
 - (f) will **reverse** in a subsequent **disclosure year**.
- (5) For the purpose of subclause (1), 'negative temporary differences' means the sum of-
- (a) all amounts of income-
 - (i) included as amounts of income in determining **regulatory profit / (loss) before tax**; and
 - (ii) not treated as taxable were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (b) all amounts of expenditure or loss-
 - (i) treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**,

less any amount that are **depreciation temporary differences**, if there are differences between the values in-

- (c) paragraphs (a)(i) and (a)(ii); and
- (d) paragraphs (b)(i) and (b)(ii),

and such differences-

- (e) are the **reversal** of a difference in a prior **disclosure year**; or
- (f) will **reverse** in a subsequent **disclosure year**.

2.3.9 Regulatory tax asset value

- (1) Regulatory tax asset value, in relation to an asset, means the value determined in accordance with the formula-

tax asset value $\times$ *result of asset allocation ratio*.

- (2) Tax asset value means, in respect of-

- (a) an asset-

- (i) in the **initial RAB** where, in the **disclosure year** 2010, the sum of **unallocated initial RAB values** is less than the sum of the **adjusted tax values** of all assets in the **initial RAB**;
- (ii) acquired from a **regulated supplier** who used it to **supply regulated goods or services**; or
- (iii) acquired or transferred from a **related party**,

the value of the asset determined by applying the **tax depreciation rules** to its notional tax asset value; and

- (b) any other asset, its **adjusted tax value**.

- (3) 'Notional tax asset value' means, for the purpose of-

- (a) subclause (2)(a)(i), **adjusted tax value** of the asset in the **disclosure year** 2010 adjusted to account proportionately for the difference between the-

- (i) sum of the **unallocated initial RAB values**; and
- (ii) sum of the **adjusted tax values**,

of all assets in the **initial RAB**;

- (b) subclause (2)(a)(ii), value after applying the **tax depreciation rules** to the tax asset value (as 'tax asset value' is defined in the **input methodologies** applying to the **regulated goods or services** in question) in respect of the **disclosure year** in which the asset was acquired; and
- (c) subclause (2)(a)(iii), value in respect of the **disclosure year** in which the asset was acquired or transferred that is-

- (i) consistent with the **tax rules**; and
 - (ii) limited to its **value of commissioned asset** plus the sum of any **insurance entitlements** and **compensatory entitlements** applied to reduce the value of a **commissioned asset** under clause 2.2.11(1)(m), or, if relevant **capital contributions** are treated for tax purposes in accordance with section CG 8 of the Income Tax Act 2007 (or subsequent equivalent provisions), limited to the **value of commissioned asset** plus any taxed **capital contributions** applicable to the asset plus the sum of any **insurance entitlements** and **compensatory entitlements** applied to reduce the value of a **commissioned asset** under clause 2.2.11(1)(m).
- (4) For the purpose of subclause (1), 'result of asset allocation ratio' means, where an asset or group of assets maintained under the tax rules-
- (a) has a matching asset or group of assets maintained for the purpose of Subpart 2, the value obtained in accordance with the formula-

$$\frac{\text{opening RAB value or sum of opening RAB values, as the case may be}}{\text{unallocated opening RAB value or sum of unallocated opening RAB values, as the case may be,}}$$
 applying the formula in respect of the asset or smallest group of assets maintained for the purpose of Subpart 2 that has a matching asset or group of assets maintained under the **tax rules**; and
 - (b) does not have a matching asset or group of assets maintained for the purpose of Subpart 2, the value of the asset allocated to the **supply of electricity distribution services** were clause 2.1.1 to apply to the asset or group of assets.

SUBPART 4 **Cost of capital**

2.4.1 Methodology for estimating the weighted average cost of capital

- (1) The **Commission** will determine a mid-point estimate of vanilla **WACC** for each **disclosure year**-
 - (a) in respect of the **regulatory period term** commencing on the first day of the **disclosure year** in question;
 - (b) within 1 month of the start of the **disclosure year** in question; and
 - (c) in accordance with the formula-

$$r_d L + r_e(1 - L).$$

- (2) The **Commission** will determine a mid-point estimate of post-tax **WACC** for each **disclosure year**-

- (a) in respect of the **regulatory period term** commencing on the first day of the **disclosure year** in question;
- (b) within 1 month of the start of the **disclosure year** in question; and
- (c) in accordance with the formula-

$$r_d (1 - T_c)L + r_e (1 - L).$$

- (3) In this clause-

L is **leverage**;

r_d is the cost of debt and is estimated in accordance with the formula:

$$r_f + p + d;$$

r_e is the cost of equity and is estimated in accordance with the formula:

$$r_f(1 - T_i) + \beta_e TAMRP;$$

T_c is the average corporate tax rate;

r_f is the risk-free rate;

p is the **average debt premium**;

d is the debt issuance costs;

T_i is the average investor tax rate;

β_e is the equity beta; and

$TAMRP$ is the tax-adjusted market risk premium.

- (4) For the purpose of this clause-

- (a) the leverage, average investor tax rate, the equity beta, the debt issuance costs, the average corporate tax rate and the tax-adjusted market risk premium are the amounts specified in or determined in accordance with clause 2.4.2; and
- (b) the risk-free rate must be estimated in accordance with clause 2.4.3.

2.4.2 Fixed WACC parameters

- (1) Leverage is 41%.
- (2) 'Average investor tax rate' is the average of the investor tax rates that, as at the date that the estimation is made, will apply to each of the **disclosure years** in the **regulatory period term** commencing on the first day of the **disclosure year** in question.

- (3) For the purpose of subclause (2), 'investor tax rate' is, for each **disclosure year**, the maximum **prescribed investor rate** applicable at the start of that **disclosure year** to an individual who is-
 - (a) resident in New Zealand; and
 - (b) an investor in a **multi-rate PIE**.
- (4) The 'average corporate tax rate' is the average of the **corporate tax rates** that, as at the date that the estimation is made, will apply during the **regulatory period term** commencing on the first day of the **disclosure year** in question.
- (5) The 'Equity beta' is 0.61.
- (6) 'Debt issuance costs' are 0.2% where the **regulatory period term** is five years and 0.25% where the **regulatory period term** is four years.
- (7) 'Tax-adjusted market risk premium' is 7.0%.

2.4.3 Methodology for estimating risk-free rate

The **Commission** will estimate a risk-free rate-

- (a) for each **disclosure year**; and
 - (b) within 1 month of the start of the **disclosure year** in question,
- by-
- (c) obtaining, for notional benchmark New Zealand government New Zealand dollar denominated nominal bonds, the wholesale market linearly-interpolated bid yield to maturity for a residual period to maturity equal to the **regulatory period term** on each **business day** in the 3 months preceding the start of the **disclosure year**;
 - (d) calculating the annualised interpolated bid yield to maturity for each **business day**; and
 - (e) calculating the unweighted arithmetic average of the daily annualised interpolated bid yields to maturity.

2.4.4 Methodology for estimating average debt premium

- (1) The **Commission** will determine an estimate of an amount for the **average debt premium**-
 - (a) for each **disclosure year**; and
 - (b) within 1 month of each **disclosure year**.
- (2) For the purpose of subclause (1), 'average debt premium' means the unweighted arithmetic average of the five **debt premium** values estimated in accordance with subclauses (4) and (5) for:
 - (a) the current **debt premium reference year**; and
 - (b) the four previous **debt premium reference years**.

- (3) For the purpose of subclause (2)(a), 'current debt premium reference year' refers to the **debt premium reference year** that contains the start of the **disclosure year**.
- (4) Debt premium means the spread between-
- (a) the bid yield to maturity on **vanilla NZ\$ denominated bonds** that-
 - (i) are issued by an **EDB** or a **GPB**;
 - (ii) are publicly traded;
 - (iii) have a **qualifying rating** of grade BBB+; and
 - (iv) have a remaining term to maturity of 5 years; and
 - (b) the contemporaneous interpolated bid yield to maturity of notional benchmark New Zealand government New Zealand dollar denominated nominal bonds having a remaining term to maturity of 5 years.
- (5) For the purpose of subclause (2), the amount of the debt premium will be estimated by-
- (a) identifying publicly traded **vanilla NZ\$ denominated bonds** issued by a **qualifying issuer** that are-
 - (i) **investment grade credit rated**; and
 - (ii) of a type described in the paragraphs of subclause (6);
 - (b) in respect of each bond identified in accordance with paragraph (a)-
 - (i) obtaining its wholesale market annualised bid yield to maturity;
 - (ii) calculating by linear interpolation with respect to maturity, the contemporaneous wholesale market annualised bid yield to maturity for a notional benchmark New Zealand government New Zealand dollar denominated nominal bond with the same remaining term to maturity; and
 - (iii) calculating its contemporaneous interpolated bid to bid spread over notional benchmark New Zealand government New Zealand dollar denominated nominal bonds with the same remaining term to maturity, by deducting the yield calculated in accordance with subparagraph (ii) from the yield obtained in accordance with subparagraph (i),

for each **business day** in the 12 months preceding the start of the **debt premium reference year**;
 - (c) calculating, for each bond identified in accordance with paragraph (a), the un-weighted arithmetic average of the daily spreads identified in accordance with paragraph (b)(iii); and
 - (d) subject to subclause (6), estimating, by taking account of the average spreads identified in accordance with paragraph (c) and having regard to the debt premium estimated from applying the **Nelson-Siegel-Svensson**

approach, the average spread that would reasonably be expected to apply to a **vanilla NZ\$ denominated bond** that-

- (i) is issued by an **EDB** or a **GPB** that is neither 100% owned by the Crown nor a **local authority**;
- (ii) is publicly traded;
- (iii) has a **qualifying rating** of grade BBB+; and
- (iv) has a remaining term to maturity of 5 years.

(6) For the purpose of subclauses (5)(a) and (5)(d), the **Commission** will have regard, subject to subclause (7), to the spreads observed on the following types of **vanilla NZ\$ denominated bonds** issued by a **qualifying issuer**:

(a) those that-

- (i) have a **qualifying rating** of grade BBB+; and
- (ii) are issued by an **EDB** or a **GPB** that is neither 100% owned by the Crown nor a **local authority**;

(b) those that-

- (i) have a **qualifying rating** of grade BBB+; and
- (ii) are issued by an entity other than an **EDB** or a **GPB** that is neither 100% owned by the Crown nor a **local authority**;

(c) those that-

- (i) have a **qualifying rating** of a grade different to BBB+; and
- (ii) are issued by an **EDB** or a **GPB** that is neither 100% owned by the Crown nor a **local authority**;

(d) those that-

- (i) have a **qualifying rating** of a grade different to BBB+; and
- (ii) are issued by an entity other than an **EDB** or a **GPB** that is neither 100% owned by the Crown nor a **local authority**; and

(e) those that are-

- (i) **investment grade credit rated**; and
- (ii) issued by an entity that is 100% owned by the Crown or a **local authority**.

(7) For the purpose of subclause (6)-

- (a) progressively lesser regard will ordinarily be given to the spreads observed on the bond types described in accordance with the order in which the bond types are described in subclause (6);
- (b) the spread on any bond of the type described in subclause (6) that has a remaining term to maturity of less than 5 years will ordinarily be

considered to be the minimum spread that would reasonably be expected to apply on an equivalently credit-rated bond issued by the same entity with a remaining term to maturity of 5 years; and

- (c) the **Commission** will adjust spreads observed on bonds described under subclauses (6)(b) to (6)(e) to approximate the spread that is likely to have been observed had the bonds in question been of the type described in subclause (6)(a).
- (8) For the purpose of subclause (5)(d), 'Nelson-Siegel-Svensson approach' means a method for modelling yield curves and term structures of interest rates which establishes a relationship between terms to maturity and the **debt premium**, where a curve is generated by changing the parameters of a yield curve's functional form to minimise the squared deviation between estimated and observed values.

2.4.5 Methodology for estimating the WACC range and the 65th percentile of WACC

- (1) The **Commission** will determine a WACC range for each **mid-point estimate of WACC**-
 - (a) for each **disclosure year**; and
 - (b) within 1 month of the start of the **disclosure year** in question.
- (2) For the purpose of subclause (1), 'WACC range' means the values falling between the 25th percentile and 75th percentile, inclusive, of the **mid-point estimate of WACC**.
- (3) For the purpose of subclause (2)-
 - (a) the **mid-point estimate of WACC** must be treated as the 50th percentile; and
 - (b) the-
 - (i) 75th percentile must be determined in accordance with the formula-
mid-point estimate of WACC + $0.674 \times standard\ error$; and
 - (ii) 25th percentile must be determined in accordance with the formula-
mid-point estimate of WACC - $0.674 \times standard\ error$,
 where the **standard error** of the relevant **mid-point estimate of WACC** is 0.0108.
- (4) The **Commission** will determine a 65th percentile estimate of vanilla **WACC** and a 65th percentile estimate of post-tax **WACC**-
 - (a) for each **disclosure year**; and
 - (b) within 1 month of the start of the **disclosure year** in question.
- (5) For the purpose of subclause (4)-
 - (a) the **mid-point estimate of WACC** must be treated as the 50th percentile; and
 - (b) the 65th percentile must be determined in accordance with the formula-

mid-point estimate of WACC + 0.385 x standard error,
where the **standard error** of the relevant **mid-point estimate of WACC** is 0.0108.

2.4.6 Publication of estimates

- (1) The **Commission** will publish all determinations and estimates that it is required to make by this subpart-
 - (a) on its website; and
 - (b) no later than 1 month after having made them.

2.4.7 Interpretation of terms relating to term credit spread differential

- (1) 'Qualifying debt' means a line of debt-
 - (a) with an original tenor greater than 5 years; and
 - (b) issued by a **qualifying supplier**.
- (2) Qualifying supplier means a **regulated supplier** whose debt portfolio, as at the date of that supplier's most recently published audited financial statements, has a weighted average original tenor greater than 5 years.

2.4.8 Term credit spread difference

- (1) Term credit spread difference is determined in accordance with the formula-

$$T \times U,$$

where-

- (a) 'T' is the amount determined in accordance with the formula-
$$0.00085 \times (\text{original tenor of the } \mathbf{qualifying\ debt} - 5);$$
 - (b) 'U' is the book value in New Zealand dollars of the **qualifying debt** at its date of issue.
- (2) For the purpose of this clause, where the **qualifying debt** is issued to a **related party**, 'original tenor of the **qualifying debt**' means the-
 - (a) tenor of the **qualifying debt**; or
 - (b) period from the **qualifying debt**'s date of issue to the earliest date on which its repayment is or may be required,whichever is the shorter.

2.4.9 Methodology for estimating term credit spread differential

- (1) This clause applies to the determination of the amount of any **term credit spread differential** in respect of a **qualifying debt** for the purpose of disclosure pursuant to an **ID determination** of a-
 - (a) **term credit spread differential allowance**; or
 - (b) **term credit spread differential**.

- (2) Disclosure to which this clause applies may only be made by a **qualifying supplier**.
- (3) Term credit spread differential is the amount determined in accordance with the formula-

$$(A \div B) \times C \times D,$$

where-

- (a) 'A' is the sum of the **term credit spread difference** and debt issuance cost re-adjustment;
 - (b) 'B' is the book value of the **qualifying supplier's** total interest-bearing debt as at the balance date of the supplier's financial statements audited and published in the **disclosure year** in question relate;
 - (c) 'C' is **leverage**; and
 - (d) 'D' is, in relation to the **qualifying supplier**, the average of-
 - (i) the sum of **opening RAB values**; and
 - (ii) the sum of **closing RAB values**.
- (4) For the purpose of subclause (3)(a), 'debt issuance cost re-adjustment' is the amount determined in accordance with the formula-

$$(0.01 \div \text{original tenor of the } \mathbf{qualifying\ debt} - 0.002) \times \text{book value in New Zealand dollars of the } \mathbf{qualifying\ debt\ at\ its\ date\ of\ issue},$$

which amount, for the avoidance of doubt, will be a negative number.

PART 3 INPUT METHODOLOGIES FOR BOTH DEFAULT AND CUSTOMISED PRICE-QUALITY PATHS

SUBPART 1 Specification of price

3.1.1 Specification and definition of prices

- (1) For the purpose of s 53M(1)(a) of the **Act**, the maximum revenues that may be recovered by an **EDB** will be specified in a **DPP determination** or **CPP determination** as a revenue cap, whereby:
 - (a) **forecast revenue from prices** must not exceed **forecast allowable revenue** for each **disclosure year** of the **regulatory period**; and
 - (b) **forecast revenue from prices** less forecast **pass-through costs** and less revenue forecast to be received under **large connection contracts** must not exceed the **revenue smoothing limit** for each **disclosure year** of the **regulatory period** other than the first **disclosure year**.
- (2) 'Forecast revenue from prices' for a **disclosure year** means the forecast revenue used by an **EDB** to set **prices**, where forecast revenue is the total of each **price** multiplied by each forecast **quantity**, plus any other revenue forecast to be received under a **large connection contract**, plus any forecast of **other regulated income**.
- (3) 'Forecast allowable revenue' as specified in a **DPP determination** or **CPP determination** includes-
 - (a) **forecast net allowable revenue**;
 - (b) forecast **pass-through costs**;
 - (c) forecast **recoverable costs**; and
 - (d) revenue forecast to be received under **large connection contracts**.
- (4) 'Forecast net allowable revenue' for the first **disclosure year** of a **DPP** or **CPP regulatory period** will be specified by the **Commission** by the start of the **regulatory period** in a **DPP determination** or **CPP determination**.
- (5) For each **disclosure year** of the **DPP** or **CPP regulatory period** after the first **disclosure year**, 'forecast net allowable revenue' is calculated based on-
 - (a) the **forecast net allowable revenue** for the first **disclosure year** of the **regulatory period**;
 - (b) the **forecast CPI**, as specified in subclause (6); and
 - (c) any X factor applicable to the **EDB**.
- (5A) Despite subclauses (4) and (5), if the price path is amended following a **reopener event**, the **forecast net allowable revenue** for the first **disclosure year** in relation to which the price path is amended, and in each subsequent **disclosure year**, must be

calculated on the basis specified in the **DPP determination** or **CPP determination** as amended.

- (6) 'Forecast CPI',-
- (a) for a quarter where **CPI** is available, has the meaning under paragraph (a) of the 'CPI' definition, excluding any adjustments made under paragraph (b) of that 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 later quarter for which a forecast of the change in headline **CPI** has been included in the Monetary Policy Statement last issued by the Reserve Bank of New Zealand prior to the date an **EDB** sets its **prices** for the purposes of calculating **forecast revenue from prices**, means the **CPI** last applying under paragraph (a) extended by the forecast change in that Monetary Policy Statement; and
 - (c) for later quarters, means 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 midpoint for the change in headline **CPI** set out in the Monetary Policy Statement referred to in paragraph (b).
- (7) 'Prices' means-
- (a) individual tariffs, fees or charges; or
 - (b) individual components thereof,
- in nominal terms exclusive of **GST** for the **supply** of an **electricity distribution service**, and must include a discount taken up by **consumers**.
- (8) 'Quantity' means the amounts **supplied** of **electricity distribution services** corresponding to the extent practicable to **prices**, expressed in units of kWh, kVA, kW, day or other unit applicable to such **supply**.
- (9) 'discount' means a discount to charges payable for the **supply** of **electricity distribution services**-
- (a) that is offered by an **EDB**;
 - (b) the take-up of which is determined by **consumers**; and
 - (c) that is included in the individual tariffs, fees, or charges (or individual components thereof) used to calculate **forecast revenue from prices** for the **disclosure year** that those individual tariffs, fees, or charges apply to.

3.1.2 Pass-through costs

- (1) Subject to subclause (4), a pass-through cost is-

- (a) a cost listed in subclause (2); or
 - (b) subject to subclause (3), a cost, other than one listed in subclause (2), specified by way of a **DPP determination** or **CPP determination**.
- (2) For the purpose of subclause (1)(a), the costs are-
 - (a) rates on system fixed assets paid or payable by an **EDB** to a **local authority** under the Local Government (Rating) Act 2002;
 - (b) **levies** payable-
 - (i) under regulations made under s 53ZE of the **Act**;
 - (ii) under regulations made under the Electricity Industry Act 2010; or
 - (iii) by all members of the approved scheme under Schedule 4 of the Electricity Industry Act 2010;
 - (c) a charge payable to **Transpower** for **electricity lines services** provided to an **EDB** in respect of the transmission system in accordance with the transmission pricing methodology **Transpower** uses to determine the prices it charges for its services, as specified in the Electricity Industry Participation Code 2010, including any such charges on-charged at cost by a third party to an **EDB** that does not have a transmission agreement with **Transpower** for the relevant point of supply;
 - (d) an amount payable:
 - (i) by an **EDB** to **Transpower** in respect of an investment agreement (as defined in the Electricity Industry Participation Code 2010) between those parties, or, with the **Commission's** prior approval, an equivalent type of contract with another transmission provider (to the extent that these costs are not recoverable under subparagraph (ii)); or
 - (ii) by an **EDB** to a party (other than a **related party** of the **EDB**) in connection with finance obtained by the **EDB** (whether principal, interest, or any other cost) in order to pay amounts payable under an investment agreement or a contract of the type described in subparagraph (i); and
 - (e) a charge payable by an **EDB** for the **supply** of system operator services, where 'system operator' has the same meaning as defined in s 5 of the Electricity Industry Act 2010.
- (3) For the purpose of subclause (1)(b), the cost in question must-
 - (a) be-
 - (i) associated with the **supply** of **electricity distribution services**;
 - (ii) outside the control of the **EDB**;
 - (iii) not a **recoverable cost**;

- (iv) appropriate to be passed through to **consumers**; and
 - (v) one in respect of which provision for its recovery is not otherwise made explicitly or implicitly in the **DPP** or, where applicable, **CPP**; and
 - (b) come into effect during a **DPP regulatory period** or, where applicable, **CPP regulatory period**.
- (4) For the purpose of subclause (1), where a cost relates to both **electricity distribution services** and other services **supplied** by the **EDB**, only the proportion of the cost attributable to the **supply of electricity distribution services** (as determined in accordance with clause 2.1.1), may be a pass-through cost.

3.1.3 Recoverable costs

- (1) Subject to subclause (9), a recoverable cost is a cost that is-
- (a) any amount that is an **IRIS incentive adjustment** calculated in respect of a **non-exempt EDB**;
 - (b) an amount described in clause 3.1.2(2)(c) or (d) that the **Commission** is satisfied an **EDB** has avoided liability to pay as a result of the **EDB** having purchased transmission assets from **Transpower**, subject to-
 - (i) the requirement specified in subclause (2); and
 - (ii) subclause (4);
 - (c) claw-back applied by the **Commission** under sections 54K(3) or 53ZB(3) of the **Act**;
 - (d) a standard application fee for a **CPP proposal** under section 53Q(2)(c) of the **Act**, subject to the proviso specified in subclause (5);
 - (e) a fee notified by the **Commission** as payable by the **EDB** in respect of the **Commission** assessing a **CPP proposal** and determining a **CPP** in accordance with s 53Y of the **Act**, subject to the proviso specified in subclause (5);
 - (f) a fee payable to a **verifier**, subject to the requirement specified in subclause (3);
 - (g) any **auditor's** cost incurred for the purpose of meeting clauses 5.1.4 or 5.5.3, subject to the requirement specified in subclause (3);
 - (h) a fee payable to an **engineer** for the purpose of meeting a requirement of clause 5.4.12(4)(b), subject to the requirement specified in subclause (3);
 - (i) a **reopener event allowance**, as specified in a **DPP determination** or **CPP determination**;
 - (j) an **extended reserves allowance**, subject to the requirements specified in subclauses (2) and (6);
 - (k) a **quality incentive adjustment**;

- (l) a fee payable to an **engineer** for the purpose of meeting a requirement of clause 4.5.12, subject to the requirement specified in subclause (7);
 - (m) an **urgent project allowance**;
 - (n) a **wash-up drawdown amount**, as specified in clause 3.1.4(5);
 - (o) any levy payable to Fire and Emergency New Zealand under the Fire and Emergency New Zealand Act 2017; or
 - (p) an **innovation and non-traditional solutions allowance**.
- (2) For the purposes of subclauses (1)(b) and (1)(j), in respect of a particular **EDB**, the **Commission's** approval for the amount of cost must be obtained in accordance with any process relating to the type of cost in question specified in a **DPP determination**.
- (3) For the purposes of subclauses (1)(f)-(h), the amount that may be recovered in respect of a particular **EDB** must be specified by the **Commission** in a **CPP determination**.
- (4) For the purpose of subclause (1)(b)(ii), the amount is a recoverable cost only in the 5 **disclosure years** from and including the **disclosure year** in respect of which the **Commission** first approved the amount of the cost.
- (5) For the purpose of subclause (1)(d) and (e), the proviso is that the **CPP proposal** is not discontinued by the **Commission** under s 53S of the **Act**.
- (6) For the purpose of giving approval under subclause (2) in respect of an **extended reserves allowance**, the **Commission** will have regard to any policy intent stated by the Electricity Authority as to whether—
- (a) some or all compensation payments to be made by an **EDB** under the extended reserves regime would be expected to constitute negative **recoverable costs** and be passed-through to **consumers** via corresponding reductions in **prices**; and
 - (b) revenues that an **EDB** may receive under the extended reserves regime would be expected to be treated as unregulated income.
- (7) For the purpose of subclause (1)(l), the amount that may be recovered by an **EDB** will be specified by the **Commission** in an amendment to the **DPP determination**.
- (8) 'Urgent project allowance' means the allowance determined by the **Commission** in a **CPP determination** in respect of **additional net costs** where these costs—
- (a) exceed those already provided for in a **DPP determination** or **CPP determination**;
 - (b) will not otherwise be recovered by the **EDB**; and
 - (c) will be prudently incurred by the **EDB** before commencement of the resulting **CPP regulatory period** in responding to an urgent **project** that occurred in the time between the submission of a **CPP proposal** and determination of the resulting **CPP determination** by the **Commission**.

- (9) For the purpose of subclause (1), where a cost relates to both **electricity distribution services** and to other services **supplied** by the **EDB**, only the proportion of the cost attributable to the **supply of electricity distribution services** (as determined in accordance with clause 2.1.1) may be a recoverable cost.

3.1.4 Wash-up amounts

- (1) The 'wash-up account balance' for a **disclosure year** ('DY_n') is:
- (a) the **wash-up account balance** for the previous **disclosure year**; plus
 - (b) a time value of money adjustment, equal to the **wash-up account balance** for the previous **disclosure year** multiplied by the cost of capital estimate specified in subclause (12) for DY_n; plus
 - (c) the **wash-up accrual amount** for DY_n; minus
 - (d) the **wash-up drawdown amount** for DY_n; minus
 - (e) any **revenue foregone** amount for DY_n.
- (2) Despite subclause (1), in the case of Aurora Energy Limited,—
- (a) for the purposes of subclause (5), the 'wash-up account balance' for **disclosure year 2025** is:
 - (i) the closing wash-up account balance for the fourth 'CPP assessment period' (as that term is defined in the **Aurora CPP determination**), calculated in accordance with paragraph (2) of Schedule 1.6 of the **Aurora CPP determination**, adjusted by replacing "(1 + 67th percentile estimate of post-tax WACC)²" with "(1 + the cost of capital estimate specified in subclause (12) for DY_n)"; plus
 - (ii) the wash-up amount for the fourth CPP assessment period, calculated in accordance with paragraph (1) of Schedule 1.5 of the **Aurora CPP determination**; and
 - (b) the 'wash-up account balance' for **disclosure year 2026** is:
 - (i) the closing wash-up account balance for the fifth 'CPP assessment period' (as that term is defined in the **Aurora CPP determination**), calculated in accordance with paragraph (2) of Schedule 1.6 of the **Aurora CPP determination**, adjusted by replacing "(1 + 67th percentile estimate of post-tax WACC)²" with "(1 + the cost of capital estimate specified in subclause (12) for DY_n)"; plus
 - (ii) the wash-up amount for the fifth CPP assessment period, calculated in accordance with paragraph (1) of Schedule 1.5 of the **Aurora CPP determination**.
- (2A) Despite subclause (1), for every **EDB** other than Aurora Energy Limited,—

- (a) for the purposes of subclause (5), the ‘wash-up account balance’ for **disclosure year 2024** is:
 - (i) the closing wash-up account balance for the fourth ‘assessment period’ (as that term is defined in the **DPP3 determination**), calculated in accordance with paragraph (2) of Schedule 1.7 of the **DPP3 determination**, adjusted by replacing “(1 + 67th percentile estimate of post-tax WACC)²” with “(1 + the cost of capital estimate specified in subclause (12) for DY_n)”; plus
 - (ii) the wash-up amount for the fourth assessment period, calculated in accordance with paragraph (1) of Schedule 1.6 of the **DPP3 determination**; and
- (b) the ‘wash-up account balance’ for **disclosure year 2025** is:
 - (i) the closing wash-up account balance for the fifth ‘assessment period’ (as that term is defined in the **DPP3 determination**), calculated in accordance with paragraph (2) of Schedule 1.7 of the **DPP3 determination**, adjusted by replacing “(1 + 67th percentile estimate of post-tax WACC)²” with “(1 + the cost of capital estimate specified in subclause (12) for DY_n)”; plus
 - (ii) the wash-up amount for the fifth assessment period, calculated in accordance with paragraph (1) of Schedule 1.6 of the **DPP3 determination**.
- (3) For the purposes of subclause (1), the ‘wash-up accrual amount’ for a **disclosure year** is an amount equal to:
 - (a) **actual allowable revenue** for the **disclosure year**; minus
 - (b) **actual revenue** for the **disclosure year**.
- (4) For the purposes of subclause (3), and subject to subclauses (10) and (11A), ‘actual allowable revenue’ for a **disclosure year** means an amount calculated on the same basis as the **forecast allowable revenue** for the **disclosure year**, adjusted (as specified by the **Commission** in a **DPP determination** or **CPP determination**) by substituting:
 - (a) actual **pass-through costs** for forecast **pass-through costs**;
 - (b) actual **recoverable costs** for forecast **recoverable costs**;
 - (c) in respect of the first **disclosure year** of the **regulatory period**:
 - (i) the amount determined in accordance with the formula—

$$\text{forecast net allowable revenue for the disclosure year} / (1 + \text{forecast CPI change}) \times (1 + \text{actual CPI change})$$

Where—
‘forecast CPI change’ means the derived change in the **forecast CPI** for the **disclosure year**, calculated in accordance with a **DPP**

- determination or CPP determination; and**
‘actual **CPI change**’ means the derived change in the **CPI** for the **disclosure year**, calculated in accordance with a **DPP determination or CPP determination**; for
- (ii) **forecast net allowable revenue** for the **disclosure year**;
 - (d) in respect of each **disclosure year** of the **regulatory period** after the first **disclosure year**, actual **CPI** for **forecast CPI** used for the purposes of determining **forecast net allowable revenue** for that **disclosure year**;
 - (e) where an **EDB** is subject to a:
 - (i) **DPP determination**, the sum of the actual **value of commissioned assets** in the **disclosure year** prior to the start of the **DPP regulatory period** for the **forecast aggregate value of commissioned assets** in the **disclosure year** prior to the start of the **DPP regulatory period** as specified in the **DPP determination**; or
 - (ii) **CPP determination**, the sum of the actual **value of commissioned assets** in the **disclosure year** prior to the start of the **CPP regulatory period** for the sum of the **forecast value of commissioned assets** in the **disclosure year** prior to the start of the **CPP regulatory period** as specified in the **CPP determination**;
 - (f) in respect of any asset referenced in paragraph (e) with a **commissioning date** in the preceding **DPP regulatory period** or **CPP regulatory period**, the weighted average **remaining asset life** calculated under Part 2 in respect of each **disclosure year** of the **regulatory period** for the forecast **remaining asset life** for that asset;
 - (g) if the acquisition of a transmission asset by the **EDB** is not completed prior to the commencement of the **regulatory period** in accordance with the terms of any contract setting out the terms and conditions of sale:
 - (i) a nil value for the forecast **capital expenditure** value associated with the transmission asset as specified in a **DPP determination or CPP determination**; and
 - (ii) a nil value for any forecast **operating expenditure** associated with the transmission asset as specified in a **DPP determination or CPP determination**;
 - (h) where a **new connection wash-up mechanism** has been specified in a **CPP determination**, the actual quantity of **new connections** for the forecast quantity of **new connections** that was specified in the **CPP determination**; and
 - (i) actual revenue under **large connection contracts** for revenue forecast to be received under **large connection contracts**.

- (5) For the purposes of clause 3.1.3(1)(n) and subclause (1), 'wash-up drawdown amount' for a **disclosure year** means an amount:
- (a) that equals one of, or is between, the following amounts:
 - (i) zero; and
 - (ii) the **wash-up account balance** for the **disclosure year** two years prior $\times (1 + \text{the cost of capital estimate specified in subclause (12) for the disclosure year one year prior}) \times (1 + \text{the cost of capital estimate specified in subclause (12) for } DY_n)$ minus the **wash-up drawdown amount** for the **disclosure year** one year prior $\times (1 + \text{the cost of capital estimate specified in subclause (12) for } DY_n)$ (whether that amount is negative or positive); and
 - (b) that is the sum of:
 - (i) an amount to be drawn down by the **EDB** in the **disclosure year**, as determined by the **Commission** for the purpose of returning the **wash-up account balance** towards zero over time and specified in a **DPP determination** or **CPP determination**; and
 - (ii) any additional amount to be drawn down by the **EDB** in the **disclosure year**, as nominated by the **EDB** and specified in its response to a notice under s 53N of the **Act**.
- (5A) For the purposes of subclause (5)(a)(ii):
- (a) for Aurora Energy Limited, for **disclosure years** before **disclosure year** 2027, the **wash-up drawdown amount** is the 'revenue wash-up drawdown amount' as that term is defined in the **Aurora CPP determination**; and
 - (b) for every other **EDB**, for **disclosure years** before **disclosure year** 2026, the **wash-up drawdown amount** is the 'revenue wash-up drawdown amount' as that term is defined in the **DPP3 determination**.
- (6) For the purposes of subclause (1), 'revenue foregone' for a **disclosure year** means:
- (a) **voluntary revenue foregone** for the **disclosure year**; plus
 - (b) **compulsory revenue foregone** for the **disclosure year**.
- (7) For the purposes of subclause (6), 'voluntary revenue foregone' for a **disclosure year** means:
- (a) the **undercharging limit** minus **forecast revenue from prices** for the **disclosure year**, where **forecast revenue from prices** is less than the **undercharging limit**; or
 - (b) nil, where **forecast revenue from prices** for the **disclosure year** is greater than or equal to the **undercharging limit**.

- (8) For the purposes of subclause (6), 'compulsory revenue foregone' for a **disclosure year** means a positive amount returned to **consumers** through a reduction in **forecast revenue from prices** and **actual revenue**, for example, as agreed between the **Commission** and an **EDB** in response to a breach of a price-quality requirement or an information disclosure requirement.
- (9) For the purposes of subclauses (3) and (8), 'actual revenue' means, for a **disclosure year**, the revenue amount calculated in accordance with a **DPP determination** or **CPP determination** that includes actual revenue from **prices** and **other regulated income**.
- (10) If, for a **disclosure year**, the allowable revenue (as described in subclause (11)) for a **large connection contract** exceeds the actual revenue received under the contract, **the wash-up accrual amount** for the **disclosure year** must be reduced by the difference between the allowable revenue and the actual revenue received under the contract.
- (11) In subclause (10), the allowable revenue, in respect of a **large connection contract**, is an amount calculated on the same basis as in the **forecast allowable revenue** calculation for the **disclosure year**, adjusted (as specified by the **Commission** in a **DPP determination** or **CPP determination**) by substituting revenue receivable under the contract for revenue forecast to be received under the contract.
- (11A) Despite subclause (4), if the price-quality path is amended following a **reopener event**, **actual allowable revenue** for a **disclosure year** of the **regulatory period** must be calculated on the basis specified in the **DPP determination** or **CPP determination** as amended.
- (12) For the purposes of making a time value of money adjustment for the purposes of this clause, the cost of capital estimate is:
 - (a) for **disclosure years** prior to **disclosure year 2026**, 4.23%;
 - (b) for a **disclosure year** that is the first **disclosure year** of a **DPP regulatory period** (including where the **EDB** is subject to a **CPP**), a weighted average of the applicable cost of capital estimate for the previous **DPP regulatory period** (with a 0.41 weighting) and the current **DPP regulatory period** (with a 0.59 weighting); or
 - (c) for any other **disclosure year**, the **midpoint estimate of WACC** for the current **DPP regulatory period**.

SUBPART 2 **Amalgamations**

3.2.1 Treatment of amalgamations

- (1) The **DPPs** of **non-exempt EDBs** subject to **DPPs** that have **amalgamated** must be aggregated from the start of the **disclosure year** following the **amalgamation**.
- (2) A **DPP** for an amalgamated **EDB** formed from an **EDB** subject to a **DPP** and an **EDB** subject to a **CPP** applies at the end of the existing **CPP**.

- (3) A **DPP** for an amalgamated **EDB** formed from 2 **EDBs** each subject to a **CPP** applies at the end of the existing **CPPs**.
- (4) Nothing in subclauses (2) and (3)-
 - (a) precludes a **CPP** applying to the amalgamated **EDB** at the end of the existing **CPP** or **CPPs**, as the case may be; nor
 - (b) derogates from the application of a **DPP** to **electricity distribution services** that are-
 - (i) **supplied** by the amalgamated **EDB**; and
 - (ii) not specified services,

pending expiry of any **DPP** or **CPP** applying to the specified services.
- (5) A **CPP** for an amalgamated **EDB** may not apply before 3 **disclosure years** of any **CPP** applying to the **EDBs** from which it was formed have been completed.
- (6) Upon the determination of a **CPP** for an amalgamated **EDB**, the termination date of any **CPP** to which the amalgamated **EDB** is subject, pursuant to subclauses (2) and (3), is treated as amended to the day before the day on which the **CPP** for the amalgamated **EDB** will apply.
- (7) The **Commission** may not, in response to an **amalgamation**, reset starting prices for specified services to take effect during the remainder of the **regulatory period** applicable to the specified services except-
 - (a) for the purpose of s 54K; or
 - (b) when making, upon application and in accordance with this clause, a **CPP determination** for the amalgamated **EDB**.
- (8) For the purpose of this clause, 'specified services' means **regulated goods or services supplied** by the amalgamated **EDB** that, at the time of amalgamation, were subject to a **DPP** or a **CPP**.

SUBPART 3 Incremental rolling incentive scheme

SECTION 1 Annual IRIS incentive adjustments

3.3.1 Calculation of annual IRIS incentive adjustment as recoverable cost

- (1) A **non-exempt EDB** must calculate an **IRIS incentive adjustment** for each **disclosure year** of each **regulatory period**.
- (2) The 'IRIS incentive adjustment' is the amount determined in accordance with the formula—

opex incentive amount + capex incentive amount.

SECTION 2 Operating expenditure incentives

3.3.2 How to calculate opex incentive amounts

- (1) An **opex incentive amount** must be calculated for each **disclosure year** of a **regulatory period**.
- (2) The 'opex incentive amount' for a **disclosure year** is an amount equal to the sum of—
 - (a) all **amounts carried forward** into that **disclosure year** from a **disclosure year** in a preceding **regulatory period**; and
 - (b) where an **adjustment to the opex incentive** is applicable under clause 3.3.4(1)—
 - (i) the amount calculated in accordance with the following formula for a **disclosure year** in the **regulatory period**—

$$\left(\frac{\text{Adjustment to the opex incentive}}{l - 1} \right) \times (1 + r)^{y-1}$$

where—

- l is the number of **disclosure years** in the **regulatory period**;
- r is the **cost of debt** applying to the **DPP** or **CPP** in question; and
- y is the number of **disclosure years** preceding the **disclosure year** in question in the **regulatory period**.

3.3.3 How to calculate the amount carried forward to subsequent disclosure years

- (1) An 'amount carried forward' must be calculated for each **disclosure year** of a **regulatory period**.
- (2) The 'amount carried forward' for the first **disclosure year** of a **regulatory period**, including the first **disclosure year** following expiration of a **CPP** applicable to the **EDB**, subject to subclause (5), is calculated in accordance with the formula—

$$\text{forecast opex}_t - \text{actual opex}_t$$

where—

- t means the **disclosure year** in question.

- (3) The 'amount carried forward' for a **disclosure year** that is not the first or last **disclosure year** of a **regulatory period** is calculated in accordance with the formula—

$$(\text{forecast opex}_t - \text{actual opex}_t) - (\text{forecast opex}_{t-1} - \text{actual opex}_{t-1})$$

where—

- t means the **disclosure year** in question; and
- $t-1$ means the **disclosure year** preceding the **disclosure year** in question.

- (4) The 'amount carried forward' for the last **disclosure year** of a **regulatory period** is nil.

- (5) Where an **EDB** is subject to a **DPP determination** for no more than one consecutive **disclosure year** of the **DPP regulatory period**, the 'amount carried forward' for that **disclosure year** is nil.
- (6) Each **amount carried forward** is notionally carried forward from the **disclosure year** in respect of which it is calculated into each of the subsequent 5 **disclosure years**.
- (7) 'Forecast opex', subject to clauses 3.3.13 and 3.3.14, is, for a **disclosure year** –
 - (a) in a **DPP regulatory period** applying to an **EDB** for which starting prices applicable to the **EDB** were determined by the **Commission** under s 53P(3)(b) or s 53X(2), the amount of forecast **operating expenditure** specified by the **Commission** for the relevant **disclosure year** in the **DPP determination** for the purpose of calculating an **opex incentive amount**, adjusted for any difference, for each quarter, between-
 - (i) the **forecast CPI** used to calculate **forecast net allowable revenue** for the **disclosure year**; and
 - (ii) the actual **CPI**;
 - (b) in a **DPP regulatory period** applying to an **EDB** for which the prices applicable to the **EDB** were the prices that applied at the end of the preceding **DPP regulatory period** or **CPP regulatory period**, the amount of forecast **operating expenditure** specified by the **Commission** in the **DPP determination** or otherwise notified to the **EDB** by the **Commission**, adjusted for any difference, for each quarter, between-
 - (i) the **forecast CPI** used to calculate **forecast net allowable revenue** for the **disclosure year**; and
 - (ii) the actual **CPI**; or
 - (c) in a **CPP regulatory period** applying to an **EDB**, the amount of **forecast operating expenditure** specified by the **Commission** for the relevant **disclosure year** in accordance with clause 5.3.2(6)(b), adjusted for any difference, for each quarter, between-
 - (i) the **forecast CPI** used to calculate **forecast net allowable revenue** for the **disclosure year**; and
 - (ii) the actual **CPI**.
- (8) 'Actual opex' is the amount of **operating costs** allocated to **electricity distribution services** for the relevant **disclosure year**, calculated in accordance with Part 2, plus any **lease payments**.

3.3.4 How to calculate the adjustment to the opex incentive for the second year of a regulatory period

- (1) An **adjustment to the opex incentive** must be calculated in the **disclosure year** immediately following a **starting price year**, unless the **disclosure year** in question is also a **starting price year**.

Standard case DPP

- (2) For an **EDB** subject to the **DPP**, unless subclause (4) applies, the 'adjustment to the opex incentive', where the starting prices for the current **DPP regulatory period** are—
- (a) determined by the **Commission** in accordance with s 53P(3)(b) of the **Act**, is an amount equal to the 'base year adjustment term' calculated in accordance with clause 3.3.5; and
 - (b) the prices that applied at the end of the preceding **DPP regulatory period** or **CPP regulatory period**, is an amount calculated in accordance with the formula—

base year adjustment term + roll-over adjustment term

where—

base year adjustment term means the amount calculated in accordance with clause 3.3.5; and

roll-over adjustment term means the amount calculated in accordance with clause 3.3.6.

Standard case CPP

- (3) The 'adjustment to the opex incentive' for an **EDB** subject to a **CPP**, unless subclauses (5) or (6) applies, is calculated in accordance with the formula—

base year adjustment term + baseline adjustment term

where—

base year adjustment term means the amount calculated in accordance with clause 3.3.5;

baseline adjustment term means the amount calculated in accordance with clause 3.3.7(1).

Special case of a DPP following a single starting price year

- (4) The 'adjustment to the opex incentive' for an **EDB** subject to the **DPP**, when the **disclosure year** immediately preceding the current **regulatory period** was a **starting price year**, is calculated in accordance with the formula—

base year adjustment term + roll-over adjustment term + one-year adjustment term 1 + one-year adjustment term 2 + one-year adjustment term 3

where–

base year adjustment term means the amount calculated in accordance with clause 3.3.5;

roll-over adjustment term means the amount calculated in accordance with clause 3.3.6;

one-year adjustment term 1 means the amount calculated in accordance with clause 3.3.8(1);

one-year adjustment term 2 means the amount calculated in accordance with clause 3.3.8(2); and

one-year adjustment term 3 means the amount calculated in accordance with clause 3.3.8(3).

Special case of a CPP following a single starting price year

- (5) Unless subclause (6) applies, the ‘adjustment to the opex incentive’ for an **EDB** subject to a **CPP**, when the **disclosure year** immediately preceding the current **regulatory period** was a **starting price year**, is calculated in accordance with the formula–

base year adjustment term + baseline adjustment term + one-year adjustment term 1 + one-year adjustment term 2 + one-year adjustment term 3

where–

base year adjustment term means the amount calculated in accordance with clause 3.3.5;

baseline adjustment term means the amount calculated in accordance with clause 3.3.7(1);

one-year adjustment term 1 means the amount calculated in accordance with clause 3.3.8(1);

one-year adjustment term 2 means the amount calculated in accordance with clause 3.3.8(2); and

one-year adjustment term 3 means the amount calculated in accordance with clause 3.3.8(3).

Special case of a CPP following two consecutive starting price years

- (6) The ‘adjustment to the opex incentive’ for an **EDB** subject to a **CPP**, when the two **disclosure years** immediately preceding the current **regulatory period** were each a **starting price year**, is calculated in accordance with the formula–

baseline adjustment term + one-year adjustment term 4 + one-year adjustment term 5 + one-year adjustment term 6 + one-year adjustment term 7 + one-year adjustment term 8 + one-year adjustment term 9

where–

baseline adjustment term means the amount calculated in accordance with clause 3.3.7(2);

one-year adjustment term 4 means the amount calculated in accordance with clause 3.3.9(1);

one-year adjustment term 5 means the amount calculated in accordance with clause 3.3.9(2);

one-year adjustment term 6 means the amount calculated in accordance with clause 3.3.9(3);

one-year adjustment term 7 means the amount calculated in accordance with clause 3.3.9(4);

one-year adjustment term 8 means the amount calculated in accordance with clause 3.3.9(5); and

one-year adjustment term 9 means the amount calculated in accordance with clause 3.3.9(6).

3.3.5 How to calculate the base year adjustment term

A ‘base year adjustment term’ is calculated in accordance with the formula–

$$-\left(\frac{(\text{forecast opex}_{t-1} - \text{actual opex}_{t-1}) - (\text{forecast opex}_{t-2} - \text{actual opex}_{t-2})}{(1 + WACC)^4}\right)$$

where–

WACC means–

- (i) in the case of a **DPP**, the **mid-point estimate of WACC** as determined by the **Commission** and applicable to the **DPP**; or
- (ii) in the case of a **CPP**, the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB’s current CPP regulatory period** in accordance with clause 5.3.22;

t-1 means the **disclosure year** immediately prior to the current **regulatory period**; and

t-2 means the **disclosure year** commencing two years prior to the current **regulatory period**.

3.3.6 How to calculate the roll-over adjustment term

A 'roll-over adjustment term' is calculated in accordance with the formula–

$$(\text{actual opex}_{t-2} - \text{forecast opex}_t)$$

×

$$((1-(1+WACC)^{-6})/WACC)$$

×

$$(1+WACC)^2$$

where–

WACC means the **mid-point estimate of WACC** as determined by the **Commission** and applicable to the **EDB's current DPP**;

t means the first **disclosure year** of the current **regulatory period**; and

t-2 means the **disclosure year** commencing two years prior to the current **regulatory period**.

3.3.7 How to calculate the baseline adjustment term applicable to CPP regulatory periods

- (1) For the purposes of subclause 3.3.4(3) and 3.3.4(5), 'baseline adjustment term' is calculated in accordance with the formula–

$$- (\text{forecast opex}_{t-2} - \text{actual opex}_{t-2})$$

×

$$((1-(1+WACC)^{-6})/WACC)$$

×

$$(1+WACC)^2$$

where–

t-2 means the **disclosure year** commencing two years prior to the current **regulatory period**;

WACC means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's current CPP regulatory period** in accordance with clause 5.3.22.

- (2) For the purposes of subclause 3.3.4(6), a 'baseline adjustment term' is calculated in accordance with the formula–

$$- (\text{forecast opex}_{t-4} - \text{actual opex}_{t-2})$$

×

$$((1-(1+WACC)^{-6})/WACC)$$

×

$$(1+WACC)^2$$

where–

$t-2$ means the **disclosure year** commencing two years prior to the current **regulatory period**;

$t-4$ means the **disclosure year** commencing four years prior to the current **regulatory period**; and

WACC means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22.

3.3.8 How to calculate adjustment terms applicable to regulatory periods preceded by a single starting price year

(1) A 'one-year adjustment term 1' is calculated in accordance with the formula–

$$(\text{actual opex}_{t-4} - \text{forecast opex}_{t-2})$$

×

$$(1+WACC)^2$$

where–

WACC means–

- (i) in the case of a **DPP**, the **mid-point estimate of WACC** as determined by the **Commission** and applicable to the **DPP**; or
- (ii) in the case of a **CPP**, the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22;

$t-2$ means the **disclosure year** commencing two years prior to the current **disclosure year**; and

$t-4$ means the **disclosure year** commencing four years prior to the current **disclosure year**.

(2) A 'one-year adjustment term 2' is calculated in accordance with the formula–

$$(\text{forecast opex}_{t-3} - \text{actual opex}_{t-3}) - (\text{forecast opex}_{t-4} - \text{actual opex}_{t-4})$$

×

$$((1-(1+WACC)^{-4})/WACC)$$

×

$$(1+WACC)^2$$

where–

WACC means–

- (i) in the case of a **DPP**, the **mid-point estimate of WACC** as determined by the **Commission** and applicable to the **DPP**; or
- (ii) in the case of a **CPP**, the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's current CPP regulatory period** in accordance with clause 5.3.22;

$t-3$ means the **disclosure year** commencing three years prior to the current **disclosure year**; and

$t-4$ means the **disclosure year** commencing four years prior to the current **disclosure year**.

- (3) A 'one-year adjustment term 3' is calculated in accordance with the formula–

$$(\text{forecast opex}_{t-2} - \text{forecast opex}_{t-4}) / (1+WACC)^4$$

where–

WACC means–

- (i) in the case of a **DPP**, the **mid-point estimate of WACC** as determined by the **Commission** and applicable to the **DPP**; or
- (ii) in the case of a **CPP**, the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's current CPP regulatory period** in accordance with clause 5.3.22;

$t-2$ means the **disclosure year** commencing two years prior to the current **disclosure year**; and

$t-4$ means the **disclosure year** commencing four years prior to the current **disclosure year**.

3.3.9 How to calculate adjustment terms applicable to CPP regulatory periods preceded by two successive starting price years

- (1) A 'one-year adjustment term 4' is calculated in accordance with the formula–

$$(\text{actual opex}_{t-5} - \text{forecast opex}_{t-3})$$

×

$$(1+WACC)^3$$

where–

WACC means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22;

t-3 means the **disclosure year** commencing three years prior to the current **disclosure year**; and

t-5 means the **disclosure year** commencing five years prior to the current **disclosure year**.

(2) A 'one-year adjustment term 5' is calculated in accordance with the formula–

$(\text{actual opex}_{t-4} - \text{forecast opex}_{t-2})$

×

$(1+WACC)^2$

where–

WACC means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22;

t-2 means the **disclosure year** commencing two years prior to the current **disclosure year**; and

t-4 means the **disclosure year** commencing four years prior to the current **disclosure year**.

(3) A 'one-year adjustment term 6' is calculated in accordance with the formula–

$(\text{actual opex}_{t-5} - \text{actual opex}_{t-4})$

×

$((1-(1+WACC)^{-4})/WACC)$

×

$(1+WACC)^3$

where–

WACC means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22;

t-4 means the **disclosure year** commencing four years prior to the current **disclosure year**; and

$t-5$ means the **disclosure year** commencing five years prior to the current **disclosure year**.

- (4) A 'one-year adjustment term 7' is calculated in accordance with the formula—

$$(\text{actual opex}_{t-4} - \text{actual opex}_{t-3})$$

×

$$((1-(1+WACC)^{-4})/WACC)$$

×

$$(1+WACC)^2$$

where—

$WACC$ means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22;

$t-3$ means the **disclosure year** commencing three years prior to the current **disclosure year**; and

$t-4$ means the **disclosure year** commencing four years prior to the current **disclosure year**.

- (5) A 'one-year adjustment term 8' is calculated in accordance with the formula—

$$(\text{actual opex}_{t-2} - \text{actual opex}_{t-3}) / (1+WACC)^4$$

where—

$WACC$ means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22;

$t-2$ means the **disclosure year** commencing two years prior to the current **disclosure year**; and

$t-3$ means the **disclosure year** commencing three years prior to the current **disclosure year**.

- (6) A 'one-year adjustment term 9' is calculated in accordance with the formula—

$$(\text{forecast opex}_{t-5} - \text{forecast opex}_{t-4})$$

×

$$((1/(1+WACC))^4 + 1/(1+WACC)^2 - (1+WACC)^2)$$

where—

WACC means the **mid-point estimate of WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22;

t-4 means the **disclosure year** commencing four years prior to the current **disclosure year**; and

t-5 means the **disclosure year** commencing five years prior to the current **disclosure year**.

SECTION 3 Capital expenditure incentives

3.3.10 How to calculate capex incentive amounts

(1) A **capex incentive amount** must be calculated for each **disclosure year** of a **DPP regulatory period** irrespective of whether the **EDB** in question is subject to a **CPP** or a **DPP** during that **DPP regulatory period**.

(2) The 'capex incentive amount' for a **disclosure year** is—

- (a) the amount calculated in accordance with the following formula for a **disclosure year** in the **DPP regulatory period** other than the first **disclosure year**—

$$\left(\frac{\text{capex wash-up} + \text{retention adjustment}}{l - 1} \right) \times (1 + r)^{y+0.5}$$

where—

l is the number of **disclosure years** in the **DPP regulatory period**;

r is the **cost of debt** applying to the **DPP** or **CPP** in question; and

y is the number of **disclosure years** preceding the **disclosure year** in question in the **DPP regulatory period**; and

(b) nil—

- (i) for the first **disclosure year** of the **DPP regulatory period**; and
(ii) for a **disclosure year** in a **DPP regulatory period** which commences prior to 1 April 2020.

3.3.11 How to calculate the capex wash-up

(1) The 'capex wash-up' is an amount equal to the present value of the differences in the series of building blocks allowable revenue before tax for the preceding **DPP regulatory period**, subject to subclause (2) and clauses 3.3.13 and 3.3.14 from adopting—

- (a) the sum of the **value of commissioned assets** for each **disclosure year** of that preceding **DPP regulatory period**,

instead of–

- (b) for each **disclosure year** of the preceding **DPP regulatory period** in which the **EDB** was subject to a **DPP**, the **forecast aggregate value of commissioned assets** determined by the **Commission** in respect of those **disclosure years**; and
- (c) for each **disclosure year** of the preceding **DPP regulatory period** in which the **EDB** was subject to a **CPP**, the sum of the **forecast value of commissioned assets** determined by the **Commission** in respect of those **disclosure years**.

(2) For the purpose of subclause (1)–

- (a) the present value must be determined by discounting the series of building blocks allowable revenue before tax to the end of the preceding **DPP regulatory period** using a discount rate equal to the **WACC** applied by the **Commission** in setting prices for each **disclosure year** for the relevant **DPP** or **CPP** in the preceding **DPP regulatory period**, and then subtracting the present value of any **capital costs** already provided for in a **reopener event allowance** or an **urgent project allowance**;
- (b) the series of building blocks allowable revenue before tax for each **disclosure year** of the preceding **DPP regulatory period** must–
 - (i) be calculated using the same methodology that was applied by the **Commission** in setting starting prices for the **EDB** for the relevant **DPP** or **CPP**, subject to subparagraphs (ii) and (iii);
 - (ii) for the purpose of subparagraph (i), adopt the **remaining asset life** calculated under Part 2 in respect of each **disclosure year** for assets having a **commissioning date** in the preceding **DPP regulatory period**; and
 - (iii) for the purpose of subparagraph (i), adopt the same values for all other inputs to the calculation of building blocks allowable revenue before tax; and
- (c) where the series of building blocks allowable revenue before tax from adopting the sum of **value of commissioned assets** exceed the series of building blocks allowable revenue before tax from using the forecast values of commissioned assets (as determined using the **forecast aggregate value of commissioned assets** for each **disclosure year** in which the **EDB** was subject to a **DPP** and sum of the **forecast value of commissioned assets** for each **disclosure year** in which the **EDB** was subject to a **CPP**) then the difference is a positive amount of capex wash-up; and

- (d) where the series of building blocks allowable revenue before tax from adopting the sum of **value of commissioned assets** is less than the series of building blocks allowable revenue before tax from using the forecast value of commissioned assets (as determined using the **forecast aggregate value of commissioned assets** for each **disclosure year** in which the **EDB** was subject to a **DPP** and sum of the **forecast value of commissioned assets** for each **disclosure year** in which the **EDB** was subject to a **CPP**) then the difference is a negative amount of capex wash-up.

3.3.12 How to calculate the retention adjustment

- (1) The 'retention adjustment' is calculated in accordance with the formula—

$$(PV \text{ of forecast commissioned asset values} - PV \text{ of actual commissioned asset values}) \times \text{retention factor}.$$
- (2) Subject to subclause (4), 'PV of forecast commissioned asset values' is an amount equal to the sum of—
 - (a) the present value, as at the end of the preceding **DPP regulatory period**, of the **forecast aggregate value of commissioned assets** for each **disclosure year** of the preceding **DPP regulatory period** for which the **EDB** was subject to a **DPP**, adjusted for any difference, for each quarter, between—
 - (i) the **forecast CPI** used to calculate **forecast net allowable revenue** for the **disclosure year**; and
 - (ii) the actual **CPI**; and
 - (b) the present value, as at the end of the preceding **DPP regulatory period**, of the sum of the **forecast value of commissioned assets** for each **disclosure year** of the preceding **DPP regulatory period** for which the **EDB** was subject to a **CPP**, adjusted for any difference, for each quarter, between—
 - (i) the **forecast CPI** used to calculate **forecast net allowable revenue** for the **disclosure year**; and
 - (ii) the actual **CPI**.
- (3) Subject to subclause (4), 'PV of actual commissioned asset values' is the present value, as at the end of the preceding **DPP regulatory period**, of the **value of commissioned asset** calculated in accordance with Part 2 for every asset that was **commissioned** during the preceding **DPP regulatory period**.
- (4) For the purpose of subclauses (2)-(3) and clauses 3.3.13-3.3.14—
 - (a) the sum of the **forecast aggregate value of commissioned assets** excludes any forecast **right-of-use asset**;

- (b) the sum of the **forecast value of commissioned assets** excludes any forecast **right-of-use asset**;
- (c) the **value of commissioned asset** excludes any **right-of-use asset**; and
- (d) where a **new connection wash-up mechanism** has been specified in a **CPP determination**, the sum of the **forecast value of commissioned assets** must be adjusted by adding one or more **new connection adjustments**, determined in accordance with the following formula:

$$\text{new connection adjustment} = a * (b - c)$$

Where:

a = the unit cost for the type of **new connections** as determined in the **CPP determination**;
 b = the actual quantity of **new connections** of that type; and
 c = the forecast quantity of **new connections** of that type as determined in the **CPP determination**.

SECTION 4 Price-quality path amendments and other events

3.3.13 Calculating alternative incentive adjustments following price-quality path transitions

- (1) If a price-quality path is amended as a consequence of a **reopener event** (other than a **quality standard variation** or a **WACC change event**) each of the following amounts is the amount specified by the **Commission** in the amended **DPP determination** or amended **CPP determination**:
 - (a) the **forecast opex** that the **EDB** must use to calculate the **amount carried forward** for the **disclosure year** in which the event occurred and each subsequent **disclosure year** prior to the effective date of the amendment to the price-quality path; and
 - (b) the **forecast aggregate value of commissioned assets** or the sum of the **forecast value of commissioned assets** that the **EDB** must use to calculate the **capex incentive amount** for the **disclosure year** in which the event occurred and each subsequent **disclosure year** prior to the effective date of the amendment to the price-quality path.
- (2) An **EDB** subject to a **CPP** must calculate the **amount carried forward** and the **capex incentive amount** for each **disclosure year** of the preceding **DPP regulatory period** applicable to the **EDB** using any alternative **forecast opex** and sum of the **forecast value of commissioned assets** specified by the **Commission** in the **CPP determination**.
- (3) Following expiration of a **CPP** applicable to the **EDB**, the **EDB** must calculate the **amount carried forward** and the **capex incentive amount** for each remaining **disclosure year** of the current **DPP regulatory period** using any **forecast opex** and

forecast aggregate value of commissioned assets notified by the **Commission**, unless the **EDB** becomes subject to a new **CPP**.

3.3.14 Calculating incentive adjustments for other events

Where an event that is–

- (a) an **amalgamation**;
- (b) a merger (as defined in a **DPP determination**); or
- (c) an alteration to Part 2 or **ID determination** requirements affecting the quantification of **operating costs** allocated to electricity distribution services or a **value of commissioned asset**,

occurs in a **disclosure year** and–

- (d) the **Commission** considers; or
- (e) the **EDB** in question satisfies the **Commission** upon application,

that the event has, or is likely to have, a material effect on the calculation of the **opex incentive amount** or **capex incentive amount** that the **EDB** would otherwise have been required to make then–

- (f) the **forecast opex**; and
- (g) either–
 - (i) **forecast aggregate value of commissioned assets**; or
 - (ii) sum of the **forecast value of commissioned assets**,

required to be used by the **EDB** to calculate the **amount carried forward** or **capex incentive amount** for that **disclosure year** and each subsequent **disclosure year** in the **regulatory period** may be determined by the **Commission**, and notified to the **EDB**, in order to preserve, to the extent appropriate–

- (h) the correct outcomes for expenditure efficiencies achieved before the event; and
- (i) the relevant incentive properties after the event.

PART 4 INPUT METHODOLOGIES FOR DEFAULT PRICE-QUALITY PATHS

SUBPART 1 Cost allocation

4.1.1 Allocation of operating costs and asset costs

- (1) **Operating expenditure** forecast for an **EDB** must be determined by the **Commission** consistent with the allocation by the **EDB** of **operating costs** to **electricity distribution services** for the **base year** in accordance with clause 2.1.1.
- (2) **Capital expenditure** forecast to be the **forecast aggregate value of commissioned assets** will be included in the **aggregate closing RAB for additional assets**, but only to the extent that the **forecast value of commissioned assets** is consistent with the value found after the application of clause 2.1.1.

SUBPART 2 Asset Valuation

4.2.1 RAB values and roll forward

- (1) Total opening RAB value for a **disclosure year** means the sum of-
 - (a) **aggregate opening RAB value for existing assets** calculated under subclause (2); and
 - (b) **aggregate opening RAB value for additional assets** calculated under subclause (4) for those **additional assets** which have a **forecast aggregate value of commissioned assets** determined for a prior **disclosure year** occurring after the **base year**.
- (2) Aggregate opening RAB value for existing assets means, for-
 - (a) the **base year**, the sum of each 'opening RAB value' for all assets calculated in accordance with Part 2 for that **disclosure year**; and
 - (b) each **disclosure year** thereafter, the **aggregate closing RAB value for existing assets** for the preceding **disclosure year**.
- (3) Aggregate closing RAB value for existing assets means, for-
 - (a) the **base year**, the sum of each 'closing RAB value' for all assets calculated in accordance with Part 2 for that **disclosure year**; and
 - (b) each **disclosure year** thereafter, the value determined in accordance with the formula-

aggregate opening RAB value for existing assets – depreciation *for existing assets* + revaluation *for existing assets* – forecast aggregate value of disposed assets.

- (4) Aggregate opening RAB value for additional assets means the **aggregate closing RAB value for additional assets** for the preceding **disclosure year**.
- (5) Aggregate closing RAB value for additional assets means, for-
 - (a) **additional assets** in respect of the **disclosure year** for which their **forecast aggregate value of commissioned assets** is determined, the **forecast aggregate value of commissioned assets**; and
 - (b) **additional assets** for a **disclosure year** following that for which their **forecast aggregate value of commissioned assets** is determined, the value determined for those **additional assets** in accordance with the formula-

aggregate opening RAB value for additional assets – depreciation *for additional assets* + revaluation *for additional assets*.

4.2.2 Total depreciation

- (1) Total depreciation means the sum of depreciation for **existing assets** and **additional assets** calculated under subclause (2).
 - (2) For the purpose of subclause (1), 'depreciation' means, in the case of-
 - (a) **existing assets** of the **EDB**, for-
 - (i) the **base year**, the sum of all amounts of 'depreciation' determined in accordance with Part 2 for that **disclosure year**; and
 - (ii) each **disclosure year** thereafter, the value determined in accordance with the formula-

$$[1 \div \text{remaining asset life for existing assets}] \times \text{aggregate opening RAB value for existing assets}; \text{ and}$$
 - (b) **additional assets** of the **EDB**, the value determined in accordance with the formula-

$$[1 \div \text{remaining asset life for additional assets}] \times \text{aggregate opening RAB value for additional assets}.$$
- (3) For the purpose of-
 - (a) subclause (2)(a), 'remaining asset life for existing assets' for a **disclosure year** means-
 - (i) unless subparagraph (ii) applies, the value determined in accordance with the formula-

aggregate opening RAB value for existing assets for the disclosure year ÷ the sum of depreciation for existing assets for the disclosure year; or

- (ii) if the **Commission** applies an adjustment factor under subclause (4), the value determined in accordance with the formula–

*adjustment factor * (aggregate opening RAB value for existing assets for the disclosure year ÷ the sum of depreciation for existing assets for the disclosure year); and*

- (b) subclause (2)(b), ‘remaining asset life for additional assets’ for a **disclosure year** means 45 years less the number of **disclosure years** from the **disclosure year** for which the **forecast aggregate value of commissioned assets** for the relevant **additional assets** is determined to the **disclosure year** in question.

- (4) The **Commission** may, for the purpose of subclause (3)(a)(ii),–

- (a) for each **disclosure year** of a **DPP regulatory period** apply an average adjustment factor across all **existing assets** of not lower than 0.85, nor higher than 1; and
- (b) for a **disclosure year** after the **base year** in respect of the **DPP regulatory period** in paragraph (a), apply an adjustment factor across all **existing assets** of 1.

- (5) The **Commission** may apply an adjustment factor under subclause (4) only if–

- (a) the **EDB** has, by notice in writing to the **Commission** not later than 13 months prior to the commencement of the next **DPP regulatory period**–
 - (i) proposed an adjustment factor to be applied by the **Commission** of not lower than 0.85, nor higher than 1;
 - (ii) explained why applying an adjustment factor of the level proposed in subparagraph (i) would be consistent with s 52A of the **Act**;
 - (iii) described any consultation it has undertaken with interested persons on the proposed adjustment factor and, if relevant, explained how it has taken into account any issues raised; and
- (b) the **Commission** has not previously applied adjustment factors under subclause (4).

4.2.3 Total revaluation

- (1) Total revaluation means the sum of revaluation for **existing assets** and **additional assets** calculated under subclause (2).

(2) For the purpose of subclause (1), 'revaluation' means, subject to subclause (3), in the case of-

- (a) **existing assets**, the value determined in accordance with the formula-
$$(\text{aggregate opening RAB value for existing assets} \times 0.999 - \text{forecast aggregate value of disposed assets}) \times \text{revaluation rate}; \text{ and}$$
- (b) **additional assets**, the value determined in accordance with the formula-
$$\text{aggregate opening RAB value for additional assets} \times \text{revaluation rate}.$$

(3) For the purpose of subclause (2), 'revaluation rate' means, in respect of a **disclosure year**, the amount determined in accordance with the formula-

$$(CPI_4 \div CPI_4^{-4}) - 1,$$

where-

CPI_4 means **forecast CPI for DPP revaluation** for the quarter that coincides with the end of the **disclosure year**; and

CPI_4^{-4} means **forecast CPI for DPP revaluation** for the quarter that coincides with the end of the preceding **disclosure year**.

(4) For the purpose of subclause (3), 'forecast CPI for DPP revaluation' means-

- (a) for a quarter prior to the quarter for which the vanilla **WACC** applicable to the relevant **DPP regulatory period** was determined, **CPI** as per paragraph (a) of the 'CPI' definition and excluding any adjustments made under paragraph (b) of the **CPI** 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 later quarter for which a forecast of the change in headline **CPI** has been included in the Monetary Policy Statement last issued by the Reserve Bank of New Zealand prior to the date for which the vanilla **WACC** applicable to the relevant **DPP regulatory period** was determined, the **CPI** last applying under paragraph (a) extended by the forecast change; and
- (c) in respect of later 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 midpoint for the change in headline **CPI** set out in the Monetary Policy Statement referred to in paragraph (b).

4.2.4 Revaluation treated as income

Total revaluation, for the purpose of determining profitability, must be treated as income.

4.2.5 Forecast aggregate value of commissioned assets

- (1) Forecast aggregate value of commissioned assets means the forecast cost of **additional assets** if **GAAP** were to be applied to determine the cost of the assets to the **EDB** in the **disclosure year** in question,-

- (a) less any **capital contributions** for those assets; and
- (b) less any **insurance entitlements** and **compensatory entitlements** forecast to be received or receivable in respect of those assets and forecast to be applied to reduce the value of those assets,

and, for the purposes of setting **forecast allowable revenues** for the next **regulatory period**, is equal to forecast **capital expenditure** for the relevant **disclosure year** as determined by the **Commission**.

- (2) For the purpose of subclause (1), an asset that is forecast to be used in providing **electricity distribution services** under a **large connection contract** must be excluded from the meaning of **additional assets**.

4.2.6 Forecast aggregate value of disposed assets

Forecast aggregate value of disposed assets means the value of assets forecast to be **disposed** of by an **EDB** in the **disclosure year** in question, and is equal to the portion of the forecast **aggregate opening RAB value for existing assets** relating to assets forecast to be **disposed** of for the **disclosure year** in question as determined by the **Commission**.

SUBPART 3 Treatment of taxation

4.3.1 Regulatory tax allowance

- (1) Regulatory tax allowance is, where **regulatory net taxable income** is-
- (a) nil or a positive number, the **tax effect** of **regulatory net taxable income**; and
 - (b) a negative number, nil.
- (2) For the purpose of subclause (1), 'regulatory net taxable income' means, subject to subclause (3), regulatory taxable income less utilised tax losses.
- (3) For the purpose of subclause (2), 'regulatory taxable income' means, subject to subclause (4), the amount determined in accordance with the formula-

regulatory profit / (loss) before tax + **regulatory tax adjustments**.

- (4) For the purpose of subclause (3), 'regulatory profit / (loss) before tax' is the amount determined in accordance with the following formula-

allowable revenue before tax + other regulated income – operating expenditure – total depreciation.

4.3.2 Tax losses

- (1) Utilised tax losses means opening tax losses, subject to subclause (2).
- (2) For the purpose of subclause (1), utilised tax losses may not exceed **regulatory taxable income**.
- (3) In this clause-
- (a) 'opening tax losses' for a **disclosure year** means closing tax losses for the preceding **disclosure year**; and
 - (b) 'closing tax losses' means, for-
 - (i) the **base year**, the 'closing tax losses' determined in accordance with Part 2 for that **disclosure year**; and
 - (ii) each **disclosure year** thereafter, the amount determined in accordance with the formula, in which each term is an absolute value:

opening tax losses + current period tax losses – utilised tax losses.

- (4) For the purpose of subclause (3)(b)(ii), 'current period tax losses' is, where **regulatory taxable income** is-
- (a) nil or a positive number, nil; and
 - (b) a negative number, **regulatory taxable income**.

4.3.3 Regulatory tax adjustments

- (1) Regulatory tax adjustments are determined, subject to subclauses (2) and (3), in accordance with the formula-

amortisation of initial differences in asset values + amortisation of revaluations – notional deductible interest.

- (2) For the purpose of subclause (1), 'notional deductible interest' means the amount determined in accordance with the formula-

$((\text{opening investment value} \times \text{leverage} \times \text{cost of debt}) + \text{term credit spread differential allowance})$

$\div$

$\sqrt{1 + \text{cost of debt}}.$

- (3) For the purpose of subclause (1), 'amortisation of initial differences in asset values' is determined in accordance with Part 2 as of the **base year**.
- (4) For the purpose of subclause (2), 'opening investment value' means the amount obtained in accordance with the formula-

total opening RAB value + opening deferred tax.

- (5) For the purpose of subclause (1), 'amortisation of revaluations' in relation to an **EDB** for a **disclosure year** is calculated in accordance with the formula-

total depreciation – adjusted depreciation.

4.3.4 Deferred tax

- (1) Opening deferred tax means, for-
 - (a) the **base year**, the 'opening deferred tax' determined in accordance with Part 2 for that **disclosure year**; and
 - (b) subject to paragraph (c), each **disclosure year** thereafter, closing deferred tax for the preceding **disclosure year**; and
 - (c) each **disclosure year** after the **base year** referred to in paragraph (a), for assets for which there is no **regulatory tax asset value**, the opening deferred tax balance under **GAAP** for those assets at the date when those assets are forecast to be **commissioned**.
- (2) For the purpose of subclause (1)(b), 'closing deferred tax' is determined in accordance with the formula-

opening deferred tax + tax effect of depreciation temporary differences – tax effect of amortisation of initial differences in asset values.

4.3.5 Depreciation temporary differences

- (1) Depreciation temporary differences means, subject to subclause (2), the amount determined in accordance with the formula-

adjusted depreciation – tax depreciation.
- (2) For the purpose of subclause (1), 'tax depreciation' for a **disclosure year** means, for-
 - (a) the **base year**, the 'tax depreciation' determined in accordance with Part 2 for that **disclosure year**; and
 - (b) each **disclosure year** thereafter, subject to subclause (3), determined in accordance with the formula-

total opening regulatory tax asset value × average DV rate.

(3) For the purpose of subclause (2)-

- (a) 'total opening regulatory tax asset value' for a **disclosure year** means, for-
 - (i) the **base year**, the sum of each 'regulatory tax asset value' determined in accordance with Part 2 for that **disclosure year**; and
 - (ii) each **disclosure year** thereafter, the total closing regulatory tax asset value for the preceding **disclosure year**;
- (b) 'average DV rate' is the amount determined in accordance with the formula-

tax depreciation for the base year ÷ total opening regulatory tax asset value for the base year; and

- (c) 'total closing regulatory tax asset value' means the amount determined in accordance with the formula-

total opening regulatory tax asset value – tax depreciation + forecast aggregate value of commissioned assets.

SUBPART 4 Cost of capital

4.4.1 Methodology for estimating the weighted average cost of capital

(1) The **Commission** will determine a mid-point estimate of vanilla **WACC**-

- (a) as of the first **business day** of the month 7 months prior to the start of each **DPP regulatory period**;
- (b) in respect of the **regulatory period term** for that **DPP regulatory period**;
- (c) no later than 6 months prior to the start of each **DPP regulatory period**;
- and
- (d) in accordance with the formula-

$$r_d L + r_e(1 - L).$$

(2) The **Commission** will determine a mid-point estimate of post-tax **WACC** –

- (a) as of the first **business day** of the month 7 months prior to the start of each **DPP regulatory period**;
- (b) in respect of the **regulatory period term** for that **DPP regulatory period**;
- (c) no later than 6 months prior to the start of each **DPP regulatory period**;
- and
- (d) in accordance with the formula-

$$r_d (1 - T_c)L + r_e (1 - L).$$

(3) In this clause-

L is **leverage**;

r_d is the cost of debt and is estimated in accordance with the formula:

$$r_f + p + d;$$

r_e is the cost of equity and is estimated in accordance with the formula:

$$r_f(1 - T_i) + \beta_e TAMRP;$$

T_c is the average corporate tax rate;

r_f is the risk-free rate;

p is the **average debt premium**;

d is the debt issuance costs;

T_i is the average investor tax rate;

β_e is the equity beta; and

$TAMRP$ is the tax-adjusted market risk premium.

(4) For the purpose of this clause-

- (a) the leverage, average investor tax rate, the average corporate tax rate, the equity beta, the debt issuance costs and the tax-adjusted market risk premium are the amounts specified in or determined in accordance with clause 4.4.2; and
- (b) the risk-free rate must be estimated in accordance with clause 4.4.3.

4.4.2 Fixed WACC parameters

- (1) Leverage is 41%.
- (2) 'Average investor tax rate' is the average of the investor tax rates that, as at the date that the estimation is made, will apply to each of the **disclosure years** in the **DPP regulatory period**.
- (3) For the purpose of subclause (2), 'investor tax rate' is, for each **disclosure year**, the maximum **prescribed investor rate** applicable at the start of the **DPP regulatory period** to an individual who is-
 - (a) resident in New Zealand; and
 - (b) an investor in a **multi-rate PIE**.
- (4) The 'average corporate tax rate' is the average of the **corporate tax rates** that, as at the date that the estimation is made, will apply during the **DPP regulatory period** commencing on the first day of the **DPP regulatory period** in question.
- (5) 'Equity beta' is 0.61.
- (6) 'Debt issuance costs' are 0.2% where the **regulatory period term** is five years and 0.25% where the **regulatory period term** is four years.
- (7) 'Tax-adjusted market risk premium' is 7.0%.

4.4.3 Methodology for estimating risk-free rate

- (1) The **Commission** will estimate a risk-free rate-
 - (a) as of the first **business day** of the month 7 months prior to the start of each **DPP regulatory period**;
 - (b) in respect of the **regulatory period term** for that **DPP regulatory period**;
and
 - (c) no later than 6 months prior to the start of each **DPP regulatory period**,
by-
 - (d) obtaining, for notional benchmark New Zealand government New Zealand dollar denominated nominal bonds, the wholesale market linearly interpolated bid yield to maturity for a residual period to maturity equal to the **regulatory period term** on each **business day** in the 3-month period of 8 to 10 months prior to the start of the **DPP regulatory period**;
 - (e) calculating the annualised interpolated bid yield to maturity for each **business day**; and
 - (f) calculating the unweighted arithmetic average of the daily annualised interpolated bid yields to maturity.

4.4.4 Methodology for estimating average debt premium

- (1) The **Commission** will determine an estimate of an amount for the **average debt premium**-
 - (a) for each **DPP regulatory period**; and
 - (b) no later than 6 months prior to the start of each **DPP regulatory period**.
- (2) For the purpose of subclause (1), 'average debt premium' means the unweighted arithmetic average of the five **debt premium** values estimated in accordance with clause 2.4.4(5) for-
 - (a) the current **debt premium reference year**; and
 - (b) the four previous **debt premium reference years**.

4.4.5 Methodology for estimating the 65th percentile estimate of WACC

- (1) The **Commission** will determine a 65th percentile estimate of vanilla **WACC**-
 - (a) for each **DPP regulatory period**; and
 - (b) no later than 6 months prior to the start of each **DPP regulatory period**.
- (2) The **Commission** will determine a 65th percentile estimate of post-tax **WACC**-
 - (a) for each **DPP regulatory period**; and
 - (b) no later than 6 months prior to the start of each **DPP regulatory period**.
- (3) For the purposes of subclause (1) or (2)-

- (a) the 65th percentile must be determined in accordance with the formula-

mid-point estimate of WACC + 0.385 × *standard error*,

where the **standard error** of the **mid-point estimate of WACC** is 0.0108;
and

- (b) the relevant **mid-point estimate of WACC** in accordance with clause 4.4.1(1) and (2) must be treated as the 50th percentile.

4.4.6 Publication of estimates

- (1) The **Commission** will publish all determinations and estimates that it is required to make by this subpart-
- (a) on its website; and
- (b) no later than 1 month after having made them.

4.4.7 Application of cost of capital methodology

- (1) Where the **Commission** takes into account the cost of capital in making a **DPP determination**, the **Commission** will use the most recently published **65th percentile estimate of WACC** determined in accordance with clause 4.4.5(1).
- (2) **Term credit spread differential allowance** for a **disclosure year** and an **EDB** is the maximum of nil and the amount determined in accordance with the formula-

$$a \times b \div c,$$

where-

a means the 'term credit spread differential allowance' calculated in accordance with Part 2 for the **base year**;

b means the **total opening RAB value** for the **disclosure year** in question;
and

c means the **aggregate opening RAB value for existing assets** for the **base year**.

- (3) Where a **qualifying supplier** discloses a **term credit spread differential allowance** pursuant to an **ID determination**, the **Commission**, for the purpose of assessing the **qualifying supplier's** profitability pursuant to its powers relating to default price-quality regulation in s 53P of the **Act**, will treat such an allowance as an expense in the **disclosure year** in respect of which that allowance was disclosed.

SUBPART 5 **Reconsideration of the default price-quality path**

SECTION 1 **When Commission can reconsider the DPP**

4.5.1 When a DPP may be amended

- (1) The **Commission** may amend an **EDB's DPP** if the **Commission** is satisfied that-

- (a) a **reopener event** has occurred;
 - (b) the **DPP** should be amended; and
 - (c) the amendment to the **DPP** is consistent with clause 4.5.15.
- (2) A 'reopener event' is an event, or a series of related events, of a type specified in subclause (3), that occurs in the period that:
 - (c) begins on the date that is 18 months before the start of the **DPP regulatory period**; and
 - (d) ends at the end of the **DPP regulatory period**.
- (2A) The **Commission** may treat an event as occurring within the period in subclause (2) if:
 - (a) that event is a **reopener event (responsive)** that occurred earlier than 18 months before the start of the **DPP regulatory period**; and
 - (b) the **Commission** considers exceptional circumstances existed such that an application to reopen the preceding **DPP regulatory period** was not reasonably possible before the end of that period.
- (3) For the purpose of subclause (2), the types of events are:
 - (a) the following, each being a type of **reopener event (responsive)**:
 - (i) a **catastrophic event**;
 - (ii) a **change event**;
 - (iii) an **error event**;
 - (iv) the discovery of **false or misleading information**;
 - (v) a **major transaction event**; or
 - (vi) a **risk event**; or
 - (b) the following, each being a type of **reopener event (prospective)**:
 - (i) an **unforeseeable large project**; or
 - (ii) a **foreseeable large project**; or
 - (c) the provision by an **EDB** of a **quality standard variation** proposal that the **Commission** is satisfied complies with clause 4.5.12(2).

4.5.2 Process for the reconsideration of the DPP

- (1) A **reopener event** can be nominated in writing:
 - (a) in the case of a **reopener event (responsive)**, by the **Commission**; or
 - (b) in any case, by an **EDB**, by notifying the **Commission**.
- (2) The **Commission** or an **EDB** may nominate more than one **reopener event** at the same time.
- (3) An **EDB** that nominates a **reopener event** must provide in writing, at the time of nomination, sufficient information to enable the **Commission** to assess:
 - (a) whether a **reopener event** has occurred;
 - (b) whether and how the **DPP** should be amended; and

- (c) whether any proposed amendment to the **DPP** is consistent with clause 4.5.15 and the **Act**.
- (4) However,-
 - (a) if the **reopener event** is the provision by an **EDB** of a **quality standard variation** proposal, clause 4.5.12(1) and (2) applies in place of subclause (3); and
 - (b) for any other **reopener event**, and without limiting subclause (3), an **EDB** must, if requested to do so by the **Commission**, provide sufficient information in writing to enable the **Commission** to assess whether a **CPP proposal** is more appropriate than an amendment to the **DPP**.
- (5) The **Commission** must publish a notice on its website of each of the following matters as soon as practicable after they occur:
 - (a) a **reopener event** is nominated; and
 - (b) the **Commission** decides whether or not-
 - (i) it is satisfied that a **reopener event** has occurred;
 - (ii) to reconsider the **DPP**; and
 - (iii) to amend the **DPP**.

4.5.3 Confidential information

- (1) Where an **EDB** considers that it has a right to confidentiality in any information that it provides to the **Commission** in relation to this subpart and it does not waive the right, it must-
 - (a) include that information in an appendix; and
 - (b) clearly mark the information as confidential.
- (2) Subclause (1) does not prevent the **Commission** from publishing information identified in accordance with that subclause if it considers the **EDB** does not have a right to confidentiality in respect of that information.
- (3) Subclause (2) does not affect any of the **EDB's** rights or remedies for breach of any right to confidentiality.

SECTION 2 Events that may be reopener events

4.5.4 Catastrophic event

- (1) A 'catastrophic event' is an event-
 - (a) beyond the reasonable control of the **EDB**;
 - (b) that could not have been reasonably foreseen at the time the **DPP** was determined; and
 - (c) for which-
 - (i) effects on the quality of supply exceed one of the thresholds specified in subclause (1A);

- (ii) remediation requires **capex, opex**, or both; and
- (iii) the costs of remediation before the recognition of any **insurance entitlements, third-party liability entitlements, and compensatory entitlements** exceeds one of the thresholds specified in subclause (2).

(1A) For the purposes of subclause (1)(c)(i), the thresholds are-

- (a) a **SAIDI value** of 120 minutes of all **unplanned interruptions** that start during any 24-hour period (starting on the hour or half-past the hour); and
- (b) 6 million **customer interruption minutes** resulting from all **unplanned interruptions** that start during any 24-hour period (starting on the hour or half-past the hour).

(2) For the purposes of subclause (1)(c)(iii), the thresholds are-

- (a) 1% of the **EDB's forecast net allowable revenue** for the **DPP regulatory period**; and
- (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

4.5.5 Change event

- (1) A 'change event' occurs where there is a change of the type described in subclause (2) or (4).
- (2) The first type is a change in a regulatory or legislative requirement that applies to an **EDB** as a result of new or amended legislation, or judicial clarification of the interpretation of legislation, that-
 - (a) has the effect of increasing or reducing, by an amount that exceeds one of the thresholds specified in subclause (3), the costs that the **EDB** will incur and/or the revenue that the **EDB** can recover;
 - (b) will have a net positive or negative effect on the quality of supply by the **EDB** that is 5% or more of a limit set in respect of a **quality standard** in the **DPP determination**; or
 - (c) causes an **input methodology** to become incapable of being applied.
- (3) For the purposes of subclause (2)(a), the thresholds are-
 - (a) 1% of the **EDB's forecast net allowable revenue** for the **DPP regulatory period**; and
 - (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

- (4) The second type is a change in a requirement that applies to an **EDB** under **GAAP**, that-
- (a) results in a change in the recognition or measurement (including timing) of 1 or more of the following:
 - (i) **opex**;
 - (ii) **capex**;
 - (iii) assets;
 - (iv) liabilities;
 - (v) **forecast net allowable revenue**;
 - (vi) **actual allowable revenue**; or
 - (vii) taxation, including deferred tax; and
 - (b) if in effect at the time the **DPP** was determined, would have caused the aggregate amount of the **forecast net allowable revenue** for all **disclosure years** of the **DPP regulatory period** to have differed by an amount that exceeds one of the thresholds specified in subclause (5).
- (5) For the purposes of subclause (4)(b), the thresholds are-
- (a) 1% of the **EDB's forecast net allowable revenue** for the **DPP regulatory period**; and
 - (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

4.5.6 Error event

- (1) An 'error event' is an unintended circumstance where the **DPP** was determined or amended based on an error, including where:
- (a) incorrect data were used in determining the price path, the quality standards, or quality incentive measures; or
 - (b) data were incorrectly applied in determining the price path, the quality standards, or quality incentive measures.
- (2) For the purposes of subclause (1),-
- (a) an error relating to the **DPP** does not constitute an **error event** unless the error has an impact on the aggregate amount of the **forecast net allowable revenue** for all **disclosure years** of the **regulatory period** that exceeds \$100,000;
 - (b) an error relating to the metrics by which quality standards or quality incentive measures are specified in the **DPP** does not constitute an **error event** unless it is an error in the value of the metric; and
 - (c) a discrepancy between forecast values and actual values does not constitute an **error event**.

4.5.7 False or misleading information

- (1) This subpart applies to 'false or misleading information'-
- (a) relating to the making or amending of a **DPP determination** that has been-
 - (i) provided by an **EDB** or its agents to the **Commission**; or
 - (ii) disclosed pursuant to the Electricity Distribution (Information Disclosure) Requirements 2008 or an **ID determination**; and
 - (b) that the **Commission** relied on in making or amending a **DPP determination**.

4.5.8 Major transaction event

- (1) A 'major transaction event' is a transaction, whether contingent or not, where **consumers** are acquired or no longer **supplied** by the **EDB** and that transaction-
- (a) has resulted in, or will result in, the acquisition of, or an agreement to acquire, assets with a value which is equivalent to more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of acquisition;
 - (b) has resulted in, or will result in, the disposal of, or an agreement to dispose of, assets of the **EDB** with a value of more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of disposal;
 - (c) has, or is likely to have, the effect of the **EDB** acquiring rights or interests with a value which is equivalent to more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of acquisition; or
 - (d) has, or is likely to have, the effect of the **EDB** incurring obligations or liabilities or contingent liabilities, excluding loans or borrowing costs in respect of assets, with a value which is equivalent to more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of incurring the obligations, liabilities, or contingent liabilities.

4.5.9 Unforeseeable large project

- (1) An 'unforeseeable large project' is a **project** or **programme** that has a **primary driver** of meeting demand for-
- (a) **connection capex**;
 - (b) **system growth expenditure**;
 - (c) **asset relocation capex**;
 - (d) a combination of **connection capex** and **system growth expenditure**; or
 - (e) **resilience capex**,
- where-
- (f) the **EDB's** forecasts used by the **Commission** for setting the **DPP** to which the **project** or **programme** relates did not include that **project** or **programme**;

- (g) it was reasonable for the **EDB** not to have included that **project** or **programme** in the forecasts;
 - (h) the amount of **capital contributions** to be received by the **EDB** for the **project** or **programme** is sufficient in the circumstances, and is in accordance with the **EDB's** usual policy on **capital contributions**;
 - (i) the relevant expenditure specified in subclause (2) for the **project** or **programme** exceeds one of the thresholds specified in subclause (3);
 - (j) in respect of paragraph (a), an authorised officer of the **connecting party** has confirmed in writing to the **Commission** that it is committed to the **project** or **programme**;
 - (k) in respect of paragraph (b), the **EDB** has provided sufficient evidence to the **Commission** that the **project** or **programme** is prudent;
 - (l) in respect of paragraph (c), an authorised officer of a **relocation party** has confirmed in writing to the **Commission** that it is committed to the **project** or **programme**;
 - (m) in respect of paragraph (d),-
 - (i) an authorised officer of the **connecting party** has confirmed in writing to the **Commission** that it is committed to the **project** or **programme**; and
 - (ii) the **EDB** has provided sufficient evidence to the **Commission** that the **project** or **programme** for **system growth expenditure** is prudent;
 - (n) in respect of paragraph (e), the **EDB** has provided sufficient evidence to the **Commission** that the **project** or **programme** is prudent; and
 - (o) any proposed additional revenue sought will be apportioned by the **EDB** appropriately between different parties.
- (2) For the purposes of subclause (1)(i), the relevant expenditure for a **project** or **programme** is-
- (a) in the case of **system growth expenditure** that includes an **opex** solution, the forecast total **lifetime solution costs** plus any **consequential capex**;
or
 - (b) in any other case,-
 - (i) the forecast total **value of commissioned assets** for the **project** or **programme**;
 - (ii) less-
 - (A) any **capital contributions**; and
 - (B) any amounts included in the **EDB's capex** forecast and provided for by the **Commission** in setting the **DPP** to which the **project** or **programme** relates;
 - (iii) plus any forecast **consequential opex** for the **DPP regulatory period**.

(3) For the purposes of subclause (1)(i), the thresholds are-

- (a) 1% of the **EDB's forecast net allowable revenue** for the **DPP regulatory period**; and
- (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

4.5.10 Foreseeable large project

(1) A 'foreseeable large project' is a **project** or **programme** that has a **primary driver** of meeting demand for-

- (a) **connection capex**;
- (b) **system growth expenditure**;
- (c) **asset relocation capex**;
- (d) a combination of **connection capex** and **system growth expenditure**; or
- (e) **resilience capex**,

where-

- (f) the **EDB's** forecasts used by the **Commission** for setting the **DPP** to which the **project** or **programme** relates did include that **project** or **programme** for either:
 - (i) a **disclosure year** within the current **DPP regulatory period** or within a future **DPP regulatory period**; or
 - (ii) **disclosure years** within the current **DPP regulatory period** or within a future **DPP regulatory period**;
- (g) the amount of **capital contributions** to be received by the **EDB** for the **project** or **programme** is sufficient in the circumstances, and is in accordance with the **EDB's** usual policy on **capital contributions**;
- (h) the relevant expenditure specified in subclause (2) for the **project** or **programme** exceeds one of the thresholds specified in subclause (3);
- (i) the **project** or **programme** was foreseeable for the **DPP regulatory period**, however:
 - (i) it would have been reasonable for a prudent **EDB** not to have forecast, before the start of the **DPP regulatory period**, the extent to which the **EDB's** most recent forecast of the total **value of commissioned assets** for the **project** or **programme** exceeds the total **value of commissioned assets** for the **project** or **programme** included in the **EDB's capex** forecast used by the **Commission** for setting the **DPP**; or
 - (ii) the **project** or **programme** was not provided for in the **EDB's forecast net allowable revenue**, despite the **project** or **programme** being included in the forecasts used by the **Commission** for setting the **DPP** to which the **project** or **programme** relates; and

- (j) in respect of paragraph (a), an authorised officer of the **connecting party** has confirmed in writing to the **Commission** that it is committed to the **project or programme**;
 - (k) in respect of paragraph (b), the **EDB** has provided sufficient evidence to the **Commission** that the **project or programme** is prudent;
 - (l) in respect of paragraph (c), an authorised officer of a **relocation party** has confirmed in writing to the **Commission** that it is committed to the **project or programme**;
 - (m) in respect of paragraph (d),-
 - (i) an authorised officer of the **connecting party** has confirmed in writing to the **Commission** that it is committed to the **project or programme**; and
 - (ii) the **EDB** has provided sufficient evidence to the **Commission** that the **project or programme** for **system growth expenditure** is prudent;
 - (n) in respect of paragraph (e), the **EDB** has provided sufficient evidence to the **Commission** that the **project or programme** is prudent; and
 - (o) any proposed additional revenue sought will be apportioned by the **EDB** appropriately between different parties.
- (2) For the purposes of subclause (1)(h), the relevant expenditure for a **project or programme** is-
- (a) in the case of **system growth expenditure** that includes an **opex** solution, the forecast total **lifetime solution costs** plus any **consequential capex**;
or
 - (b) in any other case,-
 - (i) the forecast total **value of commissioned assets** for the **project or programme**;
 - (ii) less-
 - (A) any **capital contributions**; and
 - (B) any amounts included in the **EDB's capex** forecast and provided for by the **Commission** in setting the **DPP** to which the **project or programme** relates;
 - (iii) plus any forecast **consequential opex** for the **DPP regulatory period**.
- (3) For the purposes of subclause (1)(h), the thresholds are-
- (a) 1% of the **EDB's forecast net allowable revenue** for the **DPP regulatory period**; and
 - (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

4.5.11 Risk event

- (1) A 'risk event' is a deterioration of one or more of the **EDB's network** assets or their immediate surrounds, to which the following apply:
 - (a) the deterioration has occurred, or the **EDB** has demonstrated that the deterioration is likely to occur;
 - (b) the deterioration has (or is likely to have) one or both of the following effects:
 - (i) a materially adverse effect on the **EDB's** ability to meet its quality standards under the **DPP**;
 - (ii) an effect that compromises **safety** for any **person**, any equipment, or the **network**;
 - (c) when the **DPP** was determined, the need to remedy the deterioration-
 - (i) was considered and the **Commission** decided not to provide for it in the **DPP** because it was not sufficiently certain as to timing;
 - (ii) was considered and the **Commission** decided not to provide for it in the **DPP**, but a new event has changed the circumstances that existed at that time; or
 - (iii) could not reasonably have been foreseen by a prudent **EDB**;
 - (d) taking steps to remedy the deterioration-
 - (i) requires the **EDB** to incur costs (whether **opex**, **capex**, or both), excluding any **capital contributions** to be received by the **EDB** and any expenditure explicitly or implicitly provided for in the **DPP**, that exceed one of the thresholds specified in subclause (2);
 - (ii) cannot be delayed until a future **DPP regulatory period** without one or both of the effects described in paragraph (b); and
 - (iii) meets the **expenditure objective**; and
 - (e) the deterioration has not already been the subject of a reconsideration of the **DPP** by the **Commission**.
- (2) For the purposes of subclause (1)(d)(i), the thresholds are-
 - (a) 1% of the **EDB's forecast net allowable revenue** for the **DPP regulatory period**; and
 - (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

4.5.12 Proposal of a quality standard variation

- (1) An **EDB** may propose a **quality standard variation** by submitting a **quality standard variation** proposal to the **Commission** in writing.
- (2) The **quality standard variation** proposal must contain the following information-

- (a) the different values of either or both of-
 - (i) the parameters relating to the quality standards, including any boundary value;
 - (ii) the parameters relating to any incentives for the **EDB** to maintain or improve its quality of supply,

to those which would be determined in accordance with the methodology as specified in the **DPP determination**;
 - (b) an explanation of the reasons for the proposed **quality standard variation**;
 - (c) an **engineer's** report on the extent to which the **quality standard variation** better reflects the realistically achievable performance of the **EDB** over the **DPP regulatory period**, based on either or both of-
 - (i) statistical analysis of past SAIDI and SAIFI performance; and
 - (ii) the level of investment provided for in the **forecast allowable revenue** in the **DPP determination**;
 - (d) demonstration of the estimated effect of the proposed **quality standard variation** by use of historic data and by contrast with the quality standards specified in the applicable **DPP determination**; and
 - (e) demonstration of any **consumer** consultation undertaken by the **EDB** in respect of the proposed **quality standard variation**, and the results of that consultation.
- (3) In assessing a **quality standard variation** proposal, the **Commission** will consider the extent to which-
- (a) the proposed **quality standard variation** better reflects the realistically achievable performance of the **EDB** over the remainder of the **regulatory period**;
 - (b) the **EDB** has consulted with **consumers** on its proposed **quality standard variation**; and
 - (c) the proposed **quality standard variation** is supported by **consumers**.

SECTION 3 Commission consideration of whether and how to amend the DPP

4.5.13 Commission consideration of whether to amend the DPP

- (1) If satisfied that a **reopener event** has occurred, the **Commission** must, when deciding whether to amend the **DPP**, have regard to at least each of the following matters (to the extent that the **Commission** considers the matter is relevant):
 - (a) the impact of the **reopener event** given the relevant circumstances, including both positive and negative effects, on the **EDB's** costs, revenues, and quality outcomes;

- (b) the extent to which the **DPP** provides explicitly or implicitly for the **reopener event**;
 - (c) if an **EDB** nominated the **reopener event**:
 - (i) whether the action required to respond to the **reopener event's** adverse consequences can be delayed until a future **regulatory period**;
 - (ii) the extent to which the **EDB**:
 - (A) contributed to the adverse consequences of the **reopener event** by its action or omission; and
 - (B) could have prevented or overcome the adverse consequences of the **reopener event** by exercising reasonable diligence at reasonable cost;
 - (iii) whether the **EDB's** planned **capex** and **opex** for the remainder of the **regulatory period** have been appropriately reviewed and reprioritised; and
 - (d) whether a **CPP proposal** is more appropriate than an amendment to the **DPP** under this subpart.
- (2) Subclause (1)(d) does not apply in the case of an **error event**, a **major transaction event**, or the discovery of **false or misleading information**.

4.5.14 Commission may determine CPP proposal more appropriate

- (1) For the purposes of clause 4.5.13(1)(d), the **Commission** may consider a **CPP proposal** is more appropriate than amending the **DPP** if the **reopener event** has an impact on a wide range of costs specific to the **EDB** that were used explicitly or implicitly to set the **DPP** and, in particular, may have regard to any of the following matters:
 - (a) whether the **project** or **programme** to which the **reopener event** relates is, or should be, part of a wider **project** or **programme** requiring wide engagement with **consumers** and other interested persons;
 - (b) the materiality of the likely price or quality of service effects on **consumers** of the amendment to the price path to mitigate the effect of the **reopener event** on the **DPP**;
 - (c) the extent to which a large number or proportion of **consumers** are likely to be affected by the amendment to the price path to mitigate the effect of the **reopener event** on the **DPP**;
 - (d) whether the amendment to the price path to mitigate the effect of the **reopener event** on the **DPP** is likely to have any upstream or downstream effects on the **network**; and
 - (e) in the case of an **unforeseeable large project** or a **foreseeable large project**, whether, and the extent to which, the forecast total **value of commissioned assets** attributable to any **unforeseeable large projects** or **foreseeable large projects** that, in the same **disclosure year**, have resulted in the **DPP** being amended under this subpart (or were nominated by the **EDB** for that purpose), exceeds \$30 million.
- (2) For the purposes of subclause (1)(e), the following amounts must be disregarded:
 - (a) **capital contributions** received or expected to be received by the **EDB** in respect of the **unforeseeable large project** or **foreseeable large project**; and
 - (b) any amounts included in respect of the **project** in the **EDB's capex** forecast and provided by the **Commission** in setting the **DPP** to which the **unforeseeable large project** or **foreseeable large project** relates.

4.5.15 Amending DPP after reconsideration

- (1) If the **Commission** decides that the **DPP** should be amended, the **Commission** may amend 1 or more of the following matters specified in the **DPP determination**:
 - (a) price path;

- (b) quality standards; and
 - (c) quality incentive measures.
- (2) The **Commission** may amend the price path in respect of any type of **reopener event** except for the provision by an **EDB** of a **quality standard variation** proposal.
- (3) In the case of a **reopener event (prospective)**, the **Commission** may amend the price path to account for **opex** incurred or assets **commissioned** only in respect of **opex** incurred or assets **commissioned** after the date on which the **reopener event** was nominated under clause 4.5.2.
- (4) In the case of a **reopener event (responsive)**, the **Commission** may amend the price path to account for **opex** incurred or assets **commissioned** only in respect of **opex** incurred or assets **commissioned** after the date of the **reopener event**.
- (4A) For the purposes of subclause (3), the date on which the **reopener event** was nominated under clause 4.5.2 means the first date on which an **EDB** provides the information referenced in clause 4.5.2(3) to the **Commission**. For the avoidance of doubt, the fact that the **Commission** seeks further information from an **EDB** as part of its assessment will not change that date.
- (5) The **Commission** must not amend-
 - (a) the price path more than is reasonably necessary to mitigate the effect of the **reopener event** on the **DPP**; and
 - (b) the price path more than is reasonably necessary to take account of the change resulting from the **reopener event**, less any costs already approved in a **reopener event allowance** for the same **reopener event**.
- (6) In determining the extent of any amendment to the price path, the **Commission** must take into account the **expenditure objective**.
- (7) In the case of a **risk event**, the **Commission** may only amend the **opex** included in the price path in respect of a **risk event** where **opex** is more cost effective than **capex** in addressing the **risk event**.
- (8) In the case of an **unforeseeable large project** or a **foreseeable large project**, the **Commission** must not amend the price path by more than an amount that reflects the efficient costs that a prudent **non-exempt EDB** would incur in undertaking that **project**.
- (9) The **Commission** may amend the quality standards or quality incentive measures in respect of any type of **reopener event**.

- (10) The **Commission** must not amend the quality standards or quality incentive measures more than is reasonably necessary,-
- (a) in the case of a **quality standard variation**, to reflect the **Commission's** decision on the **quality standard variation**; or
 - (b) in any other case, to mitigate the effect of the **reopener event** on quality.

SUBPART 6 Treatment of periods that are not 12-month periods

4.6.1 Treatment of periods that are not 12-month periods

Where the start or end date of any **disclosure year** is not aligned with the start or end date of a **DPP regulatory period**, the **Commission** may apply the **input methodologies** modified to the extent necessary to allow any allowance, amount, cost, sum or value for that **disclosure year** to be calculated or determined in a way commensurate with the change in the length of the **disclosure year** to a period other than 12 months.

SUBPART 7 Availability of Information

4.7.1 Availability of information

- (1) Where an **EDB** has not disclosed the information necessary to calculate any allowance, amount, cost, sum or value referred to in this Part in accordance with Part 2 for a **base year** or a later **disclosure year**, then the information may instead be determined by the **Commission** using information disclosed by the **EDB** in accordance with an **ID determination**, prior information disclosure requirements or a request for information by the **Commission** under s 53ZD of the **Act**.
- (2) Any information determined in accordance with subclause (1) must be determined in accordance with Part 2 using such assumptions or modifications to the information that are reasonably necessary in light of the nature of the calculation or determination to be made and the information available.

PART 5 INPUT METHODOLOGIES FOR CUSTOMISED PRICE-QUALITY PATHS

SUBPART 1 Contents of a CPP application

5.1.1 Applying for a CPP

- (1) An **EDB** seeking a **CPP** in accordance with s 53Q of the **Act** must provide the **Commission** with a **CPP application**.
- (2) **CPP application** means an application containing, in all material respects, the information specified in-
 - (a) this subpart; and
 - (b) Subpart 4.

5.1.2 Evidence of consumer consultation

- (1) For the purpose of clause 5.1.1(2)(a), in respect of **consumer** consultation, the specified information is-
 - (a) a description as to how the requirements of clause 5.5.1 were met;
 - (b) a list of respondents to the consultation required by that clause;
 - (c) a description of all issues raised by **consumers** in response to the **CPP applicant's** intended CPP proposal;
 - (d) a summary of the arguments raised in respect of each issue described in accordance with paragraph (c); and
 - (e) in respect of the issues described in accordance with paragraph (c), an explanation as to whether its **CPP proposal** accommodates the arguments referred to in (d); and
 - (i) if so, how; and
 - (ii) if not, why not.

5.1.3 Verification-related material

- (1) For the purpose of clause 5.1.1(2)(a), in respect of verification, the specified information is-
 - (a) a **verification report**;
 - (b) any information relating to the **CPP proposal**, other than information required to be included in a **CPP proposal** by Subpart 4, provided to the **verifier** by or on behalf of the **CPP applicant**, pursuant to clauses 5.5.2(3)(a)-(c) and 5.5.2(3)(e);

*Examples: instructions as to how to interpret information provided to the **verifier**; details as to the source of the information;*

- (c) any other information relied upon by the **verifier** relating to the **CPP proposal** pursuant to clause 5.5.2(3)(d); and
 - (d) subject to subclause (2), a certificate signed by the **verifier** stating that the relevant parts of the **CPP proposal** were verified and **verification report** was prepared in accordance with Schedule G.
- (2) For the purpose of subclause (1)(d), the **CPP applicant** must ensure that the certificate described in subclause (1)(d) relates to verification of the relevant parts of the **CPP proposal** as submitted to the **Commission**.

5.1.4 Audit and assurance reports

- (1) For the purpose of clause 5.1.1(2)(a), in respect of audit or assurance, the specified information is a report written by an **auditor** and signed by that **auditor** (either in an individual's name or that of a firm) in respect of an audit or assurance engagement undertaken of the matters specified in clause 5.5.3, stating-
 - (a) the work done by the **auditor**;
 - (b) the scope and limitations of the audit or assurance engagement;
 - (c) the existence of any relationships (other than that of **auditor**) which the **auditor** has with, or any interests which the **auditor** has in, the **CPP applicant** or any of its subsidiaries;
 - (d) whether the **auditor** obtained all information and explanations that he or she required to undertake the audit or assurance engagement, and, if not-
 - (i) details of the information and explanations not obtained; and
 - (ii) any reasons provided by the **CPP applicant** for its or their non-provision;
 - (e) the **auditor's** opinion of the matters in respect of which the audit or assurance engagement was undertaken.
- (2) A report in respect of an audit or assurance engagement undertaken other than expressly to meet the requirements of clause 5.5.3 may be considered to comply with subclause (1) to the extent that the report in respect of that other audit or assurance engagement fully or partially meets the requirements of clause 5.5.3.
- (3) The **CPP applicant** must ensure that reports required by this clause relate to the **CPP proposal** as submitted to the **Commission**.
- (4) For the avoidance of doubt, the reports required by this clause need not be-
 - (a) prepared in advance of the **verifier** undertaking verification of the **CPP proposal**; nor
 - (b) provided to the **verifier**.
- (5) If, notwithstanding subclause (4), a report prepared in accordance with this clause is provided to the **verifier**, subclause (3) continues to apply.

5.1.5 Certification

- (1) For the purpose of clause 5.1.1(2)(a), in respect of certification, the specified information is the certificates recording the certifications specified in clause 5.5.4.
- (2) For the avoidance of doubt, one physical **document** may contain more than one of the certifications specified in clause 5.5.4.

5.1.6 Modification or exemption of CPP application requirements

- (1) The **Commission** may approve a modification to, or exemption from, any requirement set out in—
 - (a) this subpart;
 - (b) Subpart 4;
 - (c) Subpart 5; or
 - (d) schedules relating to subparts identified in paragraphs (a) to (c) above.
- (2) A modification or exemption may be approved where, in the **Commission's** opinion, the modification or exemption will not detract, to an extent that is more than minor, from—
 - (a) the **Commission's** evaluation of the **CPP proposal**;
 - (b) the **Commission's** determination of a **CPP**; and
 - (c) the ability of interested persons to consider and provide their views on the **CPP proposal**.
- (3) When considering whether a modification or exemption is likely to detract, to an extent that is more than minor, from the processes listed in subclauses (2)(a)-(c), the **Commission** may have regard to the size of the supplier's business.
- (4) A modification or exemption will only apply for the purposes of assessing compliance of a **CPP application** under s 53S(1) of the **Act**—
 - (a) if the **Commission** has previously approved a request by a **CPP applicant** for the modification or exemption in accordance with clause 5.1.7;
 - (b) in respect of the **CPP applicant** and the **CPP application** identified in the **Commission's** approval; and
 - (c) if the **CPP applicant** elects to apply the modification or exemption by:
 - (i) meeting all conditions and requirements specified in the approval that relates to the modification or exemption; and
 - (ii) providing the relevant information specified in clause 5.1.8 as part of its **CPP application**.

5.1.7 Process for obtaining a modification or exemption

- (1) At any time prior to providing the **Commission** with a **CPP application**, a **CPP applicant** may request modifications or exemptions to the requirements listed in clause 5.1.6(1) as alternatives to those requirements.

- (2) A request by a **CPP applicant** must—
- (a) be in writing;
 - (b) include the following information:
 - "(i) the **CPP applicant's** name and contact details;
 - "(ii) a brief description of the key features of its intended **CPP proposal**;
 - "(iii) the date that the **CPP applicant** intends to submit the **CPP application** for which a modification or exemption is sought;
 - "(iv) a list of the specific modifications or exemptions sought;
 - "(v) an explanation of why the **CPP applicant** considers the requirements in clause 5.1.6(2) are met;
 - "(vi) evidence in support of the explanation provided under subparagraph (v); and
 - "(vii) identification of any information that is commercially sensitive.
- (3) Subparagraph (2)(b)(vi) may be satisfied by submitting a certificate, signed by a senior manager of the **CPP applicant**, setting out the factual basis on which he or she believes the requirements in subclause 5.1.6(2) are met.
- (4) In considering whether to approve a request for modification or exemptions, the **Commission** may seek, and have regard to—
- (a) views of interested persons within any time frames and processes set by the **Commission**; and
 - (b) views of any person the **Commission** considers has expertise on a relevant matter.
- (5) As soon as reasonably practicable after receipt of a request for modifications or exemptions the **Commission** will, by notice in writing, advise the **CPP applicant** as to whether:
- (a) any of the modifications or exemptions are approved; and
 - (b) the approval of any modification or exemption is subject to conditions or requirements that must be met by the **CPP applicant**.

5.1.8 Information on modification or exemption of information requirements

- (1) Where a **CPP applicant** elects to apply a modification or exemption approved by the **Commission** in accordance with clause 5.1.7, it must include as part of its **CPP application**—
- (a) a copy of the **Commission's** approval;
 - (b) a list of the approved modifications or exemptions which the **CPP applicant** has elected to apply in its **CPP application**;
 - (c) evidence that any conditions or requirements of the approval have been met; and

- (d) an indication, at the relevant locations within the document or documents comprising the **CPP application**, as to where the modifications or exemptions have been applied.

SUBPART 2 **Commission assessment of a customised price-quality path proposal**

5.2.1 Evaluation criteria

- (1) The **Commission** will use the following evaluation criteria to assess each **CPP proposal**:
 - (a) whether the **CPP proposal** is consistent with the **input methodologies** specified in Part 5;
 - (b) the extent to which a **CPP** in accordance with the **CPP proposal** would promote the purpose of Part 4 of the **Act**;
 - (c) whether data, analysis, and assumptions underpinning the **CPP proposal** are fit for the purpose of the **Commission** determining a **CPP** under s 53V, including consideration as to the accuracy and reliability of data and the reasonableness of assumptions and other matters of judgement;
 - (d) whether proposed **capital expenditure** and **operating expenditure** meet the **expenditure objective**;
 - (e) the extent to which any proposed **quality standard variation** provided in a **CPP proposal** better reflects the realistically achievable performance of the **EDB** over the **CPP regulatory period**, taking into account either or both-
 - (i) statistical analysis of past SAIDI and SAIFI performance; and
 - (ii) the level of investment provided for in proposed **maximum allowable revenue before tax**,
 as the case may be; and
 - (f) the extent to which-
 - (i) the **CPP applicant** has consulted with **consumers** on its **CPP proposal**; and
 - (ii) the **CPP proposal** is supported by **consumers**, where relevant.

SUBPART 3 **Determination of customised price-quality paths**

SECTION 1 **Determination of annual allowable revenues**

5.3.1 Annual allowable revenues

- (1) Amounts for-
 - (a) **building blocks allowable revenue before tax** for the **next period**;

- (b) **building blocks allowable revenue after tax** for the **next period**;
- (c) **maximum allowable revenue before tax** for the **CPP regulatory period**;
and
- (d) **maximum allowable revenue after tax** for the **CPP regulatory period**,

will be determined.

5.3.2 Building blocks allowable revenue before tax

- (1) 'Building blocks allowable revenue before tax' for each **disclosure year** of the **next period** is determined in accordance with the formula-

$$\begin{aligned} & (\text{regulatory investment value} \times \text{cost of capital} + \text{total value of commissioned} \\ & \text{assets} \times (TF_{VCA} - 1) + \text{term credit spread differential allowance} \times TF - \text{total} \\ & \text{revaluation}) \div (TF_{rev} - \text{corporate tax rate} \times TF) \\ & + (\text{total depreciation} \times (1 - \text{corporate tax rate} \times TF) \\ & + \text{forecast operating expenditure} \times TF \times (1 - \text{corporate tax rate}) \\ & + (\text{closing deferred tax} - \text{opening deferred tax}) \times (TF - 1) \\ & + (\text{permanent differences} + \text{regulatory tax adjustments} - \text{utilised tax losses}) \times \\ & \text{corporate tax rate} \times TF) \div (TF_{rev} - \text{corporate tax rate} \times TF). \end{aligned}$$

- (2) 'Regulatory investment value' means the amount obtained in accordance with the formula-

total opening RAB value + opening deferred tax.

- (3) For the purpose of subclause (1) 'total value of commissioned assets' means, in relation to a **disclosure year**, the sum of **closing RAB values** for all **commissioned** assets calculated in accordance with clause 5.3.6(3)(b).
- (4) For the purpose of subclause (1)–

- (a) 'TF' is determined in accordance with the formula-

$$(1 + \text{cost of capital})^{182/365};$$

- (b) 'TF_{rev}' is determined in accordance with the formula-

$$(1 + \text{cost of capital})^{148/365};$$

- (c) 'TF_{VCA}' is determined in accordance with the formula-

$$PV_{VCA} \times (1 + \text{cost of capital}) \div \text{total value of commissioned assets}; \text{ and}$$

- (d) 'PV_{VCA}' means the sum of the present value of **closing RAB values** for **commissioned** assets calculated in accordance with clause 5.3.6(3)(b), where each present value is determined by discounting each **closing RAB value** by the *cost of capital* from the relevant **commissioning date** to the commencement of the relevant **disclosure year**.

- (5) For the purpose of this clause, 'cost of capital' has the meaning specified in clause 5.3.22.
- (6) 'Forecast operating expenditure' means, in relation to a **CPP proposal** -
 - (a) that has not been assessed by the **Commission**, the amount of **operating expenditure** for the relevant **disclosure year** included by the **CPP applicant** in its **opex forecast**; or
 - (b) undergoing assessment by the **Commission**, the amount of **operating expenditure** determined for the relevant **disclosure year** by the **Commission** after assessment of the amount in paragraph (a) against the **expenditure objective**.
- (7) For the purpose of this clause, all values and amounts are expressed in nominal terms unless otherwise specified.

5.3.3 Building blocks allowable revenue after tax

- (1) 'Building blocks allowable revenue after tax' is **building blocks allowable revenue before tax** less **forecast regulatory tax allowance**.
- (2) For the purpose of this clause, all values and amounts are expressed in nominal terms.

5.3.4 Price path

- (1) The present value of the series of values of **maximum allowable revenue after tax** must equal the present value of the series of **building blocks allowable revenue after tax**, adjusted for any **shifted revenue** and the present value of any claw-back for the **CPP regulatory period**, where present values are determined in accordance with subclause (3).
- (2) In subclause (1)-
 - (a) the reference to claw-back is a reference to claw-back, determined by the **Commission** pursuant to s 53V(2)(b), in the case of a **CPP determination** made-
 - (i) after deferral of the relevant **CPP proposal** in accordance with s 53Z(2) of the **Act**;
 - (ii) in response to a **CPP proposal** made in accordance with provisions in a **DPP determination** relating to the submission of **CPP proposals** in response to a **catastrophic event**; or
 - (iii) as a result of an amendment of the **CPP** under clause 5.6.13; and
 - (b) each reference to a series of values is a reference to the value determined in respect of each **disclosure year** of the **CPP regulatory period**.
- (3) For the purpose of subclause (1), the present value of each series must be determined using the cost of capital as specified in clause 5.3.22.

- (4) For the avoidance of doubt, where claw-back is determined where-
- (a) subclause (2)(a)(i) applies, it will only be determined in respect of the period between the date when the **CPP** would have taken effect had deferral not occurred and the date the **CPP determination** will come into effect; and
 - (b) subclause (2)(a)(ii) applies, it will only be determined in respect of the period between the date of the **catastrophic event** and the date the **CPP determination** will come into effect.
- (5) For the purpose of this subpart, the 'maximum allowable revenue before tax' for the first **disclosure year** of the **CPP regulatory period** is the amount of **maximum allowable revenue before tax** in the first **disclosure year** of the **CPP regulatory period** required for subclause (1) to be satisfied.
- (6) For the purpose of this subpart, the 'maximum allowable revenue before tax' for each **disclosure year** of the **CPP regulatory period** except the first must equal-
- $$MAR_{y-1} \times (1 + \Delta CPI) \times (1 - X),$$
- where-
- MAR_{y-1} is the **maximum allowable revenue before tax** in the preceding **disclosure year**;
- ΔCPI is the **CPP inflation rate**; and
- X is any X factor applying to the **EDB**.
- (7) 'Maximum allowable revenue after tax' is **maximum allowable revenue before tax** less forecast regulatory tax allowance.
- (8) For the purpose of subclause (7), 'forecast regulatory tax allowance' means-
- (a) where **opening tax losses** are nil in every **disclosure year** of the **next period, forecast regulatory tax allowance**; and
 - (b) in all other cases, the amount calculated in accordance with clause 5.3.13 with the modification that the reference in clause 5.3.13(4) to 'building blocks allowable revenue before tax' is substituted with '**maximum allowable revenue before tax**'.
- (9) 'CPP Inflation rate' means the amount determined in accordance with the formula-
- $$[(CPI_1 + CPI_2 + CPI_3 + CPI_4) \div (CPI_1^{-4} + CPI_2^{-4} + CPI_3^{-4} + CPI_4^{-4})] - 1,$$
- where-
- CPI_n means **forecast CPI** for the n th quarter of the **disclosure year** in question; and
- CPI_n^{-4} means **forecast CPI** for the equivalent quarter in the preceding **disclosure year**.

SECTION 2 Cost allocation and asset valuation

5.3.5 Allocating forecast values of operating costs not directly attributable

- (1) **Operating costs** forecast in each **disclosure year** of the **next period** must, in the case of an **operating cost** for which disclosure pursuant to an **ID determination** has-
 - (a) been made for the last **disclosure year** of the **current period**, be consistent with the **operating costs** allocated to **electricity distribution services** in that disclosure; and
 - (b) not been so made, be consistent with an allocation of **operating costs** to **electricity distribution services** carried out in respect of the most recent disclosure made for the **current period** in accordance with clause 2.1.1.
- (2) Where a sale of the assets used to **supply electricity distribution services** and either or both-
 - (a) an **other regulated service**; and
 - (b) an **unregulated service**,is
 - (c) completed between the start of the **assessment period** and the time the **CPP application** is made; or
 - (d) **highly probable**,

operating costs attributable to **electricity distribution services**, in respect of each **operating cost** not **directly attributable** affected by the sale, is determined as the value allocated to **electricity distribution services** as a result of applying clause 2.1.1 in respect of the last **disclosure year** of the **assessment period**.

5.3.6 RAB roll forward

- (1) The opening RAB value of an asset in relation to-
 - (a) the **disclosure year** 2010, is the **initial RAB value**; and
 - (b) a **disclosure year** thereafter, is, where the **disclosure year**-
 - (i) follows a **disclosure year** in respect of which disclosure pursuant to an **ID determination** relating to that asset has been made, that asset's disclosed **closing RAB value**;
 - (ii) is the first **disclosure year** of the **next period** for which disclosure pursuant to an **ID determination** relating to that asset for the preceding **disclosure year** has not been made, determined in accordance with subclause (2); or
 - (iii) is any other **disclosure year**, the **closing RAB value** for the preceding **disclosure year**.

- (2) For the purpose of subclause (1)(b)(ii), the opening RAB value of an asset to which this subclause applies is determined as the value allocated to **electricity distribution services** as a result of applying clause 2.1.1 to its **unallocated closing RAB value** for the preceding **disclosure year**.
- (3) Closing RAB value means, subject to subclause (4), for an asset-
- (a) with an **opening RAB value**, the value determined in accordance with the formula-

opening RAB value - depreciation + revaluation;
 - (b) having or forecast to have a **commissioning date** in that **disclosure year**, where the asset-
 - (i) has been **commissioned** by the date the **CPP application** is made, its **value of commissioned asset**; or
 - (ii) has not been **commissioned** by the date the **CPP application** is made, its **forecast value of commissioned asset**,

but only to the extent that the value would be included in the closing RAB value consistent with application of clause 2.1.1;
 - (c) that is or is forecast to be a **disposed asset**, nil; or
 - (d) that is used, or forecast to be used, in providing **electricity distribution services** under a **large connection contract**, nil.
- (4) For the purpose of subclause (3), where a sale of the assets used to **supply electricity distribution services** and either or both-
- (a) an **other regulated service**; and
 - (b) an **unregulated service**,
- is
- (c) completed between the start of the **assessment period** and the time the **CPP application** is made; or
 - (d) **highly probable**,
- closing RAB value in respect of each asset not **directly attributable** affected by the sale is determined as the value allocated to **electricity distribution services** as a result of applying clause 2.1.1 in respect of its **unallocated closing RAB value** of the last **disclosure year** of the **assessment period**.
- (5) The unallocated opening RAB value of any asset in relation to-
- (a) the **disclosure year** 2010, is the **unallocated initial RAB value**;
 - (b) a **disclosure year** thereafter, is, where the **disclosure year**-

- (i) follows a **disclosure year** in respect of which disclosure pursuant to an **ID determination** relating to that asset has been made, that asset's disclosed **unallocated closing RAB value**; and
 - (ii) is any other **disclosure year**, its **unallocated closing RAB value** in the preceding **disclosure year**.
- (6) Unallocated closing RAB value means, in relation to-
 - (a) an asset that is or is forecast to be a **disposed asset**, nil;
 - (b) any other asset with an **unallocated opening RAB value**, the value determined in accordance with the formula-

$$\text{unallocated opening RAB value} - \text{unallocated depreciation} + \text{unallocated revaluation}; \text{ and}$$
 - (c) any other asset-
 - (i) that has a **commissioning date** between the commencement of the **disclosure year** in which the **CPP application** is made and the application's submission, its **value of commissioned asset**; or
 - (ii) forecast to have a **commissioning date** thereafter, its **forecast value of commissioned asset**.
- (7) The total opening RAB value in relation to-
 - (a) the **disclosure year** 2010, is the sum of all **initial RAB values**; and
 - (b) any **disclosure year** thereafter, is the total closing RAB value in the preceding **disclosure year**.
- (8) For the purpose of subclause (7), 'total closing RAB value' means, in relation to a **disclosure year**, the sum of **closing RAB values** for all assets.

5.3.7 Depreciation

- (1) Total depreciation means the sum of depreciation calculated for **existing CPP assets** under subclause (2)(a) and for **additional CPP assets** under subclause (2)(b).
- (2) For the purpose of subclause (1)-
 - (a) 'depreciation', in the case of **existing CPP assets** with an **opening RAB value**, is determined, subject to subclause (3) and clauses 5.3.6 and 5.3.8, in accordance with the formula-

$$[1 \div \text{remaining asset life for existing CPP assets}] \times \text{opening RAB value}.$$
 - (b) 'depreciation', in the case of **additional CPP assets** with an **opening RAB value**, is determined, subject to subclause (3) and clauses 5.3.6 and 5.3.8, in accordance with the formula-

$[1 \div \text{remaining asset life for additional assets}] \times \text{opening RAB value for additional CPP assets.}$

- (3) For the purposes of subclauses (1) and (2)-
- (a) depreciation is nil in the case of-
 - (i) **land**; and
 - (ii) an **easement** other than a **fixed life easement**; and
 - (iii) **network spare** in respect of the period before which depreciation for the **network spare** in question commences under **GAAP**; and
 - (b) in all other cases, where the asset's **physical asset life** at the end of the **disclosure year** is nil-
 - (i) unallocated depreciation is the asset's **unallocated opening RAB value**; and
 - (ii) depreciation is the asset's **opening RAB value**.
- (4) For the purpose of subclause (2)-
- (a) 'remaining asset life for existing CPP assets' means, for each asset, the value determined in accordance with the formula-
opening RAB value $\div$ depreciation for the last year of the **current period**, less the number of **disclosure years** from the last year of the **current period** to the **disclosure year** in question; and
 - (b) 'remaining asset life for additional assets' means the **asset life for CPP commissioned assets** for an **asset category** less the number of **disclosure years** from the **disclosure year** in which the additional assets are forecast to be commissioned.

5.3.8 Depreciation - alternative depreciation method

- (1) Depreciation and, subject to clause 5.3.9, unallocated depreciation may be determined in respect of a **CPP regulatory period** using an **alternative depreciation method**, provided the **Commission** is satisfied that the result of applying the **alternative depreciation method** would better promote the purpose of Part 4 than the result of applying the **standard depreciation method**.
- (2) For the avoidance of doubt, subclause (1) does not apply to the determination of depreciation or unallocated depreciation in the **assessment period**.

5.3.9 Unallocated depreciation constraint

- (1) For the purposes of clauses 5.3.7 and 5.3.8, the sum of **unallocated depreciation** of an asset calculated over its **asset life** may not exceed the sum of-
- (a) all **unallocated revaluations** applying to that asset in all **disclosure years**; and
 - (b) in the case of an asset-

- (i) in the **initial RAB**, its **unallocated initial RAB value**; and
- (ii) not in the **initial RAB**, its **value of commissioned asset** or **forecast value of commissioned asset**, as the case may be.

5.3.10 Revaluation

- (1) Unallocated revaluation, subject to subclause (3), is determined in accordance with the formula-

unallocated opening RAB value × revaluation rate.

- (2) Revaluation, subject to subclause (3), is determined in accordance with the formula-

opening RAB value × revaluation rate.

- (3) For the purposes of subclauses (1) and (2), where-

- (a) the asset's **physical asset life** at the end of the **disclosure year** is nil; or
- (b) the asset is a-
 - (i) **disposed asset**; or
 - (ii) **lost asset**,

unallocated revaluation and revaluation are nil.

- (4) Revaluation rate means, in respect of a **disclosure year**, the amount determined in accordance with the formula-

$$(CPI_4 \div CPI_4^{-4}) - 1,$$

where-

CPI_4 means **forecast CPI for CPP revaluation** for the quarter that coincides with the end of the **disclosure year**; and

CPI_4^{-4} means **forecast CPI for CPP revaluation** for the quarter that coincides with the end of the preceding **disclosure year**.

- (5) Forecast CPI for CPP revaluation means, for the purpose of subclause (4), when calculating the **revaluation rate**-

- (a) in the **CPP regulatory period** and up to the end of the **DPP regulatory period**, as for **forecast CPI for DPP revaluation** in accordance with clause 4.2.3(4)(a); and
- (b) for each later quarter for which a forecast of the change in headline **CPI** has been included in the Monetary Policy Statement last issued by the Reserve Bank of New Zealand prior to the date for which the vanilla **WACC** applicable to the relevant **DPP regulatory period** was determined, the **CPI** last applying under paragraph (a) extended by the forecast change; and

- (c) in respect of later 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 midpoint for the change in headline **CPI** set out in the Monetary Policy Statement referred to in paragraph (b).

5.3.11 Forecast value of commissioned assets

- (1) 'Forecast value of commissioned asset', in relation to an asset for which **capital expenditure** is included in forecast capital expenditure (including an asset in respect of which **capital contributions** are or are forecast to be received, or a **vested asset**) means the forecast cost of the asset to an **EDB** determined by applying **GAAP** to the asset as on its forecast **commissioning date**, except that, subject to subclauses (2) and (3), the cost of-
 - (a) an intangible asset, unless it is-
 - (i) a **finance lease**; or
 - (ii) an **identifiable non-monetary asset**,
 is nil;
 - (b) an **easement**, is limited to its forecast market value as on its forecast **commissioning date** as determined by a **valuer**;
 - (c) **easement land** is nil;
 - (d) a **network spare**-
 - (i) which is not required, in light of the historical reliability and number of the assets it is held to replace; or
 - (ii) whose cost is not treated as the cost of an asset under **GAAP**, whether wholly or in part,
 is nil;
 - (e) an asset-
 - (i) to be acquired from another **regulated supplier**; and
 - (ii) used by that **regulated supplier** in the **supply** of **regulated goods or services**,
 is its value determined in accordance with **input methodologies** applicable to the **services supplied** by that other **regulated supplier** as on the forecast **commissioning date**;
 - (f) an asset that was previously used by an **EDB** in its **supply** of **other regulated services** is limited to its value determined in accordance with **input methodologies** applicable to those **other regulated services** as on the day before the forecast **commissioning date**;

- (g) an asset or assets, or components of assets, forecast to be acquired in a **related party transaction**, and forecast to be **commissioned** during any **disclosure year** of the **CPP regulatory period** other than assets to which paragraphs (e) or (f) apply, is the forecast cost specified in subclause (7);
 - (h) an asset in respect of which **capital contributions** are or are forecast to be received where such contributions are not taken into account when applying **GAAP**, is the cost of the asset by applying **GAAP** reduced by the amount of the **capital contributions**;
 - (i) a **vested asset** in respect of which its fair value is or would be treated as its cost under **GAAP**, must exclude any amount of the fair value of the asset determined under **GAAP** that exceeds the amount of consideration provided or forecast to be provided by the **EDB**;
 - (j) for the purpose of paragraph (a)(i), a **finance lease** excludes the value of any asset for which an amount payable is a **pass-through cost** under clause 3.1.2(2)(d);
 - (k) an asset, part or all of the cost of which an **EDB** has recovered or forecast to recover under an **innovation and non-traditional solutions allowance**, is the cost or the forecast cost of the asset by applying **GAAP**, reduced by the amount of **capex** recovered or forecast to be recovered under that **innovation and non-traditional solutions allowance**;
 - (l) an asset forecast to be used in providing **electricity distribution services** under a **large connection contract** is nil; and
 - (m) an asset in respect of which-
 - (i) an **insurance entitlement** or **compensatory entitlement** is forecast to be received or receivable; and
 - (ii) such an **insurance entitlement** or **compensatory entitlement** does not reduce the cost of the asset when applying **GAAP**, is the cost of the asset by applying **GAAP**, reduced (at the **EDB's** choice) by the amount of the **insurance entitlement** or **compensatory entitlement** that is forecast to be received or receivable.
- (2) Where an **asset** forecast to be **commissioned** is forecast to be used to **supply** either or both an **other regulated service** and an **unregulated service**, its **regulated service asset value** borne by **regulated services**, in aggregate-
- (a) may not exceed the total value of the asset that would be allocated to **regulated services**, in aggregate, using **ACAM**; and
 - (b) must be based only on forecast changes in the **EDB's business of supplying electricity distribution services**.
- (3) When applying **GAAP** for the purposes of subclause (1),-
- (a) the cost of financing is-

- (i) applicable only in respect of the period commencing on the date the asset becomes or is forecast to become a **works under construction** and terminating on its **commissioning date** or forecast **commissioning date**, as the case may be; and
 - (ii) calculated using a rate not greater than the **EDB's** forecast weighted average of borrowing costs for each applicable **disclosure year**; and
 - (b) the value of a **commissioned** asset that, before its forecast **commissioning date**, the **EDB** is forecast to acquire from another **regulated supplier** as **works under construction**, is limited to the sum of:
 - (i) the cost incurred (or forecast to be incurred) by the other **regulated supplier** in constructing those works; and
 - (ii) any additional costs of the **EDB** forecast to be incurred in completing the construction of those works (excluding any amount forecast to be paid to the other **regulated supplier**).
- (4) For the purposes of subclause (3)(a)(ii), the 'forecast weighted average of borrowing costs' is calculated for a **disclosure year** using principles set out in **GAAP**, taking into account:
- (a) the cost of financing rate is the forecast weighted average of the costs applicable to borrowings in respect of **capex** that are forecast to be outstanding during the **disclosure year**;
 - (b) the total costs applicable to borrowings outstanding as used in calculating the weighted average must include costs of borrowings made or forecast to be made specifically for the purpose of any particular –
 - (i) **capex projects**; or
 - (ii) **capex programmes**; and
 - (c) the amount of borrowing costs forecast to be capitalised during the **disclosure year** must not exceed the amount of borrowing costs forecast to be incurred during the **disclosure year**;
 - (d) where a **capital contribution** is received by an **EDB**, the relevant asset will become **works under construction** for the purposes of calculating the cost of financing;
 - (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;
 - (f) subject to paragraph (g), where the value of **works under construction** will be negative in accordance with paragraph (e), the cost of financing for the period ending on the forecast **commissioning date** will be negative;

- (g) where the cost of financing an asset which is **works under construction** is negative under paragraph (f), it will reduce the forecast value of the relevant asset or assets by that negative amount where such a reduction is not otherwise made under **GAAP**;
- (h) for the purpose of paragraph (d), **works under construction** includes assets that are forecast to be enhanced or acquired; and
- (i) where the cost of financing is forecast to be derived as income in relation to **works under construction** and is-
 - (i) negative; and
 - (ii) included in regulatory income under an **ID determination**,

it will not reduce the forecast value of the relevant asset or assets where such reduction would not otherwise be made under **GAAP**.

(5) For the avoidance of doubt-

- (a) revenue derived or forecast to be derived in relation to **works under construction** that is not included in regulatory income under an **ID determination** reduces the cost of an asset by the amount of the revenue where such reduction is not otherwise made under **GAAP**; and
- (b) where expenditure on an asset which forms or is forecast to form part of the cost of that asset under **GAAP** is incurred or forecast to be incurred by an **EDB** after that asset is **commissioned** or forecast to be **commissioned**, such expenditure is treated as relating to a separate asset.

(6) In this clause, 'forecast capital expenditure' means, in relation to a **CPP proposal**-

- (a) that has not been assessed by the **Commission**, the amount of **capital expenditure** for the relevant **disclosure year** of the **next period** included by the **CPP applicant** in its **capex forecast**; and
- (b) undergoing assessment by the **Commission**, the amount of **capital expenditure** determined for the relevant **disclosure year** of the **next period** by the **Commission** after assessment of the amount in paragraph (a) against the **expenditure objective**.

(7) For the purpose of subclause (1)(g), the forecast cost of any **commissioned** assets, or components of assets, forecast to be acquired in a **related party transaction**, must be set on the basis that-

- (a) the forecast cost is not greater than either of the following amounts determined under **GAAP**:
 - (i) the value that would apply if that transaction were an **arm's-length transaction**; or

- (ii) the amount forecast to be charged to the **EDB** by the **related party**;
and
 - (b) for the purpose of paragraph (a)(i), an objective and independent measure must be used in determining the terms of an **arm's-length transaction**.
- (8) For the purpose of subclause (7)(a), a **related party transaction** will be treated as if it had the terms of an **arm's-length transaction** if the **commissioned** asset, or the component of the **commissioned** asset, forecast to be acquired from a **related party** is valued at the forecast cost expected to be incurred by the **related party**, provided that this would-
 - (a) be fair and reasonable to the **EDB**; and
 - (b) be substantially the same as any such forecast cost expected to be incurred by the **related party** in providing the same type of asset to third parties.

5.3.12 Works under construction

- (1) Opening works under construction means, in respect of-
 - (a) the first **disclosure year** of the **next period** where that year is consecutive to a **disclosure year** in respect of which disclosure pursuant to an **ID determination**-
 - (i) has not been made, initial works under construction; and
 - (ii) has been made, the value of works under construction last disclosed in accordance with the **ID determination** to the extent that it is intended to be included in a **closing RAB value**; and
 - (b) any year other than the first **disclosure year** of the **next period**, **closing works under construction** of the preceding **disclosure year**.
- (2) For the purpose of subclause (1)(a)(i), 'initial works under construction' means expenditure incurred on **works under construction** as of the first day of the **disclosure year** in question, calculated in accordance with clause 5.3.11, modified in that references in that clause to "forecast **commissioning date**" are substituted with "forecast date that expenditure is incurred".
- (3) Closing works under construction is the amount determined in accordance with the formula-

opening works under construction + sum of capital expenditure - (sum of value of commissioned assets + sum of forecast value of commissioned assets),

where-

- (a) the sum of **value of commissioned assets** only includes values to the extent that they are included in **closing RAB values** disclosed pursuant to an **ID determination**; and
- (b) the sum of **forecast value of commissioned assets** only includes values to the extent that they are included in the sum of **closing RAB values** provided pursuant to clause 5.4.11(b)(ii).

SECTION 3 Treatment of taxation

5.3.13 Forecast regulatory tax allowance

- (1) Forecast regulatory tax allowance is, where forecast **regulatory net taxable income** is-
 - (a) nil or a positive number, the **tax effect** of forecast **regulatory net taxable income**; and
 - (b) a negative number, nil.
- (2) Regulatory net taxable income means **regulatory taxable income** less **utilised tax losses**.
- (3) Regulatory taxable income is determined in accordance with the formula-

$$\text{regulatory profit / (loss) before tax} + \text{permanent differences} + \text{regulatory tax adjustments}.$$
- (4) Regulatory profit / (loss) before tax means the value determined in accordance with the formula-

$$\text{building blocks allowable revenue before tax} - \text{operating expenditure} - \text{total depreciation}.$$

5.3.14 Tax losses

- (1) Utilised tax losses means **opening tax losses**, subject to subclause (2).
- (2) For the purpose of subclause (1), utilised tax losses may not exceed **regulatory taxable income**.
- (3) Opening tax losses in relation to-
 - (a) the first **disclosure year** of the **next period**, is nil, subject to subclause (4); and
 - (b) subsequent **disclosure years** of the **next period**, is closing tax losses for the preceding **disclosure year**.
- (4) For the purpose of subclause (3)(a), if the **Commission** is satisfied that an **EDB** will incur forecast tax losses, opening tax losses is the amount of losses in respect of which the **Commission** is satisfied.
- (5) For the purpose of subclause (3)(b), 'closing tax losses' means the amount determined in accordance with the following formula, in which each term is an absolute value:

opening tax losses + current period tax losses - utilised tax losses.

- (6) In this clause, 'current period tax losses' is, where **regulatory taxable income** is-
- (a) nil or a positive number, nil; and
 - (b) a negative number, **regulatory taxable income**.

5.3.15 Permanent differences

- (1) Permanent differences is the amount determined in accordance with the formula-
- positive permanent differences - discretionary discounts and customer rebates - negative permanent differences.*

- (2) For the purpose of subclause (1), 'positive permanent differences' means, subject to subclause (3), the sum of-

- (a) all amounts of income-
 - (i) treated as taxable were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of income in determining **regulatory profit / (loss) before tax**; and
- (b) all amounts of expenditure or loss-
 - (i) included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**; and
 - (ii) not treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**,

if the difference in treatment of amounts of-

- (c) income under paragraph (a)(i) and paragraph (a)(ii); or
- (d) expenditure or loss under paragraph (b)(i) and paragraph (b)(ii),

is a difference that is not -

- (e) a **reversal** or partial **reversal** of a difference for a prior **disclosure year**; and
- (f) forecast to **reverse** in a subsequent **disclosure year**.

- (3) For the purpose of subclause (2), positive permanent differences excludes any amounts that are-

- (a) **amortisation of initial differences in asset values**; or
- (b) **amortisation of revaluations**.

- (4) For the purpose of subclause (1), 'negative permanent differences' means, subject to subclause (5), the sum of-

- (a) all amounts of income-
 - (i) included as amounts of income in determining **regulatory profit / (loss) before tax**; and
 - (ii) not treated as taxable were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
- (b) all amounts of expenditure or loss-
 - (i) treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**,

if there are differences between the values in-

- (c) paragraph (a)(i) and paragraph (a)(ii); and
- (d) paragraph (b)(i) and paragraph (b)(ii),

and such differences are not-

- (e) the **reversal** of a difference in a prior **disclosure year**; and
- (f) forecast to **reverse** in a subsequent **disclosure year**.

(5) For the purpose of subclause (4), negative permanent differences excludes any amounts that are-

- (a) **discretionary discounts and customer rebates**;
- (b) expenditure or loss determined in accordance with the **tax rules** that is-
 - (i) interest; or
 - (ii) forecast to be incurred in borrowing money; and
- (c) any-
 - (i) tax losses; and
 - (ii) subvention payment made or received by an **EDB**.

5.3.16 Regulatory tax adjustments

(1) Regulatory tax adjustments are determined in accordance with the formula-

amortisation of initial differences in asset values + amortisation of revaluations - notional deductible interest.

(2) For the purpose of subclause (1), 'notional deductible interest' means the amount determined in accordance with the formula—

((regulatory investment value + RAB proportionate investment) x leverage x cost of debt) + term credit spread differential allowance)

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$\sqrt{1 + \text{cost of debt}}).$

- (3) For the purpose of subclause (2), 'RAB proportionate investment' means the sum of the *proportionate value* of each asset forecast to be **commissioned** less the sum of the *proportionate value* of each **disposed asset**.
- (4) For the purpose of subclause (3), 'proportionate value' means for-
 - (a) an asset forecast to be **commissioned**, its **forecast value of commissioned asset** multiplied by the proportion of that **disclosure year** in question from the forecast **commissioning date** to the end of that **disclosure year** out of the whole **disclosure year**; and
 - (b) a **disposed asset**, its **opening RAB value** multiplied by the proportion of that **disclosure year** from the date of sale or transfer to the end of that **disclosure year** out of the whole **disclosure year**.

5.3.17 Amortisation of initial differences in asset values

- (1) Amortisation of initial differences in asset values is, subject to subclause (5), determined in accordance with the formula-

opening unamortised initial differences in asset values ÷ opening weighted average remaining useful life of relevant assets.
- (2) For the purpose of this clause, 'opening unamortised initial differences in asset values' means, in respect of-
 - (a) the **disclosure year** 2010, initial differences in asset values; and
 - (b) each **disclosure year** thereafter, subject to subclause (5), closing unamortised initial difference in asset values for the preceding **disclosure year**.
- (3) For the purpose of subclause (2)(a), 'initial differences in asset values' means, subject to subclause (5), the sum of **initial RAB values** less the sum of **regulatory tax asset values** on the first day of the **disclosure year** 2010.
- (4) For the purpose of subclause (1), 'opening weighted average remaining useful life of relevant assets' means-

 $q = a - b$
where:
 a = the 2010 weighted average **remaining asset life** of assets included in the initial RAB calculated by using **initial RAB values** as weightings
 b = **disclosure year** less 2010.
- (5) For the purpose of subclauses (1) and (2)-
 - (a) no account may be taken of unamortised initial differences in asset values of sold assets from the date of sale; and

- (b) account must be taken of unamortised initial differences in asset values of acquired assets from the date of acquisition.
- (6) For the purpose of subclause (2)(b), 'closing unamortised initial difference in asset values' is determined in accordance with the formula-

Opening unamortised initial differences in asset values - amortisation of initial difference in asset values

5.3.18 Amortisation of revaluations

- (1) Amortisation of revaluations in relation to an **EDB** for a **disclosure year** is calculated in accordance with the formula-

total depreciation - adjusted depreciation.

5.3.19 Deferred tax

- (1) Opening deferred tax means-
 - (a) in respect of the **disclosure year** 2010, nil; and
 - (b) subject to paragraph (c), in respect of each **disclosure year** thereafter, closing deferred tax for the preceding **disclosure year**; and
 - (c) in respect of each **disclosure year** after the **disclosure year** 2010, for assets for which there is no **regulatory tax asset value**, the opening deferred tax balance under **GAAP** for those assets at the date when those assets are forecast to be **commissioned**.
- (2) For the purpose of subclause (1)(b), 'closing deferred tax' is determined in accordance with the formula-

opening deferred tax + tax effect of temporary differences - tax effect of amortisation of initial difference in asset values + deferred tax balance relating to assets acquired in the disclosure year in question – deferred tax balance relating to assets disposed of in the disclosure year in question + cost allocation adjustment.
- (3) For the purpose of subclause (2), 'deferred tax balance relating to assets acquired in the **disclosure year** in question' means the amount of deferred tax associated with the assets acquired by the **EDB** from another **regulated supplier**, excluding the **reversal** of temporary adjustments arising as a consequence of the sale, as determined in accordance with **input methodologies** applicable to the **regulated services** that the assets in question were used to **supply**.
- (4) For the avoidance of doubt, the amount referred to in subclause (3) must include proportionate adjustments for-
 - (a) the **tax effect of temporary differences**; and
 - (b) the **amortisation of initial differences in asset values**,

up to the date the assets in question were acquired.

- (5) For the purpose of subclause (2), 'cost allocation adjustment' means the **tax effect** of the dollar value difference between the change in the sum of **regulatory tax asset values** on the last day of the **disclosure year** and the change in the sum of **closing RAB values** as a result only of applying-
- (a) the result of asset allocation ratios to the **tax asset value** in accordance with clause 5.3.21(1); and
 - (b) Clause 2.1.1 to the **unallocated closing RAB value**, where either or both clauses 5.3.6(1)(b)(ii) and 5.3.6(3) apply.
- (6) For the purpose of subclause (2), 'deferred tax balance relating to assets disposed of in the **disclosure year** in question' means the amount of deferred tax associated with the assets disposed of by the **EDB** and, where that deferred tax balance is a deferred tax liability, it must have a negative value.

5.3.20 Temporary differences

- (1) Temporary differences is the amount determined in accordance with the formula-
- depreciation temporary differences + positive temporary differences - negative temporary differences.*
- (2) For the purpose of this clause, 'depreciation temporary differences' is **adjusted depreciation** less tax depreciation.
- (3) For the purpose of subclause (2) 'tax depreciation' is the sum of the amounts determined for all assets by application of the **tax depreciation rules** to the **regulatory tax asset value** of each asset.
- (4) For the purpose of subclause (1), 'positive temporary differences' means the sum of-
- (a) all amounts of income-
 - (i) treated as taxable if the **tax rules** were applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of income in determining **regulatory profit / (loss) before tax**; and
 - (b) all amounts of expenditure or loss-
 - (i) included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**; and
 - (ii) not treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**,
- less any amount that is **depreciation temporary differences**, if there are differences between the values in-

- (c) paragraph (a)(i) and paragraph (a)(ii); and
- (d) paragraph (b)(i) and paragraph (b)(ii),

and such differences-

- (e) are the **reversal** of a difference in a prior **disclosure year**; or
- (f) are forecast to **reverse** in a subsequent **disclosure year**.

(5) For the purpose of subclause (1), 'negative temporary differences' means the sum of-

- (a) all amounts of income-
 - (i) included as amounts of income in determining **regulatory profit / (loss) before tax**; and
 - (ii) not treated as taxable were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
- (b) all amounts of expenditure or loss-
 - (i) treated as deductions were the **tax rules** applied to determine income tax payable in respect of the **EDB's supply of electricity distribution services**; and
 - (ii) not included as amounts of expenditure or loss in determining **regulatory profit / (loss) before tax**,

less any amount that is **depreciation temporary differences**, if there are differences between the values in-

- (c) paragraph (a)(i) and paragraph (a)(ii); and
- (d) paragraph (b)(i) and paragraph (b)(ii),

and such differences-

- (e) are the **reversal** of a difference in a prior **disclosure year**; or
- (f) are forecast to **reverse** in a subsequent **disclosure year**.

5.3.21 Regulatory tax asset value

(1) Regulatory tax asset value, in relation to an asset, means the value determined in accordance with the formula-

tax asset value $\times$ *result of asset allocation ratio*.

(2) Tax asset value means, in respect of-

- (a) an asset-
 - (i) in the **initial RAB** where, in the **disclosure year 2010**, the sum of **unallocated initial RAB values** is less than the sum of the **adjusted tax values** of all assets in the **initial RAB**;

- (ii) acquired from a **regulated supplier** who used it to **supply regulated goods or services**; or
 - (iii) acquired or transferred from a **related party**,

the value of the asset determined by applying the **tax depreciation rules** to its notional tax asset value; and
 - (b) any other asset, its forecast **adjusted tax value**.
- (3) 'Notional tax asset value' means, for the purpose of-
- (a) subclause (2)(a)(i), **adjusted tax value** of the asset in the **disclosure year** 2010 adjusted to account proportionately for the difference between the-
 - (i) sum of the **unallocated initial RAB values**; and
 - (ii) sum of the **adjusted tax values**,

of all assets in the **initial RAB**;
 - (b) subclause (2)(a)(ii), value after applying the **tax depreciation rules** to the tax asset value (as 'tax asset value' is defined in the **input methodologies** applying to the **regulated goods or services** in question) in respect of the **disclosure year** in which the asset was acquired; and
 - (c) subclause (2)(a)(iii), value in respect of the **disclosure year** in which the asset was acquired or transferred that is-
 - (i) consistent with the **tax rules**; and
 - (ii) limited to its **value of commissioned asset** plus the sum of any **insurance entitlements** and **compensatory entitlements** applied to reduce the value of a **commissioned** asset under clause 5.3.11(1)(m), or, if relevant **capital contributions** are treated for tax purposes in accordance with section CG 8 of the Income Tax Act 2007 (or subsequent equivalent provisions), limited to the **value of commissioned asset** plus any taxed **capital contributions** applicable to the asset plus the sum of any **insurance entitlements** and **compensatory entitlements** applied to reduce the value of a **commissioned** asset under clause 5.3.11(1)(m).
- (4) For the purpose of subclause (1), 'result of asset allocation ratio' means, where an asset or group of assets maintained under the **tax rules**-
- (a) has a matching asset or group of assets maintained for the purpose of Part 2 Subpart 2, the value obtained in accordance with the formula-
- opening RAB value** or *sum of opening RAB values, as the case may be*

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unallocated opening RAB value or sum of unallocated opening RAB values, as the case may be,

applying the formula in respect of the asset or smallest group of assets maintained for the purpose of Part 2 Subpart 2 that has a matching asset or group of assets maintained under the **tax rules**; and

- (b) does not have a matching asset or group of assets maintained for the purpose of Part 2 Subpart 2, the value of the asset allocated to the **supply of electricity distribution services** were clause 2.1.1 to apply to the asset or group of assets.

SECTION 4 Cost of capital

5.3.22 Methodology for estimating the weighted average cost of capital

- (1) Where the **Commission** takes into account the cost of capital in making a **CPP determination**, the **Commission** will use the estimate of **WACC** that was used for the **DPP** applying at the start of the **CPP regulatory period** in accordance with clause 4.4.7(1).
- (2) Where there has been a **WACC change event**, the cost of capital for the **CPP** is the **DPP WACC** referenced in clause 5.6.6(1)(a), which has effect in the remaining years of the **CPP regulatory period**.

5.3.23 Methodology for estimating term credit spread differential

- (1) 'Term credit spread differential' is the amount determined for a **qualifying supplier** in accordance with the formula-

$$(A \div B) \times C \times D,$$

where-

- (a) 'A' is the sum of the **term credit spread difference** and debt issuance cost re-adjustment;
 - (b) 'B' is the book value of the **qualifying supplier's** total interest-bearing debt as at the balance date of the supplier's financial statements audited and published in the **disclosure year** in question relate;
 - (c) 'C' is **leverage**; and
 - (d) 'D' is, in relation to the **qualifying supplier**, the average of-
 - (i) the sum of **opening RAB values**; and
 - (ii) the sum of **closing RAB values**.
- (2) For the purpose of subclause (1)(a), 'debt issuance cost re-adjustment' is the amount determined in accordance with the formula-

$$(0.01 \div \text{original tenor of the qualifying debt} - 0.002) \times \text{book value in New Zealand dollars of the qualifying debt at its date of issue},$$

which amount, for the avoidance of doubt, will be a negative number.

5.3.24 Term credit spread difference

- (1) 'Term credit spread difference' is determined in accordance with the formula-

$$T \times U,$$

where-

- (a) 'T' is the amount determined in accordance with the formula-

$$0.00085 \times (\text{original tenor of the **qualifying debt** - 5});$$

- (b) 'U' is the book value in New Zealand dollars of the **qualifying debt** at its date of issue.

- (2) For the purpose of this clause, where the **qualifying debt** is issued to a **related party**, 'original tenor of the **qualifying debt**' means the-

- (a) tenor of the **qualifying debt**; or
(b) period from the **qualifying debt**'s date of issue to the earliest date on which its repayment is or may be required,

whichever is the shorter.

5.3.25 Interpretation of terms relating to term credit spread differential

- (1) 'Qualifying debt' means a line of debt-

- (a) with an original tenor greater than 5 years; and
(b) issued by a **qualifying supplier**.

- (2) 'Qualifying supplier' means a **regulated supplier** whose debt portfolio, as at the date of that supplier's most recently published audited financial statements, has a weighted average original tenor greater than 5 years.

SECTION 5 Alternative methodologies with equivalent effect

5.3.26 Alternative methodologies with equivalent effect

- (1) A **CPP applicant**, in making a **CPP application**, may apply an alternative methodology to that specified for—

- (a) cost allocation and asset valuation in Section 2;
(b) treatment of taxation in Section 3; or
(c) the estimation of **term credit spread differentials** in Section 4.

- (2) The **Commission**, in evaluating a **CPP proposal** and in determining a **CPP** for an **EDB**, may apply the alternative methodology elected by the **CPP applicant**.

- (3) An alternative methodology applied by either an **EDB** or the **Commission** in accordance with this clause must:

- (a) produce an equivalent effect within the **CPP regulatory period** to the methodology that would otherwise apply; and
- (b) not detract from the promotion of the purpose of Part 4 of the **Act**.

SUBPART 4 **Information required in a CPP proposal**

SECTION 1 **General matters**

5.4.1 Application of this subpart

- (1) Subject to subclause (2), a **CPP proposal** must contain, in all material respects, the information specified in this subpart.
- (2) For the purpose of subclause (1), where a **CPP proposal** is made in accordance with provisions in a **DPP determination** relating to the submission of **CPP proposals** in response to a **catastrophic event**, the information specified in clause 5.4.3 is not required.

5.4.2 Reasons for the proposal

A **CPP proposal** must contain a-

- (a) detailed description of the **CPP applicant's** rationale for seeking a **CPP**; and
- (b) summary of the key evidence in the proposal supporting that rationale.

5.4.3 Information regarding priority of proposal

- (1) A **CPP proposal** must contain an explanation as to why the proposal deserves to be prioritised for assessment before other **CPP proposals**, were the **Commission** to exercise its prioritisation powers under s 53Z of the **Act**.
- (2) For the purpose of subclause (1), a **CPP applicant** must address the prioritisation criteria specified in paragraphs (b) and (c) of s 53Z(3) of the **Act**, namely,-
 - (a) urgency of any proposed additional investment (compared to historic rates of investment) required to meet **consumer** requirements on quality, in accordance with subclause (3); and
 - (b) materiality of the proposal relative to the size and revenues of the applicant, in accordance with subclause (4).
- (3) For the purpose of subclause (2)(a), the **CPP applicant** must explain-
 - (a) how any proposed investment-
 - (i) compares with historic rates of investment; and
 - (ii) relates to meeting **consumer** requirements on quality; and
 - (b) the optimal timing of any proposed investment, including any timeframes that would apply to the process of undertaking that proposed investment.

- (4) For the purpose of subclause (2)(b), the **CPP applicant** must-
- (a) explain the current size of its **business** and how the proposed **CPP** would affect the size of its **business**; and
 - (b) describe its revenue under the **DPP** and explain how its revenue under the proposed **CPP** would differ, if at all, from that revenue.

5.4.4 Duration of regulatory period

Where a **CPP applicant** seeks a **CPP** of 3 years' or 4 years' duration-

- (a) the duration of the **CPP** sought must be stated in the **CPP proposal**; and
- (b) the **CPP proposal** must contain an explanation as to why that duration better meets the purpose of Part 4 of the **Act** than 5 years.

SECTION 2 Information regarding quality

5.4.5 Information on proposed quality standard variation

Where a **CPP applicant** seeks a **quality standard variation** as part of a **CPP proposal**, the **CPP proposal** must contain the following information:

- (a) the different values of either or both of-
 - (i) the parameters relating quality standards, including any boundary value;
 - (ii) the parameters relating to any incentives for the **EDB** to maintain or improve its quality of supply;to those which would be determined in accordance with the methodology as specified in the **DPP determination**;
- (b) an explanation of the reasons for the proposed **quality standard variation**;
- (c) demonstration of the extent to which the **quality standard variation** better reflects the realistically achievable performance of the **EDB** over the **CPP regulatory period** based on either or both of-
 - (i) statistical analysis of past SAIDI and SAIFI performance; and
 - (ii) the level of investment provided for in proposed **maximum allowable revenue before tax**; and
- (d) demonstration of the estimated effect of the proposed **quality standard variation** by use of historic data, by contrast with the quality standards specified in the **DPP determination**.

SECTION 3 Price path information

5.4.6 Interpretation

- (1) In this section, the meanings of defined terms that are values or amounts to be determined by the **Commission** when making a **CPP determination** are modified to mean the values or amounts proposed by the **CPP applicant**, subject to any other provision to the contrary.
- (2) Any values and amounts used by a **CPP applicant** to determine the quantum of allowances, amounts, sums or values required by this section must be consistent with other information provided in accordance with this part.

5.4.7 Proposed building blocks allowable revenue

- (1) A **CPP proposal** must contain amounts for-
 - (a) **building blocks allowable revenue before tax** for each **disclosure year** of the **next period**; and
 - (b) **building blocks allowable revenue after tax** for each **disclosure year** of the **next period**.
- (2) Subject to subclause (4), a **CPP proposal** must contain all data, information, calculations and assumptions used to determine the amounts required by subclause (1), including but not limited to-
 - (a) forecasts of-
 - (i) **regulatory investment value**;
 - (ii) *total value of commissioned assets* determined in accordance with clause 5.3.2(3);
 - (iii) **total depreciation**; and
 - (iv) **total revaluation**;
 - (b) all data, information, calculations and assumptions used to derive amounts or forecasts of TF_{VCA} , PV_{VCA} , TF , and TF_{rev} determined in accordance with clause 5.3.2(4);
 - (c) **forecast operating expenditure**; and
 - (d) any proposed **term credit spread differential allowance**.
- (3) All calculations, values and amounts required by this clause must be presented in a spreadsheet which -
 - (a) clearly demonstrates how **building blocks allowable revenue before tax** and **building blocks allowable revenue after tax** for each **disclosure year** of the **next period** have been derived using the formulae specified in clauses 5.3.2 and 5.3.3; and

- (b) where data has been computed or derived from other values on the spreadsheet through the use of formulae, makes the underlying formulae accessible.
- (4) Where the information specified in subclause (2) is included in a **CPP proposal** in a spreadsheet format-
 - (a) the information must be cross-referenced in the text of the **CPP proposal** document; and
 - (b) the spreadsheet(s) must-
 - (i) provide cross-references to any **CPP** information requirement **input methodology** that the spreadsheet satisfies;
 - (ii) use terms and labels, consistent with the terminology in the **input methodologies**;
 - (iii) identify and explain the source inputs, and outputs, of each spreadsheet;
 - (iv) produce all of the intermediate outputs, as set out in Part 5, Subpart 3 and Part 5, Subpart 4; and
 - (v) demonstrate links and interdependencies between source inputs, intermediate calculations and outputs.

5.4.8 Maximum Allowable Revenues

- (1) A **CPP proposal** must contain amounts for-
 - (a) **maximum allowable revenue before tax** for each **disclosure year** of the **CPP regulatory period**; and
 - (b) **maximum allowable revenue after tax** for each **disclosure year** of the **CPP regulatory period**.
- (2) For the purpose of subclauses (1)(a) and (1)(b), the **CPP applicant** must -
 - (a) apply an X factor; and
 - (b) state the value of the X factor.
- (3) For the purpose of subclause (2) the X factor is that defined in the **CPP applicant's DPP determination**, subject to subclause (4).
- (4) For the purpose of subclause (3), a different X factor or factors may be used, provided that the **CPP proposal** contains an explanation and supporting evidence as to why that would better meet the purpose of Part 4 of the **Act**.
- (5) All calculations and values required by this clause must be presented in a spreadsheet format which clearly demonstrates how **maximum allowable revenue before tax** and **maximum allowable revenue after tax** for each **disclosure year** of the **CPP regulatory period** have been derived from **building blocks allowable revenue after tax** and the variables in clause 5.4.7.
- (6) For the purpose of subclause (5), the spreadsheet must be provided in a format that-

- (a) shows clearly how the values required by subclause (1) were derived in accordance with the formulae specified in clauses 5.3.2 to 5.3.4; and
- (b) where data has been computed or derived from other values on the spreadsheet through the use of formulae, makes the underlying formulae accessible.

SECTION 4 Cost allocation information

5.4.9 Cost allocation information

- (1) Where a **CPP applicant**-
 - (a) makes allocations of **operating costs** not **directly attributable** pursuant to clause 5.3.5(1); or
 - (b) determines **opening RAB values** pursuant to clause 5.3.6(1)(b)(ii),
 the **CPP proposal** must contain the information specified in subclause (2).
- (2) For the purpose of subclause (1), the information is that specified in the applicable tables in Schedule B, subject to subclause (4), which tables comprise-
 - (i) *Table 1: Allocation of asset values;*
 - (ii) *Table 2: Report supporting allocations of asset values (non-public);*
 - (iii) *Table 3: Allocation of operating costs;*
 - (iv) *Table 4: Report supporting allocation of operating costs (non-public);*
 - and
 - (v) *Table 5: Rationale for selecting proxy allocator.*
- (3) Subject to subclause (7), in respect of-
 - (a) **operating costs** not **directly attributable** allocated to **electricity distribution services** in accordance with clause 5.3.5(2); or
 - (b) **closing RAB values** determined in accordance with clause 5.3.6(4),
 the **CPP proposal** must contain the information specified in Schedule C, subject to subclause (4), which tables comprise-
 - (c) *Table 1: Revised allocation of regulated asset values;*
 - (d) *Table 2: Report supporting revised allocations of asset values (non-public);*
 - (e) *Table 3: Revised allocation of operating costs; and*
 - (f) *Table 4: Report supporting revised allocation of operating costs (non-public); and*
 - (g) *Table 5: Rationale for selecting proxy allocator.*
- (4) For the purpose of this clause-
 - (a) the information specified in the tables of the schedules referred to must be provided on spreadsheets;

- (b) where data has been computed or derived from other values on the spreadsheet through the use of formulae, all underlying formulae must be accessible;
 - (c) the information specified in Table 2 and Table 4 of Schedule B and Table 2 and Table 4 of Schedule C may be provided by way of non-public disclosure to the **Commission**; and
 - (d) the information in Schedule B must be provided-
 - (i) for the **disclosure year** prior to submitting the **CPP proposal** if it has not been disclosed in accordance with an **ID determination**; and
 - (ii) for the **next period** where a value in units in an **allocator metric** has been changed by at least 5% from the value used in the **disclosure year** referred to in subparagraph (i).
- (5) Where the **CPP applicant** has used a **proxy cost allocator** to provide the information specified in subclauses (2) or (3), the **CPP applicant** must explain in the **CPP proposal**, for each **proxy cost allocator** used-
 - (a) why a **causal relationship** cannot be established; and
 - (b) the rationale for using that **proxy cost allocator**.
- (6) Where the **CPP applicant** has used a **proxy asset allocator** to provide the information specified in subclauses (2) or (3), the **CPP applicant** must explain in the **CPP proposal**, for each **proxy asset allocator** used-
 - (a) why a **causal relationship** cannot be established; and
 - (b) the rationale for using that **proxy asset allocator**.
- (7) The information in Schedule C is not required where the value of the assets to be sold as specified in clause 5.3.6(4) is less than 5% of the **unallocated closing RAB value** for the last **disclosure year** of the **assessment period**.

5.4.10 Certification requirements

- (1) Where any **arm's-length deduction** was applied for the purpose of this Section, the **CPP proposal** must contain certification by no fewer than 2 of the **EDB's directors** in the following terms, where words in bold bear the meanings specified in this determination:

"I, [insert name], **director** of [insert name of Supplier of services regulated under Part 4 of the Commerce Act] certify that, having made all reasonable enquiry, my belief is that having had regard to the attached information [information required by clause 5.4.9(2)] for the purpose of the supplier's **CPP proposal**, it was appropriate to make the **arm's-length deductions** the amount and nature of which are detailed in the tables below, **namely**:

Table 4 of Schedule B / Table 5 of Schedule B / Table 3 of Schedule C / Table 4 of Schedule C [delete as appropriate]."

- (2) Where, in relation to **regulated service asset values**, **OVABAA** was applied for the purpose of this clause in accordance with Subpart 3 Section 2, the **CPP proposal** must contain certification by no fewer than 2 of the **EDB's directors** in respect of its application in the following terms, where words in bold bear the meanings specified in this determination:

"I, *[insert name]*, **director** of *[insert name of Supplier of services regulated under Part 4 of the Commerce Act]* certify that, having made all reasonable enquiry, my belief is that having had regard to the attached information (being information required by clause 5.4.9(2)) for the purpose of the supplier's **CPP proposal**-

- (a) the attached information is accurate;
- (b) the **OVABAA** was applicable in accordance with clause 2.1.2; and
- (c) the following **unregulated services** would be **unduly deterred** had adjustments to allocations of **regulated service asset values** (in accordance with clause 2.1.4) not been made: *[list relevant unregulated services]*."

- (3) Where, in relation to **operating costs** provided in a **CPP proposal** in accordance with subclause 5.4.8(1) and Schedule C, the **OVABAA** was applied, the **CPP proposal** must contain certification by no fewer than 2 of the **EDB's directors** in respect of application of the **OVABAA** in the following terms:

"I, *[insert name]*, **director** of *[insert name of Supplier of services regulated under Part 4 of the Commerce Act]* certify that, having made all reasonable enquiry, my belief is that having had regard to the attached information (being information required by clause 5.4.9(2)) for the purpose of the supplier's **CPP proposal**-

- (a) the attached information is accurate;
- (b) the **OVABAA** was applicable in accordance with clause 2.1.2; and
- (c) the following **unregulated services** would be **unduly deterred** had adjustments to allocations of **operating costs** (in accordance with clause 2.1.4) not been made: *[list relevant unregulated services]*."

SECTION 5 Asset valuation information

5.4.11 RAB roll forward information

For each **disclosure year**, after the last disclosure made under an **ID determination**, until the last **disclosure year** of the **next period**, provide values, in accordance with Subpart 3 Section 2, for the-

- (a) **total opening RAB value**; and
- (b) sum of each of the following things:
 - (i) **forecast value of commissioned assets**; and
 - (ii) **closing RAB values**.

5.4.12 Depreciation information

- (1) In respect of each **disclosure year** of the **CPP regulatory period**, the **CPP applicant** must provide the information specified in this clause.
- (2) The sum of **depreciation**
 - (a) by either **asset category** or each type of asset for which the proposed method of determining depreciation is the **standard depreciation method**; and
 - (b) for each type of asset where the proposed method of determining depreciation is an **alternative depreciation method**.
- (3) For each type of asset to which subclause (2)(b) applies-
 - (a) a description of the type of asset;
 - (b) a description of the proposed depreciation method;
 - (c) where the proposed **asset life** is different to the **physical asset life**, the proposed **asset life** for the type of asset;
 - (d) where the proposed **asset life** for the type of asset is different to the **physical asset life**, the proposed **remaining asset life**;
 - (e) forecast **depreciation** over the **asset life** for the type of asset, including details of all assumptions made;
 - (f) forecast **depreciation** over the **asset life** for the type of asset determined in accordance with the **standard depreciation method**;
 - (g) evidence to demonstrate that the proposed depreciation method including, where applicable, any proposed **asset life** different to the **physical asset life**, better meets the purpose of Part 4 of the **Act** than the **standard depreciation method**; and
 - (h) a description of any consultation undertaken with **consumers** on the proposed depreciation method, including-
 - (i) the extent of any **consumer** disagreement; and
 - (ii) the **EDB's** view in response.
- (4) For each asset or type of asset for which a different **physical asset life** to the **standard physical asset life** is proposed-
 - (a) a description of the assets or types of asset;
 - (b) to which clauses 2.2.8(1)(c) and 2.2.8(1)(i)(v) apply, an **engineer's** report addressing the suitability of the proposed **physical asset life**; and
 - (c) any other evidence to demonstrate that the requirements of clause 2.2.8 in respect of the particular type of asset are met.

5.4.13 Revaluation information

- (1) For each **disclosure year**, after the last disclosure made under an **ID determination**, until the last **disclosure year** of the **next period**, provide the following:

- (a) sum of **opening RAB values**;
- (b) **forecast CPI for CPP revaluation** for the last quarter of the **disclosure year**;
- (c) **forecast CPI for CPP revaluation** for the last quarter of the preceding **disclosure year**; and
- (d) **revaluation rate**.

5.4.14 Commissioned assets information

- (1) For each **disclosure year**, after the last disclosure made under an **ID determination**, until the last **disclosure year** of the **next period**, provide the-

- (a) sum of **value of commissioned assets**; and
- (b) sum of **forecast value of commissioned assets**,

in respect of each of the following groups of assets:

- (c) assets-
 - (i) acquired or intended to be acquired from a **related party**; or
 - (ii) transferred from a part of the **EDB** that supplies **unregulated services**;
- (d) assets-
 - (i) acquired or intended to be acquired from another **regulated supplier** and used by that **regulated supplier** in the **supply** of **regulated services**; or
 - (ii) transferred or intended to be transferred from a part of the **EDB** that supplies **other regulated services**;
- (e) **network spares**; and
- (f) all other assets having a **commissioning date** or forecast to have a **commissioning date** in that period.

- (2) In respect of each value provided in accordance with subclause (1) provide-

- (a) all data, information, calculations and assumptions used to derive it from relevant data provided in the **capex forecast**;
- (b) where **capital contributions** are taken into account in any value disclosed pursuant to subclause (1)-
 - (i) the amount of such **capital contributions**, with respect to asset types and quantities; and
 - (ii) policies relevant to such **capital contributions**; and
- (c) where **insurance entitlements** or **compensatory entitlements** are taken into account in any value disclosed pursuant to subclause (1)-

- (i) the amount of such **insurance entitlements**, with respect to asset types and quantities;
 - (ii) a description of the insurance contracts relevant to such **insurance entitlements**; and
 - (iii) a description of the nature and amounts, with respect to asset types and quantities, of **compensatory entitlements**.
- (3) In respect of each asset to which subclause (1)(c) applies, provide—
 - (a) the name of the relevant **person** or other part of the **EDB**, as the case may be; and
 - (b) where the acquisition was or is intended to be from a **related party**, a description of the relationship between the **EDB** and that **person**.
- (4) In respect of the likely vendor of each asset to which subclause (1)(d) applies, provide—
 - (a) the name of the vendor;
 - (b) a description of each asset likely to be acquired from that vendor; and
 - (c) the forecast **closing RAB value** of each asset in the vendor's regulatory asset base for the **disclosure year** in which the acquisition is intended.

5.4.15 Asset disposals information

- (1) For each **disclosure year**, after the last disclosure made under an **ID determination**, until the last **disclosure year** of the **next period**, in respect of each of the following groups of assets:
 - (a) assets likely to be-
 - (i) sold to a **related party**; or
 - (ii) transferred to another part of the **EDB**; and
 - (b) all other **disposed assets**,
 provide the-
 - (c) sum of **unallocated opening RAB values**; and
 - (d) sum of **opening RAB values**.
- (2) In respect of each asset to which the values provided pursuant to subclause (1) relate, provide—
 - (a) the name of the relevant **person** or other part of the **EDB**, as the case may be; and
 - (b) where the disposal is proposed to be to a **related party**, a description of the relationship between the **EDB** and that **person**.

5.4.16 Works under construction information

For each **disclosure year**, after the last disclosure made under an **ID determination**, until the last **disclosure year** of the **next period**, provide-

- (a) **opening works under construction**;
- (b) sum of **capital expenditure**;
- (c) sum of **value of commissioned assets** but only to the extent that values are included in **closing RAB values** disclosed pursuant to an **ID determination**;
- (d) sum of **forecast value of commissioned assets** but only to the extent that values are included in the sum of **closing RAB values** provided pursuant to clause 5.4.11(b)(ii); and
- (e) sum of **closing works under construction**.

SECTION 6 Tax information

5.4.17 Interpretation

In this section, a term that is not emboldened but is defined for the purpose of a specific clause in Subpart 3 Section 3 bears the same meaning as it does in the clause of Subpart 3 Section 3 in which it is defined.

5.4.18 Period in respect of which tax information to be provided

A **CPP proposal** must contain the information specified in this section for each **disclosure year**, after the last disclosure made under an **ID determination**, until the last **disclosure year** of the **next period**, in accordance with Subpart 3 Section 3.

5.4.19 Regulatory tax allowance information

- (1) **forecast regulatory tax allowance** and particulars of how it was calculated
- (2) **other regulated income**
- (3) sum of **discretionary discounts and customer rebates**;
- (4) notional deductible interest and the **cost of debt** assumptions relied upon in its calculation

5.4.20 Tax losses information

- (1) amount of **opening tax losses** (if any) and particulars of how it was calculated
- (2) information describing the nature and amounts of significant items giving rise to any **opening tax losses**
- (3) information demonstrating that any **opening tax losses** arose from the **supply of electricity distribution services**

5.4.21 Permanent differences information

- (1) sum of **positive permanent differences**
- (2) sum of **negative permanent differences**
- (3) amounts and nature of items used to determine-

- (a) **positive permanent differences**; and
- (b) **negative permanent differences**

5.4.22 Amortisation of initial differences in asset values information

- (1) opening unamortised balance of the initial differences in asset values by **asset category**
- (2) amortisation in respect of the **disclosure year**
- (3) average weighted remaining useful life of the assets relevant to calculation of the initial **regulatory tax asset value**

5.4.23 Amortisation of revaluations information

- (1) unamortised balance of **revaluations** to date
- (2) **adjusted depreciation**
- (3) average weighted remaining useful life of the assets used to determine the **amortisation of revaluations**
- (4) particulars of how the average weighted remaining useful life was calculated

5.4.24 Deferred tax information

- (1) **opening deferred tax**
- (2) analysis of temporary differences and other adjustments by nature that give rise to **opening deferred tax value**
- (3) closing deferred tax
- (4) reconciliation of **opening deferred tax** to closing deferred tax by nature of temporary differences and other adjustments

5.4.25 Temporary differences information

- (1) description of the methodology and depreciation rates by **asset category** used to determine the forecast tax depreciation
- (2) amounts and nature of other forecast temporary differences
- (3) particulars of the calculation of the **tax effect** of temporary differences showing tax rates used

5.4.26 Regulatory tax asset value information

- (1) sum of **tax asset values** at the start of the **disclosure year**
- (2) sum of **regulatory tax asset values** at the start of the **disclosure year**
- (3) weighted average remaining tax life of assets employed
- (4) tax depreciation methodology employed
- (5) particulars of the calculation used to derive the **regulatory tax asset values** at the start of the **disclosure year** from the **tax asset values** at the start of the **disclosure year**
- (6) sum of **regulatory tax asset values** at the end of the **disclosure year**
- (7) reconciliation between the sum of **regulatory tax asset values** at the start of the **disclosure year** in accordance with subclause (2) and the sum of **regulatory tax asset**

values at the end of the **disclosure year** in accordance with subclause (6) showing the values of capital additions, disposals, tax depreciation and other asset adjustments including cost allocation adjustments.

SECTION 7 Cost of capital information

5.4.27 Information regarding WACC and TCSD allowance

- (1) A **CPP proposal** must, subject to subclause (2), identify the **65th percentile estimate of WACC** used for the purpose of clause 5.4.7(1).
- (2) For the purpose of subclause (1), the identified **65th percentile estimate of WACC** is the applicable cost of capital specified in clause 5.3.22.
- (3) Where a **term credit spread differential allowance** is proposed, a **CPP proposal** must contain all data, information, calculations, and assumptions used to determine any proposed **term credit spread differential**.

SECTION 8 Expenditure information

5.4.28 Capex, opex, demand and network qualitative information

The information specified in Schedule D must be-

- (a) contained in a **CPP proposal**; and
- (b) provided in accordance with the requirements of that schedule.

5.4.29 Capex, opex, demand and network quantitative information

- (1) A **CPP proposal** must contain the information specified in the **regulatory templates** and that information must be-
 - (a) in spreadsheet format whereby each item of data is linked between all cells to which it is relevant, irrespective of whether such cells are on the same or different tabs; and
 - (b) provided in accordance with the instructions specified in clause 5.4.30.
- (2) 'Regulatory templates' means the tables included in Schedule E named-
 - (a) *Table 1: Projects and programmes;*
 - (b) *Table 2: Capex summary;*
 - (c) *Table 3: Opex summary;*
 - (d) *Table 4: Capex projects and programmes;*
 - (e) *Table 5: Capex by asset categories;*
 - (f) *Table 6: Opex projects and programmes;*
 - (g) *Table 7: Non-network opex;*
 - (h) *Table 8: Aggregate forecast commissioned assets by asset categories;*
 - (i) *Table 9: Cost escalation factors; and*
 - (j) *Table 10: Network demand forecasts.*

- (3) Where data provided in accordance with subclause (1) has been computed or derived from other amounts or values on the spreadsheet through the use of formulae, the underlying formulae for the cells containing the data must be accessible.
- (4) For the purpose of subclause (1), terms used in the **regulatory templates** must be interpreted in the same way as those terms are defined for the purpose of Schedule D.

5.4.30 Instructions for completion of the regulatory templates

- (1) Provide the information specified in *Table 1: Projects and programmes* of the **regulatory templates** for all **projects** or **programmes** that form part of the **CPP proposal**.
- (2) Provide the information specified in *Table 2: Capex summary* of the **regulatory templates** using the information provided in *Table 4: Capex projects and programmes* of the **regulatory templates**, where-
 - (a) the values in *Table 2: Capex summary* must reconcile with the total values in *Table 4: Capex projects and programmes* and *Table 8: Aggregate forecast commissioned assets by asset categories* of the **regulatory templates**; and
 - (b) the total forecast value of capex resulting in commissioned assets in Table 2c of Schedule E must reconcile with the total value of commissioned assets in Table 2d of Schedule E.
- (3) Provide the information in *Table 3: Opex summary* of the **regulatory templates** using the information provided in *Table 6: Opex projects and programmes* of the **regulatory templates**.
- (4) Provide the information specified in *Table 4: Capex projects and programmes* and *Table 6: Opex projects and programmes* of the **regulatory templates** for each **project** and for each **programme**.
- (5) Provide the information specified in *Table 5: Capex by asset categories* of the **regulatory templates**.
- (6) Provide the information specified in *Table 7: Non-network opex* of the **regulatory templates** in respect of **system operation and network support opex** and **business support opex**.
- (7) Provide the information specified in *Table 8: Aggregate forecast commissioned assets by asset categories* of the **regulatory templates**.
- (8) Provide the information specified in *Table 9: Cost escalation factors* of the **regulatory templates** for each of the cost escalators used to convert real prices to nominal prices.
- (9) Provide the information specified in *Table 10: Network demand forecasts* of the **regulatory templates**.

- (10) For the purpose of specifying the relevant **capex category** or **opex category** in accordance with subclause (4), where expenditure within each **project** or **programme** is relevant to more than one **capex category** or **opex category**-
- (a) select the **capex category** or **opex category** that is most relevant based on the nature of the expenditure; or
 - (b) redefine the **project** or **programme** into two or more new **projects** or **programmes** and reallocate the expenditure so as to resolve the overlap.

SECTION 9 Information relevant to prices

5.4.31 Information on proposed new pass-through costs

A **CPP proposal** must contain details of any cost not specified in clause 3.1.2(2) that is sought to be specified as a new pass-through cost in accordance with clause 3.1.2(1)(b), including information on-

- (a) how the cost is likely to arise;
- (b) who the cost would be payable to;
- (c) how the cost would be calculated;
- (d) any good or service the **EDB** would receive in exchange; and
- (e) how the cost meets the criteria specified in clause 3.1.2(3).

5.4.32 Information on proposed recoverable costs relating to costs of making CPP application

Where a **CPP applicant** seeks specification in the **CPP determination** of a **recoverable cost** to which clause 3.1.3(1)(f), 3.1.3(1)(g), or 3.1.3(1)(h) applies, it must provide, in relation to each **auditor**, **verifier** or **engineer** who was engaged to provide an opinion on some aspect of the **CPP proposal** in accordance with a requirement of this Part-

- (a) any **document** making a public or limited circulation request for proposals to carry out the work;
- (b) the terms of reference for the work;
- (c) invoices for services undertaken in respect of the work; and
- (d) receipts for payment by the **CPP applicant**.

SECTION 10 Information relevant to alternative methodologies

5.4.33 Demonstration that alternative methodologies have equivalent effect

- (1) Where a **CPP applicant** applies alternative methodologies in accordance with clause 5.3.26, it must provide:
- (a) a list and description of each alternative methodology applied;
 - (b) an indication, at the relevant locations within the **CPP application**, as to where the alternative methodologies have been applied;
 - (c) reasons why each of the alternative methodologies have been applied; and

- (d) evidence demonstrating that each alternative methodology complies with clause 5.3.26(3).
- (2) Paragraph (1)(d) may be satisfied by submitting a certificate signed by an senior manager of the **CPP applicant** setting out the factual basis on which he or she believes each alternative methodology complies with clause 5.3.26(3).

SUBPART 5 **Consumer consultation, verification, audit and certification**

5.5.1 Consumer consultation

- (1) By no later than 40 **working days** prior to submission of the **CPP proposal**, the **CPP applicant** must have adequately notified its **consumers**-
 - (a) that it intends to make a **CPP proposal**;
 - (b) of the expected effect on the revenue and quality of its **electricity distribution services** were the **Commission** to determine a **CPP** entirely in accordance with the intended **CPP proposal**;
 - (c) of the price versus quality trade-offs made in the expenditure alternatives considered in the intended **CPP proposal**, where these are directly associated with the rationale for seeking the **CPP proposal**, which are required to be disclosed under clause 5.4.2;
 - (d) if it intends to propose to include a **quality standard variation** under clause 5.4.5, why the proposed **quality standard variation** has been chosen over alternative quality standards;
 - (e) where and how further information in respect of the intended **CPP proposal** may be obtained;
 - (f) of the process for making submissions to the **EDB** in respect of the intended **CPP proposal**; and
 - (g) of their opportunity to participate in the consultation process required of the **Commission** by s 53T of the **Act** after any **CPP proposal** is received and considered compliant by the **Commission**.
- (2) For the purpose of subclause (1)(e), where further information is available in hard copy only, the applicant must have ensured that any further information was readily available for inspection at the stated location.
- (3) For the purpose of subclause (1), the **CPP applicant** must-
 - (a) provide all relevant information;
 - (b) provide information in a manner that promotes **consumer** engagement;
 - (c) make best endeavours to express information clearly, including by use of plain language and the avoidance of jargon; and
 - (d) provide **consumers** with (or notified them where to obtain) the information through a medium or media appropriate to the natures of the **consumer** base.

Examples:

- (i) *by placing the information on the **EDB's** website;*
- (ii) *by providing the information to groups or organisations that represent the **consumers'** relevant interests;*
- (iii) *by including the information in **consumers'** or electricity retailers' bills; and/or*
- (iv) *by placing advertisements in local newspapers.*

5.5.2 Verification

- (1) A **CPP proposal** must be verified by a **verifier**.
- (2) The **verifier** must be engaged in accordance with Schedule F.
- (3) The **CPP applicant** must provide the **verifier** with-
 - (a) the materials-
 - (i) required by the **verifier** to verify the **CPP proposal** in accordance with the terms of his, her or its engagement and Schedule G; and
 - (ii) that it intends to submit to the **Commission** as a **CPP proposal**;
 - (b) subject to paragraph (c), the materials referred to in paragraph (a) prior to the **verifier** commencing verification in accordance with Schedule G;
 - (c) upon the **verifier's** request, the information described in clause D10 pertaining to **identified programmes** after the **verifier** has notified the **CPP applicant** of its selection of **identified programmes**;
 - (d) any information requested by the **verifier** pursuant to the **verifier's** right to ask for such information pursuant to his, her or its deed of engagement, as specified in clause F6(2)(d); and
 - (e) in advance of the **verifier's** selection of **identified programmes**, summary information on the forecast **projects** and **programmes**, in the format specified in *Table 1: Projects and programmes* of the **regulatory templates**.

5.5.3 Audit and assurance

- (1) A **CPP application** must include a report by an **auditor** that states whether or not:
 - (a) as far as appears from an examination of them, proper records to enable the compilation of information required by Subpart 4 have been kept by the **CPP applicant**;
 - (b) in the case of actual financial information relating to the **current period**, that information has been prepared in all material respects in accordance with the input methodologies set out in this determination, and that it has been 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;

- (c) in the case of forecast financial information relating to the **next period**, that information has been compiled in all material respects in accordance with the input methodologies set out in this determination, and that it has been examined in accordance with applicable assurance engagement 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 other appropriate standards;
- (d) in the case of quantitative historical information provided in spreadsheets, the information is properly compiled on the basis of the relevant underlying source information; and
- (e) in the case of quantitative forecast information provided in spreadsheets, the information is properly compiled on the basis of relevant and reasonable disclosed assumptions.

- (2) For the avoidance of doubt, the **auditor** must provide an opinion as to whether-
 - (a) in respect of **operating costs** not **directly attributable**, the **opex forecast** was provided by the **CPP applicant** as specified in clause 5.3.5; and
 - (b) in respect of **regulated service asset values** not **directly attributable**, the **forecast value of commissioned assets** were provided by the **CPP applicant** in accordance with clause 5.3.6(3)(b) and as specified in clause 5.3.11(2)(b).

5.5.4 Certification

- (1) In the case of all information of a quantitative nature, other than forecast information, provided in accordance with this Part, no fewer than 2 **directors** of the **CPP applicant** must certify in writing his or her belief that-
 - (a) the information was derived and is provided in accordance with the relevant requirements; and
 - (b) it properly represents the results of financial or non-financial operations as the case may be.
- (2) In the case of all information of a qualitative nature, other than forecast information, provided in accordance with this Part, no fewer than 2 **directors** of the **CPP applicant** must certify in writing his or her belief that-
 - (a) the information is provided in accordance with the relevant requirements; and
 - (b) it properly represents the events that occurred during the **current period**.

- (3) In the case of all forecast information provided in accordance with this Part, no fewer than 2 **directors** of the **CPP applicant** must certify in writing his or her belief that-
- (a) the information was derived and is provided in accordance with the relevant requirements; and
 - (b) the assumptions made are reasonable.
- (4) No fewer than 2 **directors** of the **CPP applicant** must certify in writing-
- (a) that, to the best of his or her knowledge, the **verifier** was engaged by the **CPP applicant** in accordance with Schedule F;
 - (b) that, to the best of his or her knowledge, the **CPP applicant** provided the **verifier** with all the information specified in Part 5, including its schedules, relevant to Schedule F;
 - (c) that, to the best of his or her knowledge, the information described in clause 5.5.2(3)(e) was provided to the **verifier** in advance of the **verifier's** selection of **identified programmes**;
 - (d) a description of any information not provided to the **verifier** following the **verifier's** request;
 - (e) reasons, which, in his or her opinion, justified any non-provision of such information;
 - (f) that, to the best of his or her knowledge, the-
 - (i) matters the **auditor** was engaged to audit included the matters specified in clause 5.5.3; and
 - (ii) **auditor** was instructed to report on at least the matters described in clause 5.1.4; and
 - (g) that the-
 - (i) audit report provided pursuant to clause 5.1.4;
 - (ii) **verification report**; and
 - (iii) other certifications required by this clause,all relate to the same **CPP proposal**.
- (5) Where-
- (a) a **director** has certified a matter of opinion in accordance with this clause; and
 - (b) his or her opinion has changed before the **Commission's** determination of the **CPP** in question,
- that **director** must notify the **Commission** as soon as reasonably practicable.
- (6) Where-
- (a) a **director** has certified a matter of fact in accordance with this clause; and

- (b) before the **Commission's** determination of the **CPP** in question he or she-
 - (i) becomes aware that the fact is untrue; or
 - (ii) has significant cause to doubt the accuracy of that fact,
 that **director** must notify the **Commission** as soon as reasonably practicable.
- (7) For the avoidance of doubt, the certifications required by the different subclauses of this clause may be made by the same or different **directors**.

SUBPART 6 **Reconsideration of the customised price-quality path**

SECTION 1 **When Commission can reconsider the CPP**

5.6.1 When a CPP may be amended

- (1) The **Commission** may amend an **EDB's CPP** if the **Commission** is satisfied that-
 - (a) a **reopener event** has occurred;
 - (b) the **CPP** should be amended; and
 - (c) the amendment to the **CPP** is consistent with clause 5.6.13.
- (2) A 'reopener event' is an event, or a series of related events, of a type specified in subclause (3) that occurs in the period that:
 - (a) begins on the date that is 18 months before the start of the **CPP regulatory period**; and
 - (b) ends at the end of the **CPP regulatory period**.
- (2A) The **Commission** may treat an event as occurring within the period in subclause (2) if:
 - (a) that event is a **reopener event (responsive)** that occurred earlier than 18 months before the start of the **CPP regulatory period**; and
 - (b) the **Commission** considers exceptional circumstances existed such that an application to reopen the preceding **CPP regulatory period** was not reasonably possible before the end of that period.
- (3) For the purpose of subclause (2), the types of events are:
 - (a) the following, each being a type of **reopener event (responsive)**:
 - (i) a **catastrophic event**;
 - (ii) a **change event**;
 - (iii) an **error event**;
 - (iv) the discovery of **false or misleading information**;
 - (v) a **major transaction event**;
 - (b) the following, each being a type of **reopener event (prospective)**:
 - (i) a **trigger event** occurs in respect of a **contingent project**; or

- (ii) an **unforeseen project**; or
- (c) a **WACC change event**.

5.6.2 Process for the reconsideration of the CPP

- (1) A **reopener event** can be nominated in writing:
 - (a) in the case of a **reopener event (responsive)** or a **WACC change event**, by the **Commission**; or
 - (b) in any case other than a **WACC change event**, by an **EDB**, by notifying the **Commission**.
- (2) The **Commission** or an **EDB** may nominate more than one **reopener event** at the same time.
- (3) An **EDB** that nominates a **reopener event** must provide in writing, at the time of nomination, sufficient information to enable the **Commission** to assess:
 - (a) whether a **reopener event** has occurred;
 - (b) whether and how the **CPP** should be amended; and
 - (c) whether any proposed amendment to the **CPP** is consistent with clause 5.6.13 and the **Act**.
- (4) The **Commission** must publish a notice on its website of each of the following matters as soon as practicable after they occur:
 - (a) a **reopener event** is nominated; and
 - (b) the **Commission** decides whether or not-
 - (i) it is satisfied that a **reopener event** has occurred;
 - (ii) to reconsider the **CPP**; and
 - (iii) to amend the **CPP**.

5.6.3 Confidential information

- (1) Where an **EDB** considers that it has a right to confidentiality in any information that it provides to the **Commission** in relation to this subpart and it does not waive the right, it must-
 - (a) include that information in an appendix; and
 - (b) clearly mark the information as confidential.
- (2) Subclause (1) does not prevent the **Commission** from publishing information identified in accordance with that subclause if it considers the **EDB** does not have a right to confidentiality in respect of that information.
- (3) Subclause (2) does not affect any of the **EDB's** rights or remedies for breach of any right to confidentiality.

SECTION 2 Events that may be reopener events

5.6.4 Catastrophic event

- (1) A 'catastrophic event' is an event-
- (a) beyond the reasonable control of the **EDB**;
 - (b) in relation to which expenditure-
 - (i) was not sought in a **CPP proposal**; and
 - (ii) is not explicitly or implicitly provided for in the **CPP** or **DPP** (whichever applied to the **EDB** at the time of the event);
 - (c) that could not have been reasonably foreseen at the time the **CPP** was determined; and
 - (d) for which-
 - (i) effects on the quality of supply exceed one of the thresholds specified in subclause (1A);
 - (ii) remediation requires **capex, opex**, or both;
 - (iii) the full remediation costs are not provided for in the **CPP**; and
 - (iv) the costs of remediation before the recognition of any **insurance entitlements, third-party liability entitlements, and compensatory entitlements** exceeds one of the thresholds specified in subclause (2).

(1A) For the purposes of subclause (1)(d)(i), the thresholds are-

- (a) a **SAIDI value** of 120 minutes of all **unplanned interruptions** that start during any 24-hour period (starting on the hour or half-past the hour); and
- (b) 6 million **customer interruption minutes** resulting from all **unplanned interruptions** that start during any 24-hour period (starting on the hour or half-past the hour).

(2) For the purposes of subclause (1)(d)(iv), the thresholds are-

- (a) 1% of the **EDB's forecast net allowable revenue** for the **regulatory period**; and
- (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

5.6.5 Change event

- (1) A 'change event' occurs where there is a change of the type described in subclause (2) or (4), the effect of which is not explicitly or implicitly provided for in the **CPP**.
- (2) The first type is a change in a regulatory or legislative requirement that applies to an **EDB** as a result of new or amended legislation, or judicial clarification of the interpretation of legislation, that-

- (a) has the effect of increasing or reducing, by an amount that exceeds one of the thresholds specified in subclause (3), the costs that the **EDB** will incur or the revenue that the **EDB** can recover;
 - (b) will have a net positive or negative effect on the quality of supply by the **EDB** that is 5% or more of a limit set in respect of a **quality standard** in the **CPP determination**; or
 - (c) causes an **input methodology** to become incapable of being applied.
- (3) For the purposes of subclause (2)(a), the thresholds are-
 - (a) 1% of the **EDB's forecast net allowable revenue** for the **CPP regulatory period**; and
 - (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.
- (4) The second type is a change in a requirement that applies to an **EDB** under **GAAP**, that-
 - (a) results in a change in the recognition or measurement (including timing) of 1 or more of the following:
 - (i) **opex**;
 - (ii) **capex**;
 - (iii) assets;
 - (iv) liabilities;
 - (v) **forecast net allowable revenue**;
 - (vi) **actual allowable revenue**; or
 - (vii) taxation, including deferred tax; and
 - (b) if in effect at the time the **CPP** was determined, would have caused the aggregate amount of the **forecast net allowable revenue** for the **CPP regulatory period** to have differed by an amount that exceeds one of the thresholds specified in subclause (5).
- (5) For the purposes of subclause (4)(b), the thresholds are-
 - (a) 1% of the **EDB's forecast net allowable revenue** for the **CPP regulatory period**; and
 - (b) \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other **EDB**.

5.6.6 WACC change event

- (1) A 'WACC change event' occurs when-
 - (a) a revised **DPP WACC** has been determined and published in accordance with clause 4.4.6 for a new **DPP regulatory period**; and
 - (b) the new **DPP regulatory period** commences within the current **CPP regulatory period**.

5.6.7 Error event

- (1) An 'error event' is an unintended circumstance where the **CPP** was determined or amended based on an error, including where:
 - (a) incorrect data were used in determining the price path, the quality standards, or quality incentive measures; or
 - (b) data were incorrectly applied in determining the price path, the quality standards, or quality incentive measures.
- (2) For the purposes of subclause (1),-
 - (a) an error relating to the **CPP** does not constitute an **error event** unless the error has an impact on the aggregate amount of the **forecast net allowable revenue** for all **disclosure years** of the **regulatory period** that exceeds \$100,000;
 - (b) an error relating to the metrics by which quality standards or quality incentive measures are specified in the **CPP** does not constitute an **error event** unless it is an error in the value of the metric; and
 - (c) a discrepancy between forecast values and actual values does not constitute an **error event**.

5.6.8 False or misleading information

- (1) This subpart applies to 'false or misleading information'-
 - (a) relating to the making or amending of a **CPP determination** that has been-
 - (i) provided by an **EDB** or its agents to the **Commission**; or
 - (ii) disclosed pursuant to the Electricity Distribution (Information Disclosure) Requirements 2008 or an **ID determination**; and
 - (b) that the **Commission** relied on in making or amending a **CPP determination**.

5.6.9 Major transaction event

- (1) A 'major transaction event' is a transaction, whether contingent or not, where **consumers** are acquired or no longer **supplied** by the **EDB** and that transaction-
 - (a) has resulted in, or will result in, the acquisition of, or an agreement to acquire, assets with a value which is equivalent to more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of acquisition;
 - (b) has resulted in, or will result in, the disposal of, or an agreement to dispose of, assets of the **EDB** with a value of more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of disposal;
 - (c) has, or is likely to have, the effect of the **EDB** acquiring rights or interests with a value which is equivalent to more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of acquisition; or

- (d) has, or is likely to have, the effect of the **EDB** incurring obligations or liabilities or contingent liabilities, excluding loans or borrowing costs in respect of assets, with a value which is equivalent to more than 10% of the **EDB's total opening RAB value** in the **disclosure year** of incurring the obligations, liabilities, or contingent liabilities.

5.6.10 Contingent project

- (1) A 'contingent project' is a **project** or **programme** that has been listed as a 'contingent project' with an associated **trigger event** in a **CPP determination**.
- (2) A **project** or **programme** may be listed as a **contingent project** only if-
 - (a) the **Commission** considers that it is probable that a condition or event (a 'trigger event') will occur during the **CPP regulatory period** and that, if the **trigger event** occurs,-
 - (i) the **EDB** will be reasonably required to undertake the **project** or **programme** during the **CPP regulatory period**; and
 - (ii) the assets associated with the **project** or **programme** are likely to be **commissioned** during the **CPP regulatory period**.
 - (b) the commencement date for the **project** or **programme** cannot be forecast with an appropriate degree of specificity by comparison with other proposed **projects** or **programmes**; and
 - (c) the expenditure required for the **project** or **programme** would be likely,-
 - (i) to exceed 10% of the value of the **EDB's** annual revenue in the most recently completed **disclosure year**; and
 - (ii) when forecast with reasonable certainty, to meet the **expenditure objective**.
- (3) For the purpose of subclause (2)(a), the **trigger event** must be-
 - (a) not within the control of the **EDB**; and
 - (b) capable of being-
 - (i) specifically defined; and
 - (ii) objectively verified as having occurred.
- (4) Without limiting subclause (2), the **Commission** may-
 - (a) decline to list a **project** or **programme** as a **contingent project** even where the requirements of subclause (2) are satisfied; or
 - (b) specify a different **trigger event**, or a different description for a **trigger event**, for a **contingent project** than that proposed by the **EDB**.

5.6.11 Unforeseen project

- (1) An 'unforeseen project' is a **project** or **programme** to which the following apply-
 - (a) in respect of the services supplied by the **EDB** at the time that it submitted its **CPP proposal**, the **project** or **programme** would have been unforeseeable to a prudent **EDB**; and
 - (b) the total **capex forecast** and **opex forecast** for the **project** or **programme** exceed 10% of the value of the **EDB's** annual revenue in the most

recently completed **disclosure year** to have ended before the **project** or **programme** was nominated as a **reopener event**.

SECTION 3 Commission consideration of whether and how to amend the CPP

5.6.12 Commission consideration of whether to amend the CPP

- (1) If satisfied that a **reopener event** has occurred, the **Commission** must, when deciding whether to amend the **CPP**, have regard to at least each of the following matters (to the extent that the **Commission** considers the matter is relevant):
 - (a) the impact of the **reopener event** given the relevant circumstances, including both positive and negative effects, on the **EDB's** costs, revenues, and quality outcomes;
 - (b) the extent to which the **CPP** provides explicitly or implicitly for the **reopener event**; and
 - (c) if an **EDB** nominated the **reopener event**:
 - (i) whether the action required to respond to the **reopener event's** adverse consequences can be delayed until a future **regulatory period**;
 - (ii) the extent to which the **EDB**:
 - (A) contributed to the adverse consequences of the **reopener event** by its action or omission; or
 - (B) could have prevented or overcome the adverse consequences of the **reopener event** by exercising reasonable diligence at reasonable cost; and
 - (iii) whether the **EDB's** planned **capex** and **opex** for the remainder of the **regulatory period** have been appropriately reviewed and reprioritised.

5.6.13 Amending CPP after reconsideration

- (1) If the **Commission** decides that the **CPP** should be amended, the **Commission** may, in respect of any type of **reopener event**, amend 1 or more of the following matters specified in the **CPP determination**:
 - (a) price path;
 - (b) quality standards; and
 - (c) quality incentive measures.
- (2) The **Commission** must not amend-
 - (a) the **CPP** more than is reasonably necessary to mitigate the effect of the **reopener event** on the **CPP**; and
 - (b) the price path more than is reasonably necessary to take account of the change resulting from the **reopener event**, less any costs already approved in a **reopener event allowance** for the same **reopener event**.
- (3) In the case of a **reopener event (prospective)**, the **Commission** may amend the price path to account for **opex** incurred or assets **commissioned** only in respect of **opex** incurred or assets **commissioned** after the date on which the **reopener event** was nominated under clause 5.6.2.
- (4) In the case of a **reopener event (responsive)**, the **Commission** may amend the price path to account for **opex** incurred or assets **commissioned** only in respect of **opex** incurred or assets **commissioned** after the date of the **reopener event**.
- (5) For the purposes of subclause (3), the date on which the **reopener event** was nominated under clause 5.6.2 means the first date on which an **EDB** provides the information referenced in clause 5.6.2(3) to the **Commission**. For the avoidance of doubt, the fact that the **Commission** seeks further information from an **EDB** as part of its assessment will not change that date.
- (6) In determining the extent of any amendment to the price path, the **Commission** must take into account the **expenditure objective**.
- (7) In the case of a **contingent project** or an **unforeseen project**, the **Commission** will not amend the price path for any **disclosure year** before the **disclosure year** in which assets constructed as part of the **contingent project** or the **unforeseen project** are forecast to be **commissioned**.
- (8) In the case of a **WACC change event**, the **Commission** will for the remaining complete **disclosure years** of the **CPP regulatory period** after the **WACC change event**:

- (a) determine the series of **maximum allowable revenue after tax** in accordance with clause 5.3.4(7) and determine any consequential changes to the **forecast net allowable revenue** for those years; and
- (b) for the purpose of paragraph (a), use-
 - (i) the **building blocks allowable revenue before tax** calculated in accordance with clause 5.3.2(1);
 - (ii) the revised **WACC** in clause 5.3.22(2), including where the **WACC** is used for present value calculations, and for timing factors in clause 5.3.2(4);
 - (iii) the **forecast CPI for DPP revaluation** for the new **DPP regulatory period** referred to in clause 5.6.6, to calculate a revised **revaluation rate** in accordance with the method in clause 5.3.10(4);
 - (iv) the **cost of debt** for the new **DPP regulatory period** referred to in clause 5.6.6, to calculate a revised notional deductible interest as specified in clause 5.3.16(2);
 - (v) subject to subparagraphs (ii) to (iv), the same input values as applied by the **Commission** in initially determining the **CPP** for all other input values in the calculation of **building blocks allowable revenue before tax**; and
 - (vi) a revised forecast regulatory taxable income to apply the changes in **building blocks allowable revenue before tax** resulting from subparagraphs (i) to (iii) in a revised forecast regulatory tax allowance; and
- (c) for the purpose of calculating the time value of money adjustment in the **wash-up account balance** under clause 3.1.4(1)(b) for those years, apply the mid-point estimate of **WACC** determined for the new **DPP regulatory period** under clause 4.4.1(2).

SCHEDULE A STANDARD PHYSICAL ASSET LIVES

Table A.1: Standard Physical Asset Lives for EDBs

TYPE OF ASSET	STANDARD PHYSICAL ASSET LIFE (YEARS)
SUBTRANSMISSION	
<i>66kV, 50kV and 33 kV Lines:</i>	
Concrete pole	60
Wood pole	45
<i>66kV, 50kV and 33 kV Cables:</i>	
XLPE installed prior to 1985	45
XLPE installed in or after 1985	55
PILC	70
Gas cables	70
Fluid-filled cables	60
Pilot / Communications Circuits	45
Sub-transmission Isolation	35
Sub-transmission Surge Arresters (3 phase set)	35
ZONE SUBSTATIONS	
Land	-
Site Development and Buildings	70
Transformers	45
66/50/33/22/11 kV Indoor Switchgear Cubicle	45
66/50/33 kV Bus Section/Coupler Indoor Switchgear	45
66/50/33/22/11 kV Outdoor Circuit Breakers	40
Outdoor Switchgear	40
Circuit/Transformer/Feeder/Bus Section/Coupler Protection & Controls - Analog/Electromechanical	40

TYPE OF ASSET	STANDARD PHYSICAL ASSET LIFE (YEARS)
Circuit/Transformer/Feeder/Bus Section/Coupler Protection & Controls - Digital	20
<i>Outdoor Structure (if not included in category above):</i>	
Concrete pole	60
Wood pole	45
Ripple Injection Plant	20
DC Supplies, Batteries and Inverters	20
Other Items	40
DISTRIBUTION LINES	
<i>22/11 kV O/H, single phase or SWER lines:</i>	
Concrete pole	60
Wood pole	45
DISTRIBUTION CABLES	
<i>22/11 kV Cables:</i>	
XLPE installed prior to 1985	45
XLPE installed in or after 1985	55
PILC	70
DISTRIBUTION SWITCHGEAR	
22 / 11 kV Disconnecter 3ph, 2ph (Excl Pole)	35
22 / 11 kV Load Break Switch (Excl Pole)	35
22 / 11 kV Dropout Fuse 3ph, 2ph (Excl Pole)	35
22 / 11 kV Sectionaliser (Excl Pole)	40
22 / 11 kV Recloser (Excl Pole)	40
Voltage Regulator	55
Ring Main Unit – 3 Way	40
Extra Oil Switch	40
Extra Fuse Switch	40

TYPE OF ASSET	STANDARD PHYSICAL ASSET LIFE (YEARS)
DISTRIBUTION TRANSFORMERS	
Pole Mounted Single/Two Phase, 22/0.4 and 11/0.4 kV, Bushing Terminations (up to and including 100 kVA)	45
Pole Mounted, Three Phase, Bushing Terminations 22 / 0.4 kV and 11 / 0.4 kV (up to and including 500 kVA)	45
Ground Mounted, 22/0.4 and 11/0.4 kV, Cable Entry (100 kVA to 1,500 kVA)	45
DISTRIBUTION SUBSTATIONS	45
LV LINES	
Concrete pole	60
Wood pole	45
LV CABLES	
XLPE or PVC installed prior to 1985	45
XLPE or PVC installed in or after 1985	55
PILC	70
Link Pillars	45
LV Overhead / Underground Customer Service Connections	45
Load Control Relays	30
OTHER SYSTEM FIXED ASSETS	
SCADA and Comms (Central Facilities and / or wider Network Communications Equipment)	15

Table A.2: Asset lives for CPP commissioned assets

Asset category	Asset life for CPP commissioned asset
a. Subtransmission lines	55
b. Subtransmission cables	55
c. Zone substations	45
d. Distribution and LV lines	60
e. Distribution and LV cables	55
f. Distribution substations and transformers	45
g. Distribution switchgear	40
h. Other network assets	25
i. Non-network assets	15

SCHEDULE B COST ALLOCATION INFORMATION

Table 1: Allocation of asset values

Table 1: Allocation of asset values		For year ended:
	Value allocated (\$000s)	
Electricity distribution services		
Subtransmission lines		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Subtransmission cables		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Zone substations		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Distribution and LV lines		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Distribution and LV cables		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Distribution substations and transformers		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Distribution switchgear		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Other network assets		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Non-network assets		
Directly attributable		
Not directly attributable		
Total attributable to regulated service		—
Regulated service asset value directly attributable		—
Regulated service asset value not directly attributable		—
Total closing RAB value		—

Table 2: Report supporting allocations of asset values (non-public)

For year ended:

Table 2: Report supporting allocations of asset values (non-public)

Asset description	Allocation methodology type	Allocator	Allocator type	Allocator Metric (%)		Value allocated (\$'000)				OVABAA allocation increase (\$'000)
				Electricity distribution services	Non-electricity distribution services	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	
Subtransmission lines										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Subtransmission cables										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Zone substations										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Distribution and LV lines										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Distribution and LV cables										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Distribution substations and transformers										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Distribution switchgear										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Other network assets										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Non-network assets										
Insert asset description	e.g. ABAA	Allocator 1	Select one							
Insert asset description	e.g. ABAA	Allocator 2	Select one							
Insert asset description	e.g. ABAA	Allocator 3	Select one							
Insert asset description	e.g. ABAA	Allocator 4	Select one							
Subtotal not directly attributable										
Total regulated service asset value not directory attributable										

* include additional rows if needed

Table 3: Allocation of operating costs

Table 3: Allocation of operating costs					For year ended:
	Value allocated (\$000s)				OVABAA allocation increase (\$000s)
	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	
Service interruptions and emergencies					
Directly attributable					
Not directly attributable				–	
Total attributable to regulated service		–			
Vegetation management					
Directly attributable					
Not directly attributable				–	
Total attributable to regulated service		–			
Routine and corrective maintenance and inspection					
Directly attributable					
Not directly attributable				–	
Total attributable to regulated service		–			
Asset replacement and renewal					
Directly attributable					
Not directly attributable				–	
Total attributable to regulated service		–			
System operations and network support					
Directly attributable					
Not directly attributable				–	
Total attributable to regulated service		–			
Business support					
Directly attributable					
Not directly attributable				–	
Total attributable to regulated service		–			
Operating costs directly attributable		–			
Operating costs not directly attributable	–	–	–	–	–
Operating expenditure		–			

Table 4: Report supporting allocation of operating costs (non-public)

Table 4: Report supporting allocation of operating costs (non-public)											For year ended:
Cost description	Allocation methodology type	Cost allocator	Allocator type	Allocator Metric (%)		Value allocated (\$000)				OVABAA allocation increase (\$000)	
				Electricity distribution services	Non-electricity distribution services	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total		
Service interruptions and emergencies											
Insert cost description	e.g. ABAA	Allocator 1	Select one							-	
Insert cost description	e.g. ABAA	Allocator 2	Select one							-	
Insert cost description	e.g. ABAA	Allocator 3	Select one							-	
Insert cost description	e.g. ABAA	Allocator 4	Select one							-	
Not directly attributable							-	-	-	-	-
Vegetation management											
Insert cost description	e.g. ABAA	Allocator 1	Select one							-	
Insert cost description	e.g. ABAA	Allocator 2	Select one							-	
Insert cost description	e.g. ABAA	Allocator 3	Select one							-	
Insert cost description	e.g. ABAA	Allocator 4	Select one							-	
Not directly attributable							-	-	-	-	-
Routine and corrective maintenance and inspection											
Insert cost description	e.g. ABAA	Allocator 1	Select one							-	
Insert cost description	e.g. ABAA	Allocator 2	Select one							-	
Insert cost description	e.g. ABAA	Allocator 3	Select one							-	
Insert cost description	e.g. ABAA	Allocator 4	Select one							-	
Not directly attributable							-	-	-	-	-
Asset replacement and renewal											
Insert cost description	e.g. ABAA	Allocator 1	Select one							-	
Insert cost description	e.g. ABAA	Allocator 2	Select one							-	
Insert cost description	e.g. ABAA	Allocator 3	Select one							-	
Insert cost description	e.g. ABAA	Allocator 4	Select one							-	
Not directly attributable							-	-	-	-	-
System operations and network support											
Insert cost description	e.g. ABAA	Allocator 1	Select one							-	
Insert cost description	e.g. ABAA	Allocator 2	Select one							-	
Insert cost description	e.g. ABAA	Allocator 3	Select one							-	
Insert cost description	e.g. ABAA	Allocator 4	Select one							-	
Not directly attributable							-	-	-	-	-
Business support											
Insert cost description	e.g. ABAA	Allocator 1	Select one							-	
Insert cost description	e.g. ABAA	Allocator 2	Select one							-	
Insert cost description	e.g. ABAA	Allocator 3	Select one							-	
Insert cost description	e.g. ABAA	Allocator 4	Select one							-	
Not directly attributable							-	-	-	-	-
Operating costs not directly attributable							-	-	-	-	-

Table 5: Rationale for selecting proxy allocator[illegible]

SCHEDULE C COST ALLOCATION INFORMATION

Table 1: Revised allocation of regulated asset values

Table 1: Revised allocation of regulated asset values			For year ended:
	Value allocated (\$000s) Electricity distribution services	Revised value allocated (\$000s) Electricity distribution services	
Subtransmission lines			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Subtransmission cables			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Zone substations			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Distribution and LV lines			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Distribution and LV cables			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Distribution substations and transformers			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Distribution switchgear			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Other network assets			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Non-network assets			
Directly attributable			
Not directly attributable			
Total attributable to regulated service	—	—	
Regulated service asset value directly attributable	—	—	
Regulated service asset value not directly attributable	—	—	
Total dosing RAB value	—	—	

Table 2: Report supporting revised allocations of asset values (non-public)

For year ended:

Table 2: Report supporting revised allocations of asset values (non-public)

Asset description	Previous allocation					Revised allocation				
	Allocation methodology type	Allocator	Allocator type	Electricity distribution services	Non-electricity distribution services	Allocation methodology type	Allocator	Allocator type	Electricity distribution services	Non-electricity distribution services
Subtransmission lines										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Subtransmission cables										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Zone substations										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Distribution and LV lines										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Distribution and LV cables										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Distribution substations and transformers										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Distribution switchgear										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Other network assets										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Non-network assets										
Insert asset description	e.g. ABAA	Allocator 1	[Select one]							
Insert asset description	e.g. ABAA	Allocator 2	[Select one]							
Insert asset description	e.g. ABAA	Allocator 3	[Select one]							
Insert asset description	e.g. ABAA	Allocator 4	[Select one]							
Subtotal not directly attributable				-	-				-	-
Total regulated service asset value not directly attributable										-

* Include additional rows if needed

Table 3: Revised allocation of operating costs

Table 3: Revised allocation of operating costs					For year ended:					
	Value allocated (\$000s)					Revised value allocated (\$000s)				
	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	OVABAA allocation increase (\$000s)	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	OVABAA allocation increase (\$000s)
Service interruptions and emergencies										
Directly attributable										
Not directly attributable										
Total attributable to regulated service		—					—			
Vegetation management										
Directly attributable										
Not directly attributable										
Total attributable to regulated service		—					—			
Routine and corrective maintenance and inspection										
Directly attributable										
Not directly attributable										
Total attributable to regulated service		—					—			
Asset replacement and renewal										
Directly attributable										
Not directly attributable										
Total attributable to regulated service		—					—			
System operations and network support										
Directly attributable										
Not directly attributable										
Total attributable to regulated service		—					—			
Business support										
Directly attributable										
Not directly attributable										
Total attributable to regulated service		—					—			
Operating costs directly attributable										
Operating costs not directly attributable	—	—	—	—	—	—	—	—	—	—
Operating expenditure		—					—			

Table 4: Report supporting revised allocation of operating costs (non-public)

Table 4: Report supporting revised allocation of operating costs (non-public)						For year ended:				
						Revised allocation				
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						Revised allocation				

Table 5: Rationale for selecting proxy allocator[illegible]

SCHEDULE D CAPITAL AND OPERATING EXPENDITURE INFORMATION

D1 Interpretation

In this schedule and in Schedules E-G, words in bold type bear the following meanings:

actual capex means the **capex** incurred during the **current period**;

actual opex means the **opex** incurred during the **current period**;

asset management plan means an asset management plan included in the **CPP proposal** and prepared in accordance with the requirements of the most recent **ID determination**, where the first year of the planning period to which the asset management plan relates is the final year of the **assessment period**;

budget means an expenditure forecast that has been prepared for a purpose other than for inclusion in a **CPP proposal**;

business support opex means **opex** associated with the following corporate activities-

- (a) human resources and training (other than operational training);
- (b) finance and regulation including compliance activities, valuations and auditing;
- (c) chief executive and director costs;
- (d) legal services;
- (e) consulting services (excluding engineering/technical consulting);
- (f) property management;
- (g) corporate communications;
- (h) corporate information technology;
- (i) industry liaison and participation;
- (j) commercial activities including pricing, billing, revenue collection and marketing; and
- (k) liaison with Transpower, **consumers** and electricity retailers;

capex category means one of the categories in the following list which comprises, for the purpose of a **CPP proposal**, a classification of the types of **capex** that **EDBs** make when providing **electricity distribution services to consumers** and **capex categories** means all of the following categories:

- (a) **connection capex;**
- (b) **system growth capex;**
- (c) **reliability, safety and environment capex;**
- (d) **asset replacement and renewal capex;**
- (e) **asset relocation capex;** and
- (f) **non-system fixed assets capex;**

deliverability means the extent to which the activities to which the **capex forecast** and **opex forecast** relate are likely to be undertaken by the **EDB** during the **next period** with reference to the **EDB's** ability to-

- (a) source and secure physical resources (such as appropriately skilled personnel and materials) and planning consents from external authorities; and
- (b) prioritise, manage and undertake the work involved, including the ability to implement any planned step change from historical levels of investment and workload;

document means correspondence, notices, circulars, memoranda, minutes, reports, **policies**, contracts or agreements in the possession or control of the **EDB**, whether in electronic or paper format;

key assumptions means assumptions made by an **EDB** in the preparation of its proposal that have a material impact on the **opex forecast** or the **capex forecast**;

non-system fixed assets capex means **capex** incurred in relation to assets not directly related to the **network** used in the **supply** of **electricity distribution services**, including in relation to-

- (a) information and technology systems;
- (b) asset management systems;
- (c) office buildings, depots and workshops;
- (d) office furniture and equipment;
- (e) motor vehicles; and
- (f) tools, plant, and machinery;

obligation means a legally enforceable duty owed by an **EDB**, whether arising under legislation, at common law or in contract, but excludes a contractual obligation commencing after this determination takes effect;

opex category means one of the categories in the following list which comprises, for the purpose of a **CPP proposal**, a classification of the types of **opex** that **EDBs** make

when providing **electricity distribution services to consumers**, and **opex categories** means all of the following categories:

- (a) **business support opex**;
- (b) **system operations and network support opex**;
- (c) **routine and corrective maintenance and inspection opex**;
- (d) **vegetation management opex**;
- (e) **asset replacement and renewal opex**; and
- (f) **service interruptions and emergencies opex**;

other opex means **opex** that is not captured by the other **opex categories**;

planning standards means **policies** adopted by the **EDB** which relate to the planning of the **network** and the forecasting of **capex** and **opex** for that purpose, including in relation to-

- (a) long term **network** development;
- (b) **network** maintenance; and
- (c) system operations;

policies means documented short-term and long-term policies, procedures, strategies, guidelines and plans used to prepare the **CPP proposal**;

reliability, safety and environment capex means **capex** predominantly associated with-

- (a) the improvement of reliability or service standards;
- (b) maintaining or improving the safety of the network for **consumers**, employees and the public;
- (c) meeting legislative requirements; or
- (d) reducing the impact of the network on the environment;

routine and corrective maintenance and inspection opex means **opex** where the **primary driver** is the activities specified in planned or programmed inspection, testing and maintenance work schedules and includes-

- (a) fault rectification work that is undertaken at a time or date subsequent to any initial fault response and restoration activities;
- (b) routine inspection;
- (c) functional and intrusive testing of assets, plant and equipment including critical spares and equipment;

- (d) helicopter, vehicle and foot patrols, including negotiation of landowner access;
- (e) asset surveys;
- (f) environmental response;
- (g) painting of **network** assets;
- (h) outdoor and indoor maintenance of substations, including weed and vegetation clearance, lawn mowing and fencing;
- (i) maintenance of access tracks, including associated security structures and weed and vegetation clearance;
- (j) customer-driven maintenance; and
- (k) notices issued;

service interruptions and emergencies opex means **opex** 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, including-

- (a) back-up assistance required to restore supply;
- (b) repair leaks or make safe;
- (c) operational support such as mobile generation used during the outage or emergency response; and
- (d) includes any necessary response to events arising in the transmission system;

service level means the magnitude of a **service measure**;

service measure means an objectively measurable characteristic or feature of a level of performance being delivered;

system fixed assets means all fixed assets owned, provided, maintained, or operated by an **EDB** that are directly related to the **network** and used, or intended to be used, for the **supply** of **electricity distribution services**;

system operations and network support opex means **opex** where the **primary driver** is the management of the **network** and includes expenditure relating to control centre and office-base system operations, including-

- (a) asset management planning including the preparation of the **asset management plan**, load forecasting and **network** modelling;
- (b) **network** and engineering design (excluding design costs capitalised for **capex projects**);

- (c) **network** policy development (including the development of environmental, technical and engineering policies;
- (d) standards and manuals for **network** management;
- (e) **network** record keeping and asset management databases including geographic information systems;
- (f) outage recording;
- (g) connection and **consumer** records/**consumer** management databases (including distributed generators);
- (h) stakeholder queries and call centres (not associated with billing);
- (i) operational training for **network** management and field staff;
- (j) operational vehicles and transport;
- (k) information technology and telecommunications for **network** management (including information technology support for asset management systems);
- (l) day to day **consumer** management including responding to queries on new connections, disconnections, reconnections and distributed generators;
- (m) engineering and technical consulting;
- (n) **network** planning and system studies;
- (o) logistics (procurement) and stores; and
- (p) network asset site expenses and leases;

vegetation management opex means **opex** where the **primary driver** is the need to physically fell, remove or trim vegetation (including root management) that is in the proximity of overhead lines or cables. It includes **opex** arising from the following activities-

- (a) inspection of affected lines or cables where the inspection is substantially or wholly directed to vegetation management (e.g., as part of a vegetation management contract). It includes pre-trim inspections as well as inspections of vegetation cut for the primary purpose of ensuring the work has been undertaken in an appropriate manner;
- (b) liaison with landowners including the issue of trim/cut notices, and follow-up calls on notices; and
- (c) tree felling or trimming of vegetation to meet externally imposed requirements or internal policy, including operational support such as any mobile generation used during the activity;

The following activities and related costs are excluded from this category-

- (d) general inspection of assets subject to vegetation, where this is not substantially directed to vegetation management (included in **routine and corrective maintenance and inspection opex**);
- (e) costs of assessing and reviewing the vegetation management policy;
- (f) data collection; and
- (g) the cost of managing a vegetation management contract;

D2 Instructions relating to provision of information

- (1) A **CPP proposal** must-
 - (a) include all information required in-
 - (i) Attachment A of the **ID determination** or any successor to that Attachment A, except where limited by subclause (5); and
 - (ii) this schedule;
 unless the **Commission** has approved a modification or exemption from the **CPP application** requirements under clause 5.1.6 and has included the relevant information related to the exemption or modification as set out in clause 5.1.8;
 - (b) contain a table that, in respect of each clause of this schedule-
 - (i) provides a reference to the place where, in the **CPP proposal**, a response is provided; and
 - (ii) gives the title and page reference to any separate **document** identified in response, including in the case where the **document** in question is provided in the **CPP proposal**.
- (2) Where information provided in accordance with these requirements differs from the most recent information provided by the **EDB** to the **Commission** in accordance with any obligation under Part 4 of the **Act**, a **CPP proposal** must-
 - (a) identify the differences; and
 - (b) give reasons for such differences.
- (3) Where information required by this schedule is omitted from a **CPP proposal**, the **CPP proposal** must contain an explanation for each such omission.
- (4) A **CPP applicant** may comply with subclause (1) by-
 - (a) reproducing and providing its **asset management plan** with the additional material required by this schedule included; or
 - (b) providing the information required by this schedule separately from its **asset management plan**.

- (5) For the purpose of subclause 3.4 of Attachment A of the **ID determination**, additional information required to be included in the **CPP proposal** need only apply to the-
 - (a) **current period**;
 - (b) **assessment period**; and
 - (c) **next period**.
- (6) Detailed information described in clause D10 in relation to **identified programmes**-
 - (a) need only be provided to the **verifier** upon the **verifier's** request; and
 - (b) where provided under (a), must be included in the **CPP proposal** as provided to the **Commission** in the **CPP application**.

D3 Governance, organisation structure and business processes

- (1) In addition to the information required by clause 3.7 of Attachment A of the **ID determination**, provide-
 - (a) the current organisational structure of the **EDB** and a description of any separate organisation used to manage **capex** and **opex**;
 - (b) the number of full time equivalent employees, employed by the applicant, broken down by business units;
 - (c) an explanation of the arrangements for undertaking system operations and network support activities, and the extent that these functions are centralised and outsourced;
 - (d) where any cost is shared with organisational activities that do not involve providing regulated **electricity distribution services**, the basis on which these costs have been allocated and included in the forecast; and
 - (e) a description of any anticipated changes during the **next period** to the organisational structure.
- (2) In addition to the information required by clause 3.12 of Attachment A of the **ID determination**-
 - (a) provide a commentary on the sources of asset management information; and
 - (b) other relevant data that has been relied upon in preparing the forecasts, including-
 - (i) a description of the quality of this information and data; and

- (ii) details of any assumptions that have been made to fill any information or data gaps.
- (3) In addition to the information required by clause 3.13 of Attachment A of the **ID determination**, describe the procedures and processes used by the **EDB** to-
 - (a) plan and develop;
 - (b) estimate the cost of;
 - (c) approve;
 - (d) implement; and
 - (e) monitor;

the **capex** and **opex projects** and **programmes** described in the **CPP proposal**, and develop unit costs.
- (4) In addition to the information required by clause 3.7 of Attachment A of the **ID determination** provide-
 - (a) an overview of any internal challenge, review and approval process applied before the forecasts were finalised for inclusion in the **CPP proposal**;
 - (b) a statement as to whether or not the forecast includes provision for efficiency improvements over time and, if so, a description of how this provision is reflected in the forecasts; and
 - (c) a statement of how the approval process treats the risks on cost estimates and timing of projects due to deviations of forecast assumptions.

D4 Network asset information

In relation to the information required by clause 4 of Attachment A of the **ID determination**-

- (a) where information is based on estimates, this must be explicitly stated; and
- (b) quantities of assets must be presented in a way that clearly describes the size and scope of regulated assets, but need not include detailed lists or schedules as would be included in a complete asset register or inventory.

D5 Service levels

Where not included in information provided in respect of clause 5 of Attachment A of the **ID determination**, provide-

- (a) a description as to how each performance indicator and performance target described in accordance with clause 5 of Attachment A of the **ID determination**-

- (i) relates to the **EDB's** relevant **policies**; and
 - (ii) reflects the **expenditure objective**;
- (b) for each performance indicator identified and defined in accordance with subclause (a):
 - (i) the measured performance for each year of the **current period**; and
 - (ii) the target performance for each year of the **next period**;
- (c) a comparison and evaluation of each actual **service level** achieved for the **disclosure years** in the **current period** against each relevant performance target, including explanations for all significant variances.

D6 Network development planning

- (1) The description of network development plans required in clause 11 of Attachment A of the **ID determination** must include the additional information specified in this clause.
- (2) For **system growth capex, connection capex, asset relocation capex and reliability, safety and environment capex**-
 - (a) identify all relevant documents, **policies** and consultants' reports that were taken into account in preparing these **capex forecasts**; and
 - (b) where appropriate, identify their relevance to each category of **capex**.
- (3) In addition to the information required by clauses 11.1-11.6 of Attachment A of the **ID determination**, provide the rationale for the planning criteria and other key drivers and assumptions for network development for **system growth capex, connection capex, asset relocation capex and reliability, safety and environment capex**.
- (4) In addition to the information required by clause 11.7 of Attachment A of the **ID determination**, provide the rationale for the prioritisation process and criteria.
- (5) In addition to the information on demand forecasts required by clause 11.8 of Attachment A of the **ID determination**-
 - (a) describe and explain the methodology used to prepare the relevant forecasts, including-
 - (i) any sensitivity analysis undertaken;
 - (ii) any weather normalisation methodology used and how weather data has been used; and
 - (iii) the models used (including each model's key inputs and assumptions); and

- (b) provide-
 - (i) an outline of the treatment of very large loads, uncertain loads and significant loads transferred, or expected to be transferred, between different parts of the **network** (e.g. between zone substations and/or between feeders);
 - (ii) details of the location, types and aggregate levels of any distributed generation and assumptions relating to the impact they may have on **network** forecasts; and
 - (iii) details of the effect that any demand management systems or initiatives and any other new or emerging technologies may have on the **network** forecasts and the extent that they have been included in the forecasts in the **CPP proposal**.
- (6) For the forecasts of **consumer** connections, embedded generation and electricity volumes provided in the relevant templates in Schedule E-
 - (a) describe and explain the methodology used to prepare the relevant forecasts including-
 - (i) any sensitivity analysis undertaken;
 - (ii) any weather normalisation methodology used and how weather data has been used; and
 - (iii) the models used (including each model's key inputs and assumptions);
- (7) In addition to the information required by clause 11.9 of Attachment A of the **ID determination**, provide-
 - (a) for **system growth capex**, a description of, and the rationale for, the **planning standards**, and **key assumptions** relied on by the **EDB** in determining the need to augment its network;
 - (b) for **reliability, safety and environment capex**, a description of any models developed by or for the **EDB** to determine the **reliability, safety and environment capex** including the rationale for all key input assumptions; and
 - (c) for **connection capex** and **asset relocation capex**-
 - (i) **key assumptions** and a list of **policies** relevant to apportioning costs, where costs are not fully recovered from a **capital contribution**;
 - (ii) the rationale and basis for determining the forecast amount, including a description of any modelling used; and

- (iii) provide this information separately for **connection capex** and for **asset relocation capex**.
- (8) In addition to the information required in clause 11.10 of Attachment A of the **ID determination**, for each **system growth capex project** and **programme** included in the **capex forecast** provide-
 - (a) a description of the **project** or **programme**, including the assumed number and ratings of significant new assets and, where appropriate, a single-line diagram showing how it is assumed that the assets will be integrated into the existing network;
 - (b) the estimated cost of the **project** or **programme**, disaggregated by **disclosure year**, including costs already incurred in the **current period**; and
 - (c) details of the effect any new or emerging technologies may have and the extent that they have been considered.
- (9) In addition to the information required in clause 11.10 of Attachment A of the **ID determination**, for each **reliability, safety and environment capex project** and **programme** included in the **capex forecast** provide-
 - (a) a description of the **project** or **programme** including the assumed number and ratings of significant new assets;
 - (b) a discussion of **key assumptions** and the rationale for making those assumptions;
 - (c) a description of models used and key input assumptions and data sources, including a discussion of relevant data systems and any limitations in the data;
 - (d) an indication of the **project's** or **programme's** current status in the planning process; and
 - (e) the estimated cost of the **project** or **programme**, disaggregated by **disclosure year**, including costs already incurred in the **current period**.
- (10) In addition to the information required in clause 11.10 of Attachment A of the **ID determination**, for any **connection capex** and **asset relocation capex project** and **programme**, provide a description and the estimated costs of any specific **project** or **programme** included in the forecast.
- (11) In addition to the information required by clause 11.12 of Attachment A of the **ID determination**, and, where not provided in response to subclause (2), identify the **EDB's policies** regarding the application of new or emerging technologies.

D7 Lifecycle asset management planning (maintenance and renewal)

- (1) The description of Lifecycle Asset Management Planning required in clause 12 of Attachment A of the **ID determination** must include the additional information specified in this clause.
- (2) In addition to information required by clauses 3.13 and 3.14 of Attachment A of the **ID determination**, describe the organisation that the **EDB** uses to manage network maintenance and associated expenditure, including the physical arrangements for undertaking these activities and the extent that these functions are centralised and outsourced.
- (3) In addition to the information required by clauses 12.1 and 12.2 of Attachment A of the **ID determination**, for each of **service interruptions and emergencies opex, vegetation management opex and routine and corrective maintenance and inspection opex** describe the approach used to prepare the expenditure forecast and provide-
 - (a) details and a rationale for each relevant **key assumption**;
 - (b) a description of any models used;
 - (c) a description of any new expenditure or forecast changes to the level of expenditure on existing network **opex programmes** over the course of the **next period** that will have a material effect on the network **opex forecast**, including-
 - (i) the rationale for and timing of these changes;
 - (ii) an assessment of the impact of these changes on the **service levels** provided by the **EDB**; and
 - (iii) the impact of these changes on the **opex forecast**.
- (4) Identify all relevant documents, **policies** and consultants' reports that were taken into account in preparing the forecasts of **service interruptions and emergencies opex, vegetation management opex and routine and corrective maintenance and inspection opex**;
- (5) In addition to the information required by clause 12.3 of Attachment A of the **ID determination**, for **asset replacement and renewal capex and asset replacement and renewal opex** provide-
 - (a) a description of the criteria used to determine whether the expenditure is **capex** or **opex**; and
 - (b) a description of the prioritisation methodology adopted for asset replacement **projects** and **programmes**.

- (6) Identify all relevant documents, **policies** and consultants' reports that were taken into account in preparing the forecasts of **asset replacement and renewal capex** or **asset replacement and renewal opex**;
- (7) In addition to the information required by subclauses 12.3.3 – 12.3.5 of Attachment A of the **ID determination**, for each **asset replacement and renewal capex** or **asset replacement and renewal opex project** and **programme** provide-
 - (a) a description of and the rationale for the **projects** and **programmes**;
 - (b) where relevant, an overview of any network and non-network alternatives considered and the basis for selecting the preferred solution;
 - (c) an indication of the **project's** or **programme's** current status in the planning process;
 - (d) the actual and forecast expenditure on each **project** or **programme** described in subclause (a) disaggregated by **regulatory year** in both the **current period** and the **next period**; and
 - (e) a description of the methodology used by the **EDB** to determine the forecast expenditure over the **next period** on the **projects** or **programmes** described in subclause (a) including where applicable-
 - (i) the **key assumptions** and the rationale for the **key assumptions** and **policies**;
 - (ii) any relevant modelling and the rationale for material model input assumptions; and
 - (iii) a commentary on the source of the unit costs or components of cost, the accuracy of the cost estimates and the treatment of cost uncertainty where there are not explicitly stated elsewhere.
- (8) For an **asset replacement and renewal capex project** provide-
 - (a) assumed number and ratings of significant new assets; and
 - (b) a single-line diagram showing how the **project** will be integrated into the existing network for **projects** involving a redesign of asset layout.
- (9) Explain how any anticipated system growth associated with the replacement of assets before the end of their asset life has been taken into account in the **asset replacement and renewal capex** forecast for the **next period**.

D8 Non-system fixed assets capital expenditure information

- (1) In addition to the information required by clause 13 of Attachment A of the **ID determination**, for non-network fixed assets **capex** in the **capex forecast** provide the rationale and the basis for determining the forecast amount, including a

description of any modelling used for the expenditure in the largest two of the following expenditure categories by dollar value-

- (a) asset management systems;
 - (b) information and technology systems;
 - (c) motor vehicles;
 - (d) office buildings, depots and workshops;
 - (e) office furniture and equipment; and
 - (f) tools, plant and machinery.
- (2) The information required by subclause (1) need not be provided if the total non-network assets **capex forecast** is less than 5% of the total **capex forecast**.

D9 Business support, system operations and network support operating expenditure

- (1) Provide sufficient details of the extent that business support and system operations and network support costs have been included in the **capex forecast** for each **disclosure year** of both the **current period** and **next period**.
- (2) Identify all relevant documents, **policies** and consultants' reports that were taken into account in preparing these **opex forecasts**.
- (3) Describe any anticipated material changes to the information provided in subclause (1) over the course of the **next period** and discuss-
 - (a) the rationale for and timing of the changes; and
 - (b) the impact of the changes on the **opex forecast**.
- (4) Describe the approach used to prepare the relevant **opex forecast** including-
 - (a) each relevant **key assumption** including the rationale for the assumption;
 - (b) any models used; and
 - (c) the rationale for any new expenditure or step change from current levels of expenditure over the **next period**.
- (5) Where appropriate, the information required by this clause should be provided separately for **business support opex** and for **system operations and network support opex**.

D10 Identified programmes

- (1) Where not already required to be disclosed by Attachment A of the **ID determination**, for each **identified programme** provide-
 - (a) a description of the **project** or **programme** including-
 - (i) what the **project** or **programme** will accomplish;

- (ii) the location of the **project** or, if relevant, the location of the **programme**;
 - (iii) assumed quantities and ratings of major assets, including the rationale for these assumptions;
 - (iv) where relevant, a high-level single-line diagram showing the assumed layout of the project and interfaces with the existing network; and
 - (v) any other information consistent with the nature of the **project** or **programme** that is necessary to fully describe the scope of the **project** and what is involved in its implementation;
- (b) a description of the rationale for the **project** or **programme** including-
 - (i) the extent that the **project** or **programme** meets the **expenditure objective**; and
 - (ii) the impact of not progressing within the **CPP regulatory period**;
- (c) a statement as to the **project's** or **programme's** current status in the planning process;
- (d) an overview of potential alternatives, including non-network alternatives, and the basis for selecting the preferred option with the information provided to be commensurate with the **project's** or **programme's** current status in the planning process;
- (e) the rationale for the proposed timing of the **project** or, where relevant, the rationale for the proposed timing of the **programme**;
- (f) where applicable, an assessment of the impact of the **project** or **programme** on the **service levels** provided by the **EDB**;
- (g) if a **programme** is a continuation or extension of an existing **programme**, the rationale for any material changes in the forecast expenditure from the level of expenditure on the **programme** during the **current period**;
- (h) a detailed breakdown of the estimate of the **project** or **programme** costs, disaggregated by **disclosure year**, including a similar breakdown of any **project** or **programme** costs incurred during the **current period**;
- (i) in addition to the breakdown provided in response to subclause (f)-
 - (i) a description of the methodology used to prepare the estimate;
 - (ii) where applicable, the quantities provided for in the **project** or **programme** cost; and

- (iii) identification of scope or cost uncertainties and an explanation of how such uncertainties have been taken into account in the estimate;
- (j) details of how the **EDB** proposes to measure and manage the efficiency of the implementation of the **project** or **programme**; and
- (k) a description of any cost benefit analyses relevant to the **project** or **programme** undertaken by or for the **EDB**.

D11 Risk management

- (1) In addition to the information required by clause 14.3 of Attachment A of the **ID determination**, for any proposed self-insurance allowance-
 - (a) provide-
 - (i) a description of the uncertainties covered by the allowance;
 - (ii) the methodology used to calculate the self-insurance risk premium (e.g. probability multiplied by consequence);
 - (iii) a report on the calculation of each self-insurance risk premium from an actuary who is qualified to provide such advice; and
 - (iv) any quotes obtained from external insurers; and
 - (b) explain why compensation should be provided for the uncertainty.
- (2) In respect of each quote provided in accordance with subclause (1)(a)(iv)-
 - (a) state-
 - (i) the amount insured for which the quote related (if not included in the quote itself);
 - (ii) the annual premium payable or paid by the **EDB**;
 - (iii) the size of any deductible;
 - (iv) the terms and conditions of the insurance; and
 - (v) why it is not considered suitable.
- (3) Explain whether and, if so, how the costs of remediating the effects of each uncertainty for which the allowance is sought may be recovered through any other mechanism.

D12 Related parties

- (1) Identify and describe all **related parties** in respect of whom costs are disclosed for the last **disclosure year** of the **current period**, and relationships with those **related parties**.

- (2) Describe, at an aggregate level, the-
 - (a) nature of the **services** undertaken by all **related parties** in the last year of the **current period**; and
 - (b) processes for procuring **services** undertaken by **related parties**, or by anticipated **related parties**, during the last year of the **current period** and the **assessment period**.
- (3) For **services** identified in subclause (2), describe-
 - (a) whether similar **services** are expected to be provided by **related parties**, or by anticipated **related parties**, during the **next period**;
 - (b) whether any additional **services** are expected to be provided by **related parties**, or by anticipated **related parties**, during the **CPP regulatory period**; and
 - (c) the basis for establishing the **related party** transaction values for the purpose of the **capex forecast** and the **opex forecast**.
- (4) Describe the nature of the contract for any periodic **services**, including the duration of any such contract.
- (5) For each **service** identified in accordance with subclause (2), provide an example of-
 - (a) any tendering process used to procure the **service**;
 - (b) relevant documents used to tender for the provision of the **service**, including, but not limited to, requests for tender, and tender submissions;
 - (c) explain-
 - (i) whether the **service** procured are provided under a discrete contract or provided as part of a broader operational contract (or similar); and
 - (ii) whether the **service** was procured on a genuinely competitive basis and if not, why not; and
 - (d) methodologies, consultants' reports, or **key assumptions** used to determine components of the costs included in the contract price.

D13 Deliverability

- (1) In addition to clauses 14 and 16 of Attachment A of the **ID determination** provide an overview of, and description of outputs from, any deliverability risk assessment that the **EDB** has completed for part or all of the **capex forecast** and the **opex forecast**.

- (2) Where it has not been provided in risk assessment information under subclause (1), provide an overview of the **EDB** plans to ensure the **deliverability** of the activities provided for in the **capex forecast** and the **opex forecast**, with particular reference to-
 - (a) a description of the prioritisation or other methodologies used to optimise delivery;
 - (b) how consenting processes are managed to optimise delivery;
 - (c) the extent that the activities provided for in the **capex forecast** and the **opex forecast** will be undertaken internally or outsourced;
 - (d) the **EDB's** ability to implement any planned step change from historical levels of expenditure and workload, including-
 - (i) the ability of contractors available to the **EDB** to deliver any proposed increase in workload;
 - (ii) the current level of skilled personnel, including engineering and project management personnel, available to the **EDB** compared to the anticipated requirement over the **next period**; and
 - (iii) the measures the **EDB** plans to take to source and secure required additional personnel; and
 - (e) how the **EDB** aligns resource schedules where shared resources are used for different opex-related and capex-related tasks.

D14 Unit costs and expenditure escalators

- (1) Explain the methodologies applied to convert constant price **capex forecast** and **opex forecast** to the nominal price **capex forecast** and **opex forecast**.
- (2) Explain why the methodologies applied, each **key assumption**, and the resulting quantum are reasonable.
- (3) For each **key assumption**, including unit rates, indexes, weightings, and contingency factors-
 - (a) identify-
 - (i) the **key assumption**;
 - (ii) source material from which it was derived; and
 - (iii) the components of expenditure to which it applies; and
 - (b) explain-
 - (i) how it has been applied in the **capex forecast** and **opex forecast**;

- (ii) the quantum of costs in the **capex forecast** and **opex forecast** resulting from the application of the **key assumption**; and
- (iii) whether, and if so, how the **key assumption** relates to **capex** and **opex** incurred during the **current period**.

D15 Contingent project information

(1) For each proposed **contingent project**-

- (a) provide-
 - (i) an overall description including the aims and objectives of the **project**;
 - (ii) completed **regulatory templates** for **capex** and **opex forecasts** using the best available information to hand; and
 - (iii) information as to how the **project** satisfies the criteria specified in clause 5.6.10(2);
- (b) propose a **trigger event** and explain how the event meets the requirements of clause 5.6.10(3);
- (c) provide-
 - (i) all relevant documents (including **policies** and consultants' reports) that were taken into account in preparing the **capex forecast** and **opex forecast** for the **contingent project**, including those that relate to its **deliverability**;
 - (ii) each relevant **key assumption**; and
 - (iii) each relevant **obligation**;
- (d) explain-
 - (i) all departures from any conclusions and recommendations contained in each consultant's report identified in accordance with subclause (c)(i); and
 - (ii) the methodology used to generate the **capex** and **opex forecast** for the proposed **contingent project**;
- (e) explain for each **policy** identified in response to subclause (c)(i)-
 - (i) how it was taken into account and complied with; and
 - (ii) how the relevant **planning standards** were incorporated; and
- (f) describe for each **key assumption** identified in accordance with subclause (c)(ii)-
 - (i) the method and information used to develop the assumption; and
 - (ii) how it has been applied and its effect on the **capex** and **opex**.

- (2) Where any proposed **contingent project** is likely to terminate after the end of the **next period**, in addition to the information required by subclause (1), provide any additional information relevant to forecast **capex** and forecast **opex** to the end of the **contingent project**.

SCHEDULE E CAPITAL AND OPERATING EXPENDITURE - REGULATORY TEMPLATES

Table 1: Projects and programmes

Table 1: Projects and programmes						
Table 1a Summary of all capex projects and programmes						
Number	Project reference	Project/programme name	Capex category	Brief description of project/programme	Forecast costs in constant prices \$(000)	Reference to primary supporting information
1		Project name				
2		Project name				
3		Project name				
4		Project name				
5		Project name				
Include additional rows if needed						
Table 1b Summary of all opex projects and programmes						
Number	Project reference	Project/programme name	Opex category	Brief description of project/programme	Forecast costs in constant prices \$(000)	Reference to primary supporting information
1		Project name				
2		Project name				
3		Project name				
4		Project name				
5		Project name				
*include additional rows if needed						

Table 2: Capex summary

Table 2: Capex summary												
2a Actual and forecast capex in constant prices \$(000)												
Capex Categories												
Current period					Assessment Period		CPP Regulatory Period					Total CPP
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
\$000 (in constant prices)												
Consumer connection												
System growth												
Asset replacement and renewal												
Asset relocations												
Reliability, safety and environment:												
Quality of supply												
Legislative and regulatory												
Other reliability, safety and environment												
Total reliability, safety and environment												
Total expenditure on network assets												
Total expenditure on non-network assets												
Total expenditure on assets												
2b Actual and forecast capex in nominal prices \$(000)												
Capex Categories												
Current period					Assessment Period		CPP Regulatory Period					Total CPP
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
\$000 (in nominal prices)												
Consumer connection												
System growth												
Asset replacement and renewal												
Asset relocations												
Reliability, safety and environment:												
Quality of supply												
Legislative and regulatory												
Other reliability, safety and environment												
Total reliability, safety and environment												
Total expenditure on network assets												
Expenditure on non-network assets												
Total expenditure on assets												
plus Cost of financing												
less Value of capital contributions												
less Value of insurance entitlements and compensatory entitlements												
plus Value of vested assets												
Total capital expenditure												
2c Actual and forecast commissioned asset values in nominal prices \$(000)												
Capex Categories												
Current period					Assessment Period		CPP Regulatory Period					Total CPP
CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
\$000 (in nominal prices)												
Consumer connection												
System growth												
Asset replacement and renewal												
Asset relocations and undergrounding												
Reliability, safety and environment:												
Quality of supply												
Legislative and regulatory												
Environment												
Total reliability, safety and environment												
Total forecast network capex												
Total forecast non-network capex												
Total value of commissioned assets												
2d Actual and forecast commissioned asset values by provider in nominal prices (\$000)												
EDB												
Related party												
Other sources												
Unknown												
Total value of commissioned assets												
Totals in table 2c and table 2d must reconcile.												

Table 3: Opex summary

Table 3: Opex summary													
3a Actual and forecast opex in constant prices \$(000)													
Opex Categories	Current period					Assessment Period		CPP Regulatory Period					Total CPP period
	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$(000) in constant prices												
Service interruptions and emergencies													
Vegetation management													
Routine and corrective maintenance and inspection													
Asset replacement and renewal													
Total network opex													
System operations and network support													
Business support													
Total non-network opex													
Total operating expenditure													
3b Actual and forecast opex in nominal prices \$(000)													
Opex Categories	Current period					Assessment Period		CPP Regulatory Period					Total CPP period
	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$(000) in nominal prices												
Service interruptions and emergencies													
Vegetation management													
Routine and corrective maintenance and inspection													
Asset replacement and renewal													
Total network opex													
System operations and network support													
Business support													
Total non-network opex													
Total operating expenditure													
3c Actual and forecast opex by provider (optional)													
EDB													
Related party													
Other sources													
Unknown													

Table 4: Capex projects and programmes

Table 4: Capex projects and programmes										
The tables in this sheet may be presented on separate sheets										
Adjust the column width as required										
4a. Consistent construction										
Project reference	Project/programme name									
	Consistent construction									
	Include additional new / renewed									
	Total system growth (aggregating all growth)									
	Total system growth less capital contributions									
4b. System growth										
	System of project or programme									
	Include additional new / renewed									
	Total system growth less capital contributions									
	Capital contributions less capital contributions									
	Total system growth less capital contributions									
4c. Asset replacement and renewal by project or programme										
	System of project or programme									
	Include additional new / renewed									
	Total system growth less capital contributions									
	Capital contributions less capital contributions									
	Total system growth less capital contributions									
4d. Asset reductions										
	Project or programme									
	System of project or programme									
	System of project or programme									
	System of project or programme									
	Total asset reductions expenditure									
	Capital contributions less capital contributions									
	Asset reduction less capital contributions									
Actual and forecast capex in constant prices (\$100)										
Current period		Assessment period		CP Regulatory Period					Yr+7 CP Period	
Cv4	Cv3	Cv2	Cv1	Cv0	CA	CA+1	Yr+1	Yr+2	Yr+3	Yr+4

Table 5: Capex by asset categories

[illegible]

Table 6: Opex projects and programmes

Table 6: Opex projects and programmes		Actual and forecast opex in constant prices (\$'000)													Actual and forecast opex in nominal prices (\$'000)														
Adjust the column widths as required																													
Project reference	Project/programme name	Current period					Assessment Period		CPP Regulatory Period						Total CPP Period	Current period					Assessment Period		CPP Regulatory Period						Total CPP Period
		CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5		CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5			
6a	Service interruptions and emergencies																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>*Include additional rows if needed</i>																												
	Total Service interruptions and emergencies																												
6b:	Vegetation management																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>*Include additional rows if needed</i>																												
	Total Vegetation management																												
6c	Routine and corrective maintenance and inspection																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>*Include additional rows if needed</i>																												
	Total Routine and corrective maintenance and inspection																												
6d	Asset replacement and renewal																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>Name of project or programme</i>																												
	<i>*Include additional rows if needed</i>																												
	Total Asset replacement and renewal																												
	Total network opex																												

Table 7: Non-network opex

Table 7: Non-network opex																													
Project reference	Project/programme name	Actual and forecast opex in constant prices (\$'000)										Actual and forecast opex in nominal prices (\$'000)																	
		Current period					Assessment Period					CP Regulatory Period					Current period					Assessment Period					CP Regulatory Period		
		CP-4	CP-3	CP-2	CP-1	CP0	CA	CA+1	NP+1	NP+2	NP+3	NP+4	NP+5	Total CP+ Period	CP-4	CP-3	CP-2	CP-1	CP0	CA	CA+1	NP+1	NP+2	NP+3	NP+4	NP+5	Total CP+ Period		
7a	System operations and network support																												
	Include additional rows if needed																												
	Total system operations and network support																												
7b	Business support																												
	Include additional rows if needed																												
	Total business support																												
	Include additional rows if needed																												
Total non network opex																													

Table 8: Aggregate forecast commissioned assets by asset categories

Table 8: Aggregate forecast commissioned assets by asset categories

Applicant may disaggregate other assets by asset types

Forecast amounts should be net after adjustments for any capital contributions and related party transactions.

Asset category	Forecast commissioned asset values in nominal terms \$(000)						
	Assessment Period		CPP Regulatory Period				
	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5
Subtransmission lines							
Subtransmission cables							
Zone substations							
Distribution and LV lines							
Distribution and LV cables							
Distribution substations and transformers							
Distribution switchgear							
Other network assets							
Non-network assets							
Total forecast commissioned assets							

Table 9: Cost escalation factors

Table 9: Cost escalation factors

Supplier must provide inflation and other factors used to convert real prices into nominal prices.

Supplier may modify this table to suit its processes

Escalator name and description	Current Period					Assessment Period		CPP Regulatory Period				
	CY-4	CY-3	CY-2	CY-1	CY0	CA	CA+1	Year 1	Year 2	Year 3	Year 4	Year 5

Include additional rows if needed

5416522 Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 245

5416522 Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 245

SCHEDULE F ENGAGEMENT OF A VERIFIER

F1 Proposing a verifier

Before submitting a **CPP proposal**, a **CPP applicant** must, by notice in writing to the **Commission**-

- (a) propose a **person** (or a selection of **persons** for the **Commission** to choose from) to act as a **verifier**; and
- (b) provide the information specified in clauses F2 and F3 in respect of each proposed verifier.

F2 Independence

- (1) Reasons why the **CPP applicant** considers that each proposed verifier is **independent**.
- (2) A written statement signed by the proposed verifier-
 - (a) confirming that-
 - (i) his, her or its involvement in the formulation of the **CPP proposal** has not extended and will not extend beyond acting in accordance with Schedule G;
 - (ii) he, she or it has not acted and will not act as an **auditor** pursuant to clause 5.5.3 in respect of the **CPP proposal**; and
 - (iii) he, she or it has no direct or indirect pecuniary or other interest in the success or failure of the **CPP proposal**, including any entitlement to a success fee, contingency fee, or remuneration other than a fee for providing a **verification report**; and
 - (b) explaining the extent of any-
 - (i) ongoing role he, she or it has as **auditor** of, or advisor to, the **CPP applicant**, (on matters unrelated to the **CPP proposal**) including any advisory activities which the **verifier** may expect to undertake for the **CPP applicant** during the **next period** in relation to the **CPP applicant's capex** and **opex** and the existing or expected basis of remuneration for such activities; and
 - (ii) prior or existing relationship (whether professional or otherwise) that he, she or it has had with the **CPP applicant** during the **current period** in relation to the **CPP applicant's capex** and **opex** and the basis of remuneration for such activities.

F3 Qualifications and experience

- (1) Reasons why the **CPP applicant** considers that each proposed verifier is sufficiently qualified and experienced to assess and report on the **CPP proposal** in accordance with the tasks and duties specified in Schedule G.
- (2) A written statement signed by each proposed verifier explaining the nature and extent of his, her or its qualifications and experience relevant to assessing and reporting on the **CPP proposal** in accordance with the tasks and duties specified in Schedule G.

F4 Commission's assessment

- (1) The **Commission** must notify the **CPP applicant** no later than 10 **working days** after receiving a notification in accordance with clause F1 as to whether it approves the proposed verifier.
- (2) If the **Commission** does not approve a proposed verifier-
 - (a) it must provide reasons for this decision; and
 - (b) the **CPP applicant** may propose an alternative verifier in accordance with clause F1.
- (3) If the **Commission** approves a proposed verifier, the **CPP applicant** may engage that person, as soon as practicable, in accordance with clause F6.
- (4) The **Commission's** approval of a proposed verifier remains valid until the **Commission** has completed its assessment of the **CPP proposal**.

F5 Summary of intended CPP proposal

- (1) Before the **verifier** enters into a deed with the **Commission** as described in clause F6, the **CPP applicant** must provide the **Commission** with a high-level summary of the intended **CPP proposal** ('Summary of intended CPP proposal'), including-
 - (a) a high-level description of its rationale for seeking a **CPP** and a brief explanation of the key **projects** or **programmes** that are linked to this rationale;
 - (b) when it proposes the intended **CPP proposal** to take effect as a **CPP**;
 - (c) its estimated **capex** forecast and estimated **opex** forecast for the intended **CPP proposal**;
 - (d) the indicative impact on **prices** of the intended **CPP proposal**;

- (e) whether it intends to propose a **quality standard variation** as part of its intended **CPP proposal** and, if so, the indicative impact on quality standards of the intended **quality standard variation**;
 - (f) how it intends to consult **consumers** on the intended **CPP proposal**; and
 - (g) any other information it considers would assist the **Commission's** planning for the **Commission's** assessment of the intended **CPP proposal**.
- (2) With the agreement of the **Commission**, the requirements in subclause (1) may be satisfied by way of the record of a workshop with the **Commission**.

F6 Engaging the verifier

- (1) If the **Commission** approves a proposed verifier, the approved **person** may not undertake any service in relation to the **CPP applicant's CPP proposal** unless it has entered into a deed with the **Commission**.
- (2) For the purpose of subclause (1), terms of the deed must-
 - (a) require the **CPP applicant** to-
 - (i) provide the **verifier** with the information specified in and in accordance with clause 5.5.2(3); and
 - (ii) pay any fee charged by the **verifier** for verifying the relevant parts of the **CPP proposal** in accordance with his, her or its engagement and Schedule G;
 - (b) impose an overriding duty on the **verifier** to assist the **Commission** as an **independent** expert on relevant matters within the **verifier's** area of technical expertise, with particular reference to aspects of **capex, opex** and service quality of the **CPP applicant's** business;
 - (c) require the **verifier** to-
 - (i) verify the relevant parts of the **CPP proposal** in accordance with the terms of his, her or its engagement and Schedule G;
 - (ii) notify the **CPP applicant** of the **verifier's** selection of **identified programmes**;
 - (iii) prepare a draft verification report in accordance with Schedule G and provide it to the **CPP applicant**;
 - (iv) prepare a **verification report** in accordance with Schedule G that takes account of any modifications to the information originally provided to the **verifier** in light of the **CPP applicant's** consideration of the draft verification report;

- (v) provide, upon request by the **CPP applicant**, a certificate as described in clause 5.1.3(1)(d); and
 - (vi) be available to answer any questions posed by the **Commission** on the **verification report**, in person, by telephone or in writing, as reasonably required by the **Commission**;
 - (d) enable the **verifier** to request, for the purpose of carrying out his, her or its duties specified in paragraph (c), provision by the **CPP applicant** of-
 - (i) information required by Schedule D to be identified (but not provided) in a **CPP proposal**; and
 - (ii) the information specified in subclause (3); and
 - (e) include a communication protocol in accordance with subclause (5).
- (3) The information specified for the purpose of subclause (2)(d)(ii) is any other information relevant-
- (i) for the purpose of subclause (2)(c)(i);
 - (ii) to **electricity distribution services**;
 - (iii) to any other **regulated service** relevant to the **CPP proposal**; and
 - (iv) to any **unregulated service** relevant to the **CPP proposal**,
- that the **verifier** considers is relevant to verification.
- (4) For the avoidance of doubt-
- (a) the deed may contain such other terms that-
 - (i) the parties agree are necessary for **business** efficacy; and
 - (ii) are not inconsistent with Schedule F or this Schedule; and
 - (b) a **CPP applicant** is not required to submit its **CPP proposal** to the **Commission** following completion or its receipt of the **verification report**.
- (5) For the purpose of subclause (2)(e), the communication protocol must, as a minimum, require that-
- (a) the **Commission** will not, prior to the submission of a **CPP proposal**, view any material that forms part of or supports an intended **CPP proposal** unless the **CPP applicant**-
 - (i) makes the material available to **consumers**; or
 - (ii) provides the material to the **Commission** including an updated 'Summary of intended CPP Proposal' as required under subclause (5)(c);

- (b) the **verifier** must keep records of all communication between it and the **CPP applicant** where the records include substantive information relied on by the **verifier** in its **verification report**; and
- (c) after entering into the deed, but not later than when the **verifier** provides a draft verification report to the **CPP applicant**, the **CPP applicant** must provide the **Commission** with an updated 'Summary of intended CPP Proposal' as described in clause F5 if it has-
 - (i) changed its rationale for seeking a **CPP** as described in clause F5(1)(a);
 - (ii) changed its proposed time for taking effect as described in clause F5(1)(b); or
 - (iii) changed its intention on whether to propose a **quality standard variation** as described in clause F5(1)(e).
- (6) When providing an updated 'Summary of intended CPP Proposal' as described in subclause (5)(c), the **CPP applicant** must clearly identify any changes from its previously provided 'Summary of intended CPP Proposal'.

SCHEDULE G TERMS OF REFERENCE FOR VERIFIERS

G1 Interpretation

- (1) Words in bold in this schedule that are defined in another schedule bear the same meanings as specified in that other schedule.
- (2) Any requirement to provide an opinion, report on or consider a particular matter must be construed as-
 - (a) requiring consideration only of the material identified by the requirement in question; and
 - (b) a requirement to provide the opinion or report on the matter in the **verification report**.

G2 Verifier's role, purpose and obligations

The **verifier's** role, purpose and obligations include-

- (a) engaging with the **CPP applicant** in an **independent** manner in accordance with this Terms of Reference;
- (b) assessing the extent to which the **CPP applicant's policies** allow the **CPP applicant** to meet the **expenditure objective**;
- (c) assessing the extent to which the **CPP applicant's policies** have been implemented;
- (d) prior to the **Commission's** assessment of the **CPP proposal**, assessing whether the **CPP applicant** has provided the **verifier** with the information specified in clause 5.5.2(3);
- (e) prior to the **Commission's** assessment of the **CPP proposal**, providing an opinion to the **CPP applicant** on whether the **CPP applicant's capex forecasts, opex forecasts and key assumptions** meet the **expenditure objective**;
- (f) prior to the **Commission's** assessment of the **CPP proposal**, assessing the extent to which the **CPP applicant** is able to deliver its **capex forecast and opex forecast** during the **CPP regulatory period**;
- (g) prior to the **Commission's** assessment of the **CPP proposal**, providing an opinion on the extent and effectiveness of the **CPP applicant's** consultation with its **consumers**; and
- (h) providing a list of the key issues which it considers the **Commission** should focus on when assessing the **CPP proposal**.

G3 Service measures, levels and quality standards

- (1) The **verifier** must review, assess and report on-
 - (a) whether the **CPP applicant** has proposed **service measures** relevant to a complete range of key service attributes that are meaningful and important to **consumers**;
 - (b) whether the **CPP applicant** has undertaken an appropriate process to determine the **service measures** and **service levels**, such as consultation with relevant **consumers**;
 - (c) whether any step change in any **service level** is explained and justified; and
 - (d) the extent and effectiveness of a **CPP applicant's** consultation with its **consumers**, as specified in clause 5.5.1.
- (2) Where the **CPP applicant** intends to propose a **quality standard variation** in the **CPP proposal** under clause 5.4.5, the **verifier** must review, assess and report on the extent to which the **quality standard variation** better reflects the realistically achievable performance of the **EDB** over the **CPP regulatory period**.

G4 Selection of identified programmes

- (1) For the purposes of the reviews under clauses G5(1)(d) and G6(1)(g), the **verifier** must select no more than 20 **projects** or **programmes** to be 'identified programmes'.
- (2) In determining which, and how many, **projects** or **programmes** to select as **identified programmes**, the **verifier** must consider—
 - (a) the long term interests of **consumers**;
 - (b) the **Commission's** ability to effectively review whether the **CPP applicant's capex forecast** and **opex forecast** are consistent with the **expenditure objective**;
 - (c) the **CPP applicant's** rationale for seeking a **CPP**;
 - (d) its ability to provide an opinion on whether the **capex forecast** information in the intended **CPP proposal** has been prepared in accordance with the **policies** and **planning standards**-
 - (i) in aggregate; and
 - (ii) for each of the **capex categories**;
 - (e) its ability to provide an opinion on whether the **opex forecast** information in the intended **CPP proposal** has been prepared in accordance with the **policies** and **planning standards**-

- (i) in aggregate; and
 - (ii) for each of the **opex categories**;
- (f) its ability to assess any **quality standard variation** proposed; and
- (g) the materiality of the **programmes** or **projects** to the **CPP proposal**, the **capex forecast** and the **opex forecast**.
- (3) The **identified programmes** selected in accordance with subclause (1) must address-
 - (a) a key risk that the **CPP applicant** is exposed to;
 - (b) a key driver of the need to submit a **CPP proposal**; or
 - (c) an **obligation** that has a significant impact in the context of the **CPP applicant's overall business**.
- (4) The **verifier** must-
 - (a) notify the **CPP applicant** of its selected **projects** or **programmes**; and
 - (b) not change its selection after such notification.

G5 Capex forecast

- (1) The **verifier** must-
 - (a) provide an opinion as to whether the-
 - (i) **policies**;
 - (ii) **planning standards**; and
 - (iii) **key assumptions**,

relied upon by the **CPP applicant** in determining the **capex forecast** are of the nature and quality required for that **capex forecast** to meet the **expenditure objective**;
 - (b) provide an opinion as to whether the **capex forecast** has been prepared in accordance with the **policies** and **planning standards** at both the aggregate system level and for each of the **capex categories**;
 - (c) provide an opinion on the reasonableness of the **key assumptions** relevant to **capex** relied upon the **CPP applicant** including-
 - (i) the method and information used to develop them;
 - (ii) how they were applied; and
 - (iii) their effect or impact on the **capex forecast** by comparison to their effect or impact on **actual capex**;

- (d) report conclusions of a detailed review of **identified programmes** that are **capex projects** or **capex programmes** including, but not limited to assessment of-
 - (i) whether relevant **policies** and **planning standards** were applied appropriately;
 - (ii) whether **policies** regarding the need for, and prioritisation of, the **project** or **programme** are reasonable and have been applied appropriately;
 - (iii) the process undertaken by the **CPP applicant** to determine the reasonableness and cost-effectiveness of the chosen solution, including the use of cost-benefit analyses to target efficient solutions;
 - (iv) the approach used to prioritise **capex projects** over time including the application of that approach for the **next period**;
 - (v) the **project** capital costing methodology and formulation, including unit rate sources, the method used to test the efficiency of unit rates and the level of contingencies included for **projects**;
 - (vi) the impact on other cost categories including the relationship with **opex**;
 - (vii) links with other **projects**;
 - (viii) cost control and delivery performance for **actual capex**;
 - (ix) the efficiency of the proposed approach to procurement; and
 - (x) whether it should be included as a **contingent project** or part of a **contingent project**;
 - (e) provide an opinion as to overall **deliverability** of work covered by the **capex categories** in the **next period**; and
 - (f) provide an opinion as to the reasonableness and adequacy of any asset replacement models used to prepare the **capex forecast** including an assessment of-
 - (i) the inputs used within the model; and
 - (ii) the methods the **CPP applicant** used to check the reasonableness of the forecasts and related expenditure.
- (2) Based on its analysis under this clause the **verifier** must provide its opinion on whether the applicant's forecast of total **capex** meets the **expenditure objective** and, if not identify-

- (a) whether the provision of further information is required to enable assessment against the **expenditure objective** to be undertaken and, if so, the type of information required;
- (b) which of the **CPP applicant's forecast capex programmes** for each **capex category** might warrant further assessment by the **Commission**; and
- (c) what type of assessment would be the most effective.

G6 Opex forecast

(1) The verifier must-

- (a) provide an opinion as to whether the-
 - (i) **policies**,
 - (ii) **planning standards**; and
 - (iii) **key assumptions**,
 relied upon by the **CPP applicant** in determining the **opex forecast** are of the nature and quality required for that **opex forecast** to meet the **expenditure objective**;
- (b) provide an opinion as to whether the **opex forecast** has been prepared in accordance with the **policies** and **planning standards**, at both the aggregate system level and for each of the **opex categories**;
- (c) provide an opinion on the reasonableness of the **key assumptions** relevant to **opex** relied upon by the **CPP applicant** including-
 - (i) the method and information used to develop them;
 - (ii) how they have been applied; and
 - (iii) their effect or impact on the **opex forecast** by comparison to their effect or impact on **actual opex**;
- (d) review, assess and report on any other **opex** drivers not covered by the **key assumptions** that have led to an increase in the **opex forecast** including whether the quantum of such an increase is required to meet the **expenditure objective**;
- (e) provide an opinion as to the reasonableness of the methodology used in forecasting **opex** (such as cost benchmarking or internal historic cost trending), including the relationship between the **opex forecast** and **capex forecast**;
- (f) provide an opinion as to the reasonableness of any **opex** reduction initiatives undertaken or planned during the **current period** or the **next period**;

- (g) report conclusions of a detailed review of **identified programmes** that are **opex projects** or **opex programmes**, but is not limited to, an assessment of-
 - (i) whether relevant **policies** and **planning standards** were applied appropriately;
 - (ii) whether **policies** regarding the need for, and prioritisation of, the **project** or **programme** are reasonable and have been applied appropriately;
 - (iii) the process undertaken by the **CPP applicant** to determine the reasonableness and cost-effectiveness of the chosen solution, including the use of cost-benefit analyses to target efficient solutions;
 - (iv) the approach used to prioritise **opex projects** over time including the application of that approach for the **next period**;
 - (v) the **project operating cost** methodology and formulation, including unit rate sources, the method used to test the efficiency of unit rates and the level of contingencies included for **projects**;
 - (vi) the impact on other cost categories including the relationship with **capex**;
 - (vii) links with other **projects**;
 - (viii) cost control and delivery performance for **actual opex**;
 - (ix) the efficiency of the proposed approach to procurement; and
 - (x) whether it should be included as a **contingent project** or part of a **contingent project**;
 - (h) provide an opinion as to overall **deliverability** of work covered by the **opex categories** in the **next period**; and
 - (i) provide an opinion as to the reasonableness and adequacy of any **opex** models used to prepare the **opex forecast** including an assessment of-
 - (i) the inputs used within the model; and
 - (ii) any methods the **CPP applicant** used to check the reasonableness of the forecasts and related expenditure.
- (2) Based on analysis in accordance with this clause, the **verifier** must provide an opinion on whether the **CPP applicant's** forecast of total **opex** meets the **expenditure objective** and, if not, identify-

- (a) whether the provision of further information is required to enable assessment against the **expenditure objective** to be undertaken and, if so, the type of information required;
- (b) which of the **CPP applicant's** forecast **opex programmes** for each **opex category** might warrant further assessment by the **Commission**; and
- (c) what type of assessment would be the most effective.

G7 Capital contributions

The **verifier** must provide an opinion as to whether the forecast of **capital contributions**-

- (a) is reasonable; and
- (b) consistent with other aspects of the **CPP proposal**, in particular-
 - (i) the **capex forecast**; and
 - (ii) forecast demand data provided in accordance with clause D6.

G8 Demand forecasts

- (1) The **verifier** must provide an opinion as to whether-
 - (a) the **key assumptions**, key input data and forecasting methods used in determining demand forecasts were reasonable; and
 - (b) it was appropriate to use the demand forecasts resulting from these methods and assumptions to determine the-
 - (i) **capex forecast**; and
 - (ii) **opex forecast**.

G9 Assessment techniques

- (1) When-
 - (a) undertaking analysis and reviews of information; and
 - (b) considering the matters,

required by this Schedule, the **verifier** must use some or all of the following assessment techniques:

 - (c) process benchmarking;
 - (d) process or functional modelling;
 - (e) unit rate benchmarking;
 - (f) trending or time-series analysis;

- (g) high level governance and process reviews;
- (h) internal benchmarking of forecast costs against costs in the **current period**;
- (i) **capex category** and **opex category** benchmarking;
- (j) **project** and **programme** sampling; and
- (k) critiques or **independent** development of-
 - (i) demand forecasts;
 - (ii) labour unit cost forecasts;
 - (iii) materials forecasts;
 - (iv) plant forecasts; and
 - (v) equipment unit cost forecasts.
- (2) The **verifier** must explain why particular techniques listed in subclause (1) were applied and others were not applied.
- (3) Where, for the purpose of applying any of the techniques listed in subclause (1), the **verifier** uses information that is not provided to it by the **CPP applicant**, the **verifier** must, in respect of that information-
 - (a) describe in the draft verification report its nature and source and the reason for wishing to rely on it;
 - (b) subject to subclause (4), provide it to the **CPP applicant**;
 - (c) when finalising the **verification report**, take into account any comments made about it by the **CPP applicant** in response to the draft verification report; and
 - (d) where, notwithstanding paragraph (c), the **verifier** continues to rely on it, describe in the **verification report**-
 - (i) the nature and source of the information relied upon and the reason for relying on it; and
 - (ii) the **CPP applicant's** concerns in respect thereof.
- (4) Subclause (3)(b) does not apply if the **verifier's** terms of use of the information prevent such disclosure.

G10 Contingent projects

- (1) For each proposed **contingent project**, the **verifier** must provide an opinion as to whether that **project** or **programme** satisfies the following criteria:
 - (a) it is-

- (i) reasonably required of an **EDB** in meeting the **expenditure objective**; and
 - (ii) one that associated assets are likely to be **commissioned**, during the **CPP regulatory period**;
- (b) a commencement date cannot be forecast with an appropriate degree of specificity by comparison with other proposed **projects** or **programmes**;
- (c) the total of **capex forecast** and **opex forecast** in relation to the **project** or **programme**-
 - (i) as disclosed in the **CPP proposal** exceeds 10% of the value of the **CPP applicant's** annual revenue in the most recently completed **disclosure year** in respect of an **ID determination**;
 - (ii) is reasonable in dollar terms; and
 - (iii) would be likely, when forecast with reasonable certainty, to meet the **expenditure objective**.
- (2) For each proposed **trigger event**, the **verifier** must provide an opinion as to whether it meets the requirements of clause 5.6.10(3).

G11 Completeness of CPP proposal

A **verification report** must-

- (a) list the information in, and relating to, the **CPP proposal** provided by the **CPP applicant** to the **verifier**, that was relied upon by the **verifier** in fulfilling its obligations under Schedule G;
- (b) state each type of information in respect of which this schedule requires the **verifier's** consideration or opinion that the **verifier** considers has been omitted from the **CPP proposal**, including information that is incomplete or insufficient, and the relevant requirement in Part 5, Subpart 4 to provide the information in question;
- (c) where information is identified as insufficient in accordance with paragraph (b), state the nature of additional information the **verifier** considers that the **CPP proposal** requires to fulfil the information requirement in question;
- (d) state the extent to which the omission, incompleteness or insufficiency of information has impaired the **verifier's** judgement as to whether the **capex forecast** and **opex forecast** for the **next period** meets the **expenditure objective**; and

- (e) explain why the **verifier** has selected the **identified programmes** in accordance with clause G4(1).

G12 Overview of key issues and additional information requirements

Based on its assessment, the **verifier** must, in the **verification report**-

- (a) provide a list of the key issues that it considers the **Commission** should focus on when undertaking its own assessment of the information to which the assessment related;
- (b) specify information identified in the **CPP proposal** that, were it to be provided, would assist the **Commission's** assessment of the **CPP proposal**; and
- (c) identify any other information it reasonably believes would-
 - (i) be held by the **CPP applicant**; and
 - (ii) assist the **Commission's** assessment of the **CPP proposal**.

Explanatory note

This note is not part of the determination but is intended to indicate its general effect.

This determination consolidates the Electricity Distribution Services Input Methodologies Determination 2012 ('principal determination').

This is secondary legislation issued under the authority of the Legislation Act 2019 .	
Title	Electricity Distribution Services Input Methodologies Determination (Consolidated as at 1 September 2026)
Principal or amendment	Principal
Consolidated version	Yes
Empowering Act and provisions	Commerce Act 1986 Section 52W
Replacement empowering Act and provisions	Not applicable
Maker name	Commerce Commission
Administering agency	Commerce Commission
Date made	28 September 2012
Publication date	28 September 2012
Notification date	Not applicable
Commencement date	12 October 2012
End date (when applicable)	Not applicable
Consolidation as at date	1 September 2026
Related instruments	Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26. Refer to Determination History section, above.