

Explanatory notes to performance summaries for gas distributors

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CONTENTS

PURPOSE OF THE PERFORMANCE SUMMARIES AND EXPLANATORY NOTES.....	3
GENERAL INFORMATION.....	3
FEEDBACK.....	4
DISCLAIMER.....	4
OUTLINE	4
SUMMARY STATISTICS	6
RAB CHANGES	6
LINE CHARGE REVENUES	6
SERVICE	7
SYSTEM RELIABILITY AND INTEGRITY	7
CAPITAL EXPENDITURE.....	7
OPERATING EXPENDITURE	8
COMPANY DETAILS.....	8
ASSET CONDITION	9

Purpose of the performance summaries and explanatory notes

1. The summaries are designed to promote a better understanding of each gas distribution business' (GDB) performance by providing high-level statistics in an easy to follow format on measures such as profitability, capital and operating expenditure, asset condition, line charge revenue, network reliability and service.
2. These performance summaries are available as a PDF page for each gas distributor or an Excel workbook, and can be found on our [website](#).
3. The purpose of these explanatory notes is to provide guidance on the interpretation of the metrics contained in these performance summaries.

General information

4. The information compiled for the performance summaries is derived from publicly available data.¹ The current performance summaries cover the period ending 30 June 2024 for GasNet and Vector and 30 September 2024 for First Gas and Powerco (disclosure year 2024).²
5. The metrics we have highlighted present a snapshot in time and are not intended to represent a thorough picture of performance. The summaries suggest some differences between the performance of different companies, such as the health of assets including pipes, district regulator stations and line valves. In cases of apparent poor performance, we will follow up with the companies to better understand their circumstances and we are likely to undertake further detailed analysis in future.
6. All four individual gas distribution businesses have been aggregated to provide a snapshot of the industry. Generally, sums or weighted averages are used. However, for reliability and service measures the simple average of the distributors has been used.
7. When assessing a gas distribution business against the industry average or other businesses it is important to note where there may be differences in the nature of their networks, for example, size or density of the network.

¹ The Commission annually publishes a database of information disclosure data provided by gas distributors. The latest database is located on our [website](#).

² Unless otherwise stated, all values within the performance summaries refer to 2024.

8. The performance summaries express financial terms in nominal dollars. For clarity, figures from Information Disclosure Schedule 11a(iv) (Report on forecast capital expenditure – Asset replacement and renewal) that are only provided in constant prices have been converted to nominal.³ This has been achieved by comparing the constant and nominal figures provided in Schedule 11a(i) (Report on forecast capital expenditure – Expenditure on assets forecast) to attain a modifier.

Feedback

9. We welcome feedback on the performance summaries or this document for future consideration. Please send feedback to infrastructure.regulation@comcom.govt.nz with “Performance summaries of GDBs – feedback” as the subject.

Disclaimer

10. Most of the data collected through information disclosures has either been audited and/or certified by the directors of the businesses. However, we do not guarantee that there are no errors in the data provided.
11. While all reasonable care and diligence has been used in processing and extracting the data used in the performance summaries, we do not guarantee that the data and information presented is error-free. Users should apply reasonable care in the use of or reliance on any material contained in this document or the performance summaries.

Outline

12. The following page has an outline of the performance summaries with sections broken down into boxes. Please refer to the hyperlink for further detail on that section.

³ Gas Distribution Information Disclosure Determination 2012 [2012] NZCC 23 (Information Disclosure Determination). A copy of the current consolidated determination can be found [here](#).

Drop down to change business drop-down to change company Explanatory documentation: [Link](#)

Summary statistics		
	5 year trend	3 year CAGR
Regulatory asset base	\$1,206m	+4.3%
Regulatory profit	\$67.5m	-4.4%
Return on investment	6.38%	-8.3%
Line charge revenue	\$168.2m	+8.0%
Other income	\$2.3m	+18.5%
Consumer connections	311,674	+0.6%
Total gas covered	1,551km	-2.5%
Maximum daily load	156.8 t	-3.3%
Load factor	78.75%	-0.2%
Capital expenditure	\$47.2m	-8.2%
Operating expenditure	\$51.9m	+6.1%
Capital contributions	\$12.3m	+4.5%
Related party transactions	\$22.8m	-3.1%
System length	18,997km	+0.7%

Annualised RAB changes (2022–2024)		
Opening RAB: \$1,064.1million	Closing RAB: \$1,206.3million	change: \$142.1m (+4.3% p.a.)
Revaluations	Assets	Depreciation
Asset disposals		
Other adjustments		

Line charge revenues		
	Proportion of revenue	Charges per unit
Average daily charge	56.9%	84.2 C/ICP
Delivery (C/ICP)		2.30 \$/GJ
2021	Fixed	
2024	Variable	

Service		
	5 year trend	
Number of emergencies	209	↓
Average call response time (hours)	0.55	↑
Proportion of emergencies responded to within 1 hour	93.8%	↓
Proportion of emergencies responded to within 3 hours	100.0%	○

System reliability and integrity		
	5-year trend	
Planned interruptions on the network	1,199	↓
Unplanned interruptions on the network	402	↓
Interruptions per 100km	506.97	↓
Confirmed public reported gas escapes	824	↓
Total SAIDI (minutes per 100km)	8.42	↓
Total SAIFI (interruptions per 1000 customers)		

Summary statistics

RAB changes

Line charge revenues

Service


System reliability and integrity

Capital expenditure				
3 year ratios				
Total capex / asset base	Total capex / system length	Total capex / connections	Total capex / depreciation	
4.5%	\$2.83 per m	\$173	0.98	
Capex by expenditure category				
category	Average (2022–2024)	5 year trend	% of capex	
Consumer connection	\$23.66m		44.1%	
Asset replacement & renewal	\$13.73m		25.6%	
Non-network assets	\$5.69m		10.6%	
System growth	\$4.75m		8.9%	
Asset relocations	\$3.04m		5.7%	
Reliability, safety & environment	\$2.72m		5.1%	
Total capital expenditure	\$53.60m		100.0%	
Related party transactions	\$10.20m		19.0%	









Capital expenditure



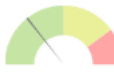





Operating expenditure				
3 year ratios				
Total opex / asset base	Network opex / system length	Non-network opex / connections	Network opex / GJ	
4.1%	\$1.03 per m	\$93	60.9C per GJ	
Opex by expenditure category				
category	Average (2022–2024)	5 year trend	% of opex	
Business support	\$19.30m		39.8%	
Routine & corrective maintenance	\$10.70m		22.1%	
System operations & network support	\$9.72m		20.1%	
Service interruptions & emergencies	\$5.29m		10.9%	
Asset replacement & renewal	\$3.45m		7.1%	
Total operating expenditure	\$48.47m		100.0%	
Related party transactions	\$8.78m		18.1%	

Operating expenditure

Summary database: [Link](#) 2024  Te Kōwhiri Raukōwhiri

Company details				
PQ Regulated?	-			
Year end:	-			
:	-			
Ownership:	-			
Head Office:	New Zealand			
Phone number:	-			
Website:	-			

Pipeline assets				
Estimated state of the assets				
	IP Main pipes	Medium Pressure Main pipes	Low Pressure Main pipes	Service pipes
Quantity	695km	11,789km	271km	6,236km
PE/steel/other	0.5%/99.5%/0.0%	95.7%/4.1%/0.2%	81.9%/3.4%/14.7%	97.4%/1.6%/0.9%
RAB Value	\$127.0m	\$624.2m	\$22.0m	\$301.9m
Grade 1 / 2	0.0% / 0.0%	1.9% / 6.9%	0.0% / 0.8%	0.0% / 0.8%
Unknown grade	7.4%	0.7%	0.5%	0.7%
Average age	41 years	27 years	38 years	25 years
Over generic age	0km (0.0%)	41km (15.1%)	15km (0.2%)	
Unknown age	0.0%	0.0%	0.0%	0.0%
5yr replacement req (est)	0.2%	0.2%	5.3%	0.5%
5yr planned replacement	0.0%	0.0%	3.7%	1.6%
Forecast repex (ave)	\$115k (-83%)	\$7,726k (+35%)	\$591k (+122%)	\$2,331k (+33%)
Repex series				

Non-pipeline assets				
Estimated state of the assets				
	District Regulator Stations	Line Valves	Special Crossings	Other Network Assets
Quantity	514	7,915	589	385
RAB Value	\$24.1m	\$17.0m	\$8.9m	\$51.4m
Grade 1 / 2	0.5% / 15.0%	0.6% / 7.0%	1.3% / 12.9%	14.0% / 15.5%
Unknown grade	0.0%	0.0%	3.3%	0.0%
Average age	26 years	26 years	34 years	20 years
Over generic age	177 (34.4%)	68 (0.9%)	0 (0.0%)	210 (54.5%)
Unknown age	0.0%	0.0%	0.4%	9.4%
5yr replacement req (est)	8.0%	4.1%	7.7%	21.8%
5yr planned replacement	2.7%	0.2%	6.6%	61.1%
Forecast repex (ave)	\$2,135k (+15%)	\$610k (-55%)	\$453k (-51%)	\$1,128k (-7%)
Repex series				

Company details

Asset condition

Pipelines

Asset condition

All other network assets

Summary statistics

13. For various high-level parameters there are three columns representing:
 - 13.1 the actual value for 2024;
 - 13.2 a small graph showing the 5 year trend (the mini-graphs can be hovered over in Excel to see the actual values for the time series); and
 - 13.3 the three year compound annual growth rate (CAGR).

RAB changes

14. This section summarises the change in the value of each business' assets (known as the regulatory asset base (RAB)) over the last three years, and the breakdown of that change.⁴

Line charge revenues

15. Line charges have been disaggregated into fixed and variable charges based on the data provided in Schedule 8 (Report on billed quantities and line charge revenues) of the information disclosures provided by each gas distributor. The data is presented in two columns:
 - 15.1 the proportion of total revenue sourced from each charging category for the latest year; and
 - 15.2 the average charge per unit based on the applicable quantity:
 - 15.2.1 for fixed charges, the average daily charge per customer; and
 - 15.2.2 for variable charges, the average charge per gigajoule of gas delivered to customers.
16. The bar graph illustrates the proportion of revenue from each charging category for the latest year and three years prior. This is intended to indicate any changes in the charging categories, such as a tariff restructure.
17. Gas distributors can have very different tariff structures, both between distributors and between customer groups. Caution is required when interpreting this section and both types of charges should be looked at in combination rather than in isolation. It is important to note that the line charge revenue includes all charges across consumer types including both residential and commercial.⁵

⁴ We note that for the year 2017 our methodology for calculating the annualised RAB changes for the industry and for 'Vector + First Gas' will be slightly overstated due to First Gas' 15 month 2017 information disclosure, however, we do not consider this material.

⁵ This is a change from the line charge revenue figures reported in previous performance summaries, which were based on residential customers only.

Service

18. This section summarises the service statistics for the network. The arrows show the general direction of that service measure over the last five years.

System reliability and integrity

19. This section summarises the reliability statistics for the network and therefore includes Class B (planned) and Class C (unplanned) interruptions. SAIDI and SAIFI numbers are based on the total number of interruptions. The arrows show the general direction of that reliability measure over the last five years.
20. The reliability measures used in the performance summaries have not been adjusted for extreme events which can have a significant impact on the gas distributor.

Capital expenditure

21. The main graph shows historical actual capital expenditure with a solid line and forecast capital expenditure with a dashed line. References to the forecast from the previous two years are also included (where known) to enable comparison of previous forecasts with actual capital expenditure.
22. Four ratios are provided. To account for lumpy expenditure the ratios are over the most recent three years. These ratios are:
 - 22.1 total capex over asset base – the percentage of capital expenditure relative to the regulatory asset base;
 - 22.2 total capex over system length – the amount of capital expenditure spent per kilometre of pipeline;
 - 22.3 average capex per connection – the amount of capital expenditure spent per consumer; and
 - 22.4 total capex over depreciation – the ratio of capital expenditure to the depreciation during the period. This is intended to assess whether the distributor is replacing the value lost through depreciation (although the capex will include some expenditure to manage growth in addition to replacement of old degraded assets).
23. Capital expenditure is broken down into the categories contained in information disclosure, and the amount of capital expenditure that is spent through related parties is also shown. The three columns are:
 - 23.1 'Average (2022-2024)' – the average capital expenditure over the last three years;
 - 23.2 '5 year trend' – a small graph showing the 5 year trend (the mini-graphs can be hovered over in Excel to see the actual values for the time series); and

- 23.3 ' % of capex' – the percentage that category makes up of the total capital expenditure.

Operating expenditure

24. The main graph shows historical actual operating expenditure with a solid line and forecast operating expenditure with a dashed line. References to the forecast from the previous two years are also included (where known), to enable comparison of previous forecasts with actual operating expenditure.
25. Four ratios are provided. Consistent with capital expenditure, these ratios are over the most recent three years. These ratios are:
- 25.1 total opex over asset base – the percentage of operational expenditure relative to the regulatory asset base;
- 25.2 network opex over system length – the amount of operating expenditure spent on the network per kilometre pipeline;
- 25.3 non-network opex per connection – the amount of operating expenditure spent on non-network activities per consumer; and
- 25.4 total opex over GJ – the amount of operating expenditure spent per gigajoule of gas conveyed.
26. Operating expenditure is broken down into the categories contained in information disclosure, and the amount that is spent through related parties is also shown. The three columns are:
- 26.1 'Average (2022-2024)' – the average operating expenditure over the last three years;
- 26.2 '5 year trend' – a small graph showing the 5 year trend (the mini-graphs can be hovered over in Excel to see the actual values for the time series); and
- 26.3 ' % of opex' – the percentage that category makes up of the total operating expenditure.

Company details

27. This section provides general information about the gas distributor, including contact details, as at the publication date.

Asset condition

28. The two sections on asset condition cover eight asset categories including pipelines, district regulator stations, line valves and special crossings.
29. Other network assets consist of monitoring and control systems and cathodic protection systems.
30. Aside from RAB values, asset condition information shows most recent year information and does not change when different years are selected using the drop down.
31. For each of the asset categories a dial is used to indicate the condition of these assets. On the dial: green is indicatively good, yellow is appears OK, and red is a potential risk. We encourage the user to refer to the distributors' latest asset management plan for further information on the state of its assets.
32. A formulaic approach has been used to determine where each of the asset dials are located and judgement has been applied on how much weighting to give grade 1, grade 2, unknown grade, and old assets.⁶ Table 1 below includes the definitions of each asset grade. For indicative purposes:
 - 32.1 over 15% of assets being classed as grade 1 will put that asset category into the red zone;
 - 32.2 over 60% of assets category being grade 2, unknown grade, or over its generic age (with accordance to paragraph 33.1 below) will put that asset into the red zone; or
 - 32.3 some combination of the above.
33. Also, for each of the asset categories there is some summary data relating to quantity, age, grading, and replacement intentions.
 - 33.1 Over generic age – the number of assets that exceed the standard physical asset lives in accordance with Schedule A of the Gas Distribution Services Input Methodologies, or in the case of cathodic protection systems, 35 years.⁷
 - 33.2 5-year replacement required – our estimation of the proportion of assets requiring replacement over the next five years, which is based on the number of grade 1 (100%) and grade 2 (50%) as disclosed by the distributor.

⁶ The other network assets dials are impacted by the high proportion of assets over the generic age. The dials should be considered along with the other detailed information provided by the businesses which indicates the condition of those assets including the average grade of assets and those assets assessed as being Grade 1/2.

⁷ *Commerce Act (Gas Distribution Services Input Methodologies) Determination 2012* [2012] NZCC 27, as amended.

- 33.3 5 year planned replacement – the percentage that the distributor intends to replace over the next five years. Concerns may be raised if this differs significantly from our estimation above.
- 33.4 Forecast repex – refers to the projected average annual expenditure on asset replacement and renewal for the next five years, as outlined in the gas distributor’s asset management plan. This figure is compared against historical spending to assess trends and investment consistency.
- 33.5 Repex series – a time series of actual and forecast asset replacement and renewal expenditure associated with the asset.
34. Our treatment of asset grades is guided by definitions provided in the Information Disclosure Determination and replicated in Table 1 below. Gas distribution businesses have scope to apply judgement when assigning a grade to their assets. We caution that asset condition is a somewhat subjective measure and gas distributors may have different interpretations on what each grade means.

Table 1: Definitions of asset grades

Grade 1	means end of serviceable life, immediate intervention required
Grade 2	means material deterioration but asset condition still within serviceable life parameters. Intervention likely to be required within 3 years.
Grade 3	means normal deterioration requiring regular monitoring
Grade 4	means good or as new condition
Grade unknown	means condition unknown or not yet assessed

35. For the 2022 year onwards, the standard physical asset life of district regulator stations has been changed from 25 years to 35 years. This reflects the standard set in Schedule A of the Gas Distribution Services Input Methodologies.⁸
36. We received feedback that the inclusion of both the dial and the average grade for pipeline and non-pipeline assets could be confusing, and as a result we have removed the average grade metric from these summaries.

⁸ *Commerce Act (Gas Distribution Services Input Methodologies) Determination 2012* [2012] NZCC 27, as amended.