

24 March 2021

Jim Coe  
General Manager  
GasNet Limited  
PO Box 7149  
Whanganui 4541  
New Zealand

By email: [Jim@gasnet.co.nz](mailto:Jim@gasnet.co.nz)

Dear Jim,

**Amendment to exemption for GasNet Limited 2020 information disclosure due 31 March 2021**

1. On 15 December 2020, the Commerce Commission (**Commission**) granted GasNet Limited (**GasNet**) an exemption (**2020 Exemption**)<sup>1</sup> from information disclosures (**ID**) for the disclosure year ended 30 June 2020 (**DY2020**) as required by clauses 2.3.1, 2.3.2, 2.3.8, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.4.21, 2.4.22, 2.5.1, 2.5.2, 2.7.1 and 2.7.3 of the Gas Distribution Information Disclosure Determination 2012 (**ID Determination**).<sup>2</sup> The 2020 Exemption exempted GasNet from disclosing the DY2020 ID required under these clauses until 31 March 2021.
2. You wrote to us on 3 March 2021, to explain that GasNet did not expect to meet the 31 March 2021 deadline for its DY2020 ID (as provided by the 2020 Exemption) due to delays stemming from its independent auditor's audit of its financial statements for the 2019/2020 financial year and requested the Commission's consideration and guidance as to a compliant way forward.

**Background to extension**

3. You wrote to us on 3 March 2021, explaining that since we granted GasNet an exemption on 15 December 2020, GasNet:

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<sup>1</sup> The 2020 Exemption was made in accordance with clause 2.11.1(1) of the ID Determination and is available on the Commission's website at:  
[https://comcom.govt.nz/data/assets/pdf\\_file/0010/230410/Gasnet-Limited-ID-exemption-request-response-15-December-2020.pdf](https://comcom.govt.nz/data/assets/pdf_file/0010/230410/Gasnet-Limited-ID-exemption-request-response-15-December-2020.pdf)

<sup>2</sup> The ID Determination is available on the Commission's website at:  
[https://comcom.govt.nz/data/assets/pdf\\_file/0027/78804/Gas-distribution-information-disclosure-determination-2012-consolidated-3-April-2018.pdf](https://comcom.govt.nz/data/assets/pdf_file/0027/78804/Gas-distribution-information-disclosure-determination-2012-consolidated-3-April-2018.pdf)

- 3.1 had provided the Commission with a copy of its unaudited ID for DY2020 by 5pm 18 January 2021;
  - 3.2 had published its 2020 Default Price-Quality Path Annual Compliance Statement on 9 December 2020;
  - 3.3 was continuing to work with its independent auditor on asset impairment matters relating to the audit of GasNet's financial statements for the 2019/2020 financial year;
  - 3.4 did not think it was possible to obtain its independent auditor's opinion on its finalised DY2020 ID and submit these to the Commission by 5pm on 31 March 2021 due to delays stemming from its independent auditor's audit of its financial statements for the 2019/2020 financial year; and
  - 3.5 requested the Commission's consideration and guidance as to a compliant way forward.
4. On 5 March 2021, GasNet further advised us that it:
- 4.1 currently expected its DY2020 ID schedules unaffected by impairment to be audited and an opinion available by 31 March 2021; and
  - 4.2 had engaged a third party to undertake impairment modelling in line with its independent auditor's requirements and it was hoped this would be with its independent auditor later in March 2021.

#### **Commission consideration**

5. We consider that GasNet's request is reasonable given that:
- 5.1 we accept the initial delay to GasNet's audit for the 2019/2020 financial year was outside of GasNet's control;<sup>3</sup>
  - 5.2 since the 2020 Exemption was granted, GasNet has to date satisfied the requirements of the 2020 Exemption (i.e. provided the Commission with a copy of its unaudited DY2020 ID by 5pm 18 January 2021), as well as its other regulatory requirements (e.g. publication of its 2020 Default Price-Quality Path Annual Compliance Statement); and

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<sup>3</sup> GasNet's independent auditor had changed the audit deadline for various types of organisation's financial statements, including Council-controlled organisations (which GasNet's independent auditor considered GasNet to be), to 30 November 2020 or later. The change in deadline was based on COVID-19 impacts as allowed under the COVID-19 Response (Further Management Measures) Legislation Act (No 2) 2020. Based on our discussions with GasNet in early December 2020, GasNet did not expect its independent auditor to complete its 2019/2020 financial year audit until February 2021 and its DY2020 ID audit until late March 2021.

- 5.3 GasNet has proactively engaged and kept the Commission updated on this matter.

#### **Amendment to 2020 Exemption**

6. Under clause 2.11.1(2) of the ID Determination, the Commission amends paragraph 11.1 and 11.2 of the 2020 Exemption by replacing the words "31 March 2021" with the words "30 April 2021".
7. This amendment in this notice has the effect of requiring GasNet to:
- 7.1 publicly disclose its ID required under clauses 2.3.1, 2.3.8, 2.3.10, 2.3.12, 2.3.13, 2.4.21, 2.4.22, 2.5.1, 2.5.2, 2.7.1 and 2.7.3 of the ID Determination for DY2020 by **5pm 30 April 2021**; and
- 7.2 provide the Commission its ID required under clauses 2.3.2 and 2.3.11 of the ID Determination for DY2020 by **5pm 30 April 2021**.

#### **Further information**

8. The 2020 Exemption may be revoked or further amended by the Commission at any time in accordance with clause 2.11.1(2) of the ID Determination.
9. A copy of this exemption amendment will be published on the Commission's website.
10. The amendment in this notice has been granted:
- 10.1 on an exceptional basis in light of circumstances reported as outside of GasNet's control; and
- 10.2 under the expectation GasNet will comply with the revised deadline.
11. If you have any questions regarding this matter, please contact [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz)

Yours sincerely



Andy Burgess

Head of Energy, Airports and Dairy - Regulation