Decision No. [XXX]

## Draft Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012

**The Commerce Commission: Dr M Berry**

**S Begg**

**P Duignan**

**S Gale**

**Summary of the determination**: Pursuant to Part 4 of the Commerce Act 1986, the Commerce Commission has determined information disclosure requirements that apply to gas transmission businesses.

**This determination is currently in draft form and is intended for consultation purposes only. Following submissions on this draft determination, a final determination will be made. This is expected to occur by the end of May 2012.**

Date of Decision: [xx xxxxxxx 2012]

COMMERCE ACT (GAS TRANSMISSION SERVICES INFORMATION DISCLOSURE) DETERMINATION 2012

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Pursuant to Part 4 of the Commerce Act 1986, the Commerce Commission makes the following determination:

1. GENERAL PROVISIONS
   1. Title
      1. This determination is the Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012.
   2. Commencement DATE
      1. This determination comes into force on [ ].
   3. Application
      1. This determination applies to **gas transmission businesses** as suppliers of regulated goods and services under Part 4 of the **Act**.
   4. Interpretation
      1. In this determination, unless the context otherwise requires—
         1. Terms in bold type in the main body of this determination (this includes the appendices) have the meaning given to those terms in this section 1.4 . Terms used in the Schedules are defined in Schedule 16;
         2. Terms used in this determination that are defined in the **Act** but not in this determination, have the same meanings as in the **Act**;
         3. Terms used in this determination that are defined in the **IM determination** but not in this determination have the same meanings as in the **IM determination**;
         4. A word which denotes the singular also denotes the plural and vice versa;
         5. An obligation to do something is deemed to include an obligation to cause that thing to be done;
         6. Financial items must be measured and disclosed in accordance with **GAAP** unless otherwise required in this Determination;
         7. Non-financial items must be measured and disclosed in accordance with standard industry practice unless otherwise required in this Determination.
      2. If there is any inconsistency between the main body of this determination (including the Appendices) and any schedule to this determination, the main body of this determination prevails.
      3. In this determination, the words or phrases in bold type bear the following meanings:

## A

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| --- | --- |
| **Act** | means the Commerce Act 1986 |
| **Allocated works under construction** | means, for the components of the **works under construction** roll-forward, the **works under construction** values after the application of clause 2.1.1 of the **IM determination** |
| **Allocation methodology type** | has the meaning set out in the **IM determination** |
| **Allocator** | means the measure used to allocate **operating costs** or **regulated service asset values** that are **not directly attributable** as set out in clause 2.1.3 or clause 2.1.5 of the **IM determination** |
| AMP | means **asset management plan** |
| AMP planning period | has the meaning specified in subclause of Appendix A to this determination |
| AMP update | has the meaning specified in clause of this determination |
| Asset management plan | has the meaning specified in clause of this determination |
| **Asset relocations** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is the need to relocate assets due to third party requests, such as for the purpose of allowing road widening or similar needs. This expenditure category includes **gross capital expenditure** relating to the undergrounding of previously aboveground assets at the request of a third party. |
| **Asset replacement and renewal** | means:   1. in relation to capital expenditure, **gross capital expenditure** 2. In relation to operational expenditure, **operational expenditure**   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 as a result of:   * the progressive physical deterioration of the condition of **network** assets or their immediate surrounds; * the obsolescence of **network** assets; * preventative replacement programmes, consistent with asset life-cycle management policies; or * the need to ensure the ongoing physical security of the **network** assets. |
| **Assets acquired from a related party** | means:   1. in relation to the **unallocated RAB**, the sum of value of assets acquired from a **related party** as determined in accordance with clauses 2.2.11(1)(f) and (g) of the **IM determination**; 2. in relation to the **RAB**, means the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the **gas transmission services** in accordance with clause 2.1.1 of the **IM determination** |
| **Assets commissioned** | means:   1. in relation to the **unallocated RAB** or **works under construction**, the sum of value of **commissioned** assets as determined in accordance with clause 2.2.11 of the **IM determination**; 2. in relation to the **RAB**, the value of the assets (as determined in accordance with paragraph (a)) which is allocated to the **gas transmission services** in accordance with clause 2.1.1 of the **IM determination**; 3. in relation to forecast information, a forecast of the value of the assets (as determined in accordance with paragraph (b)) for a future **disclosure year** |
| **Atypical** | means ‘one off’ or ‘exceptional’ costs incurred often as a result of events outside management control |
| **Audited disclosure information** | means information disclosed under any of clauses and in section , clause in section , clause of section clause 2.7.1 in section and of section of this determination. |

## B

## C

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| **Capital contributions** | has the meaning set out in the **IM determination** |
| **Capital expenditure** | means:   1. in relation to the **unallocated** **works under construction**, costs:    1. incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned**; and    2. that are included or are intended to be included in the value of **assets commissioned** relating to the **unallocated RAB**; 2. in relation to the report on **related party transactions**, costs:   (i) incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned**; and  (ii) that are included or are intended to be included in the value of assets **commissioned** relating to the **RAB**; and  (iii) that are as a result of **related party transactions**;   1. in all other instances, costs:    1. incurred or forecast to be incurred in the acquisition or development of an asset during the **disclosure year** that is, or is intended to be, **commissioned**; and    2. that are included or are intended to be included in the value of **assets commissioned** relating to the **RAB** |
| **Commencement date** | means the date specified in clause of this determination |
| **Commission** | means the Commerce Commission |
| **Commissioned** | has the meaning set out in the **IM determination** |
| Compressors | means [TBC by technical consultation] |
| Compressor stations | means a **station** where a compressor is used to increase the pressure of gas flowing in the **pipe** |
| Connection point | means a welded connection |
| **Consumer** | means a person that consumes or acquires gas transmission services |
| **Consumer group** | means the category of **consumers** used by the **GTB** for the purposes of setting **prices** |
| **Contract** | means a contract for the supply of goods or services (or both) whether or not the contract, or any part of the contract, is in writing and, for the avoidance of doubt, includes-   1. a contract under which goods or services (or both) are being supplied, although some or all of the terms and conditions in relation to the supply of those goods or services have not been settled; and 2. any operating agreement, side letter, or documentation that influences, adjusts or amends the terms and conditions of the contract |
| **Customer connection** | In relation to expenditure, means **gross capital expenditure** where the primary driver is the establishment of a new customer connection point or alterations to an existing customer connection point. This expenditure category includes **gross capital expenditure** relating to:   * connection assets and/or parts of the network for which the expenditure is recoverable in total, or in part, by a contribution from the customer requesting the new or altered connection point; and * both gas injection and offtake points of connection. |
| **CY, CY-X or CY+X** | means  (a) the **disclosure year** or  (b) where a '-' precedes 'X', the Xth year preceding the **disclosure year** or  (c) where a '+' precedes the 'X', the Xth year following the **disclosure year** |

## D

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| **Direct billing** | in relation to expenditure, means **operational expenditure** associated with directly billing end consumers and recovering payments due. This includes billing services, credit and debtor management, associated customer call centres, and customer account management |
| **Director** | has the meaning set out in the **IM determination** |
| **Directly attributable** | has the meaning set out in the **IM determination** |
| **Disclosure year** | means   * for Vector Limited, the 12 month period ending on 30 June of the year the disclosure relates or if the term disclosure year is proceeded by a year, the 12 month period ended on 30 June of that year * for Maui Development Limited, the 12 month period ending on 31 December of the year the disclosure relates or if the term disclosure year is proceeded by a year, the 12 month period ended on 31 December of that year. |
| **DPP regulatory period** | Has the meaning set out in the **IM Determination** |

## E

## F

## G

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| Gas transmission services | has the meaning set out in the IM determination |
| **GDB** | has the meaning set out in the Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010 |
| **Gross capital expenditure** | means **capital expenditure** plus **capital contributions** and **net value of vested assets** |
| **GTB** | has the meaning set out in the **IM determination** |

## H

## I

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| **Initial RAB** | has the meaning set out in the IM determination |
| **IM determination** | means the Commerce Act (Gas Transmission Services Input Methodologies) Determination 2010 |
| **Independent auditor** | means a person who:   1. is qualified for appointment as auditor of a company under the Companies Act 1993 or, where the **GPB** is a public entity (as defined in s 4 of the Public Audit Act 2001), is the Auditor-General; 2. has no relationship with, or interest in, the **GPB** that is likely to involve a conflict of interest; 3. has not assisted with the compilation of the information or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in compiling the information; and 4. is not associated with nor directed by any person who has provided any such assistance, advice, or opinion |
| **Initial RAB** |  |

## L

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| **Legislative and regulatory** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is a new regulatory or legal requirement that results in the creation of, or modification to, **network** assets. |
| **Line charge revenue** | means revenue from **prices** |

## M

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| **Main-line valve** | means a valve for stopping the flow of gas in a pipe |
| **Mark-up** | means the margin charged on the directly attributed cost incurred by the related party in providing a good or service which is included in the price of the good or service |

## N

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| **Net value of vested assets** | means the fair value of assets whose ownership is vested in a **GTB** (whether or not for some consideration) less any consideration paid for those assets |
| **Network** | has the meaning set out in the **IM determination** |
| Nominal New Zealand dollars | In relation to an expenditure or revenue forecast, means the New Zealand dollar prices expected to apply at the time of transaction |
| **Non-network capex** (or **non-system fixed assets)** | in relation to expenditure, means **gross capital expenditure** related to the provision of **gas pipeline services** but that is not directly related to any **network** asset, and includes expenditure on or in relation to:   * information and technology systems; * asset management systems; * office buildings, depots and workshops; * office furniture and equipment; * motor vehicles; * tools, plant and machinery; and   any other items treated as non-system fixed assets under Generally Accepted Accounting Practice (GAAP). |
| **Non-standard contract** | means a **contract** that is not a **standard contract** |
| **Not directly attributable** | means:   1. in relation to **operating costs**, **operating costs** that are not **directly attributable**; 2. in relation to **regulated service asset values**, **regulated service asset values** that are not **directly attributable** |

## O

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| **Offtake peak** | means, in relation to an offtake point on a transmission system, a period of specified duration during which the throughput of gas at the offtake point in the year ended 30 September is at its peak |
| **Operating cost** | has the meaning set out in the **IM determination** |
| **Operational expenditure** | means **operating costs** after applying clause 2.1.1 of the **IM determination**, except in relation to the report on **related party transactions** where it means operating costs after applying clause 2.1.1 of the **IM determination** and that are **related party transactions** |
| **Other assets** | means assets used by the **GTB** to provide **gas transmission services** that are not **pipes**, **stations**, **compressors**, **mainline valves**, **special crossings**, or **other system fixed assets** |
| **Other regulated income** | has the meaning set out in the **IM determination** |
| **Other system fixed assets** (or **other network assets**) | means **network** assets used by the **GTB** to provide **gas transmission services** that are not **pipes**, **stations**, **compressors**, **mainline valves**, or **special crossings** |

## P

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| **Person** | means a natural person, a corporation sole, a body corporate or an unincorporated body |
| Pipes | means [TBC by technical consultation] |
| Planned interruption | means any **interruption** in respect of which not less than 24 hours' notice was given, either to the public or to all gas consumers affected by the interruption |
| **Prescribed contract** | in relation to an **GTB**, means -  a **contract** under which the **GTB** supplies **gas transmission services**:  a **contract** for **related services**, if goods or services are to be supplied under the **contract** by—  the **GTB**; or  a **person** that is a **related party** of the **GTB**; or  a **person** that supplies gas pipelines services by means of works owned by the **GPB**; or  a **person** that is a **related party** of a **person** of the kind referred to in subparagraph (iii ) |
| **Prescribed terms and conditions** | means, in relation to a contract for the supply of **gas transmission services** or for **related services**, the terms and conditions of the **contract** that—  describe the goods or services to be supplied under the **contract**  describe the quantity or amount of those goods or services  specify, determine, or provide for the determination of the:  **price** at which those goods or services are to be supplied  timing of payment for those goods or services  security for payment for those goods or services  **GTB**’s obligations and responsibilities (if any) to **consumers** in the event that the supply of **gas transmission services** to **consumers** is interrupted. |
| **Pressure regulating station** |  |
| **Prices** | has the meaning set out in the **IM determination**; |
| **Pricing principles** | means the principles set out in Subpart 5 of the Commerce Act (Gas Transmission Services Input Methodologies) Determination 2010 |
| **Pricing strategy** | means a decision made by the Board of Directors of the **GTB** on the approach to setting **prices**,and recorded in writing. |
| **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.  For example, an asset may be relocated at the request of a third party and, at the same time, capacity on the asset increased to take account of expected future demand. If it is the third party request that required the asset to be relocated at that time, then the **gross capital expenditure** would be allocated to **asset relocation**. If the deadline for relocating the asset was not imminent, but the project had to be completed to allow for the increase in capacity, then the **gross capital expenditure** would be allocated to **system growth**.  Where there is more than one driver for a cost, and the cost is a significant proportion of **operational expenditure** or **gross capital expenditure**, expenditure may be apportioned between expenditure categories according to the relative importance of each driver to the decision, or the project divided into cost categories |
| **Publicly disclose** | in relation to any information, means to:   * + - 1. disclose the information to the public on the Internet at the **GTB**’s usual publicly accessible website;       2. make copies of the information available for inspection by any person during ordinary office hours, at the principal office of the **GTB** making the public disclosure and       3. within 10 working days of being requested to do so by any person, provide that person with a copy of the information, either by post or for collection (during ordinary office hours) from that principal office, whichever the person prefers; and       4. within 5 working days after the information is disclosed to the public, provide a copy of the information to the **Commission** in the form that it is disclosed to the public and in an electronic format that is compatible with Microsoft Excel or Microsoft Word (as the case may be),   and **public disclosure** and **publicly disclosing** have corresponding meanings |

## Q

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| **Quality of supply** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is the need to meet improved security and/or quality of supply standards. This may include expenditure to:   * reduce the overall outage/fault rate of the **network**; * reduce the average time that customers are affected by planned and/or unplanned interruptions; or * reduce the average number of customers affected by planned and/or unplanned interruptions. |

## R

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| **RAB** | means regulatory asset base and for the components of the RAB roll-forward, the values after applying clause 2.1.1 of the **IM determination** |
| Real New Zealand dollars | means, in relation to the prospective disclosures made under clauses 2.6.1, 2.6.3, and 2.6.5(1) of this determination, New Zealand dollars denominated in real terms as at the mid-point of the **disclosure year** |
| **Record** | has the meaning set out in section 4 of the Public Records Act 2005 |
| **Regulated service asset values** | has the meaning set out in the **IM determination** |
| **Related party** | has the meaning set out in the **IM determination** |
| **Related party transaction** | means a transaction with a **related party** |
| Related services | means any **contract** for the supply of goods or services (other than a **contract** for the supply or conveyance of gas or the supply of gas appliances) in any case where-   * + - * 1. there is a linkage between:   1. that **contract**; and   2. a **contract** for the supply or conveyance of gas   by reason that the consideration for the supply of those goods or services is linked to, or combined with, payment for the supply or conveyance of that gas; and   * + - * 1. the monetary value of the goods or services supplied, or to be supplied, under the **contract** referred to in (a)(i) above, in respect of:   1. the period of 12 months immediately before the information relating to the **contract** for thesupply or conveyance of gas that is **publicly disclosed** as required by clauses 9 or 10 of section 2.4; or   2. the period of 12 months immediately after that information is **publicly disclosed**-   amounts to or will amount to more than 1% of the monetary value or projected monetary value of the **contract** for the supply or conveyance of gas |
| **Revenue** | means **total regulatory income** accrued in each of the months of the **disclosure year** |
| **Routine and corrective maintenance and inspection** | in relation to expenditure, means **operational expenditure** where the **primary driver** is the activities specified in planned or programmed inspection, testing and maintenance work schedules and includes:   * fault rectification work that is undertaken at a time or date subsequent to any initial fault response and restoration activities * routine inspection * functional and intrusive testing of assets, plant and equipment including critical spares and equipment * helicopter, vehicle and foot patrols, including negotiation of landowner access * asset surveys * environmental response * painting of network assets * outdoor and indoor maintenance of stations, including weed and vegetation clearance, lawn mowing and fencing * maintenance of access tracks, including associated security structures and weed and vegetation clearance * customer-driven maintenance * notices issued |
| **Routine transaction** | means a **related party transaction** involving MDL and one its shareholder businesses which is conducted in accordance with the Maui Pipeline Operating Code, does not contain any non-routine terms and conditions and relates to gas transmission shipments, balancing gas transactions, or transactions for the purchasing or selling of gas that was initiated on an exchange/trading platform for anonymous trading |

## S

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| **Shared asset** | means a network asset used by more than one **consumer** in order to receive **gas transmission services** |
| **Sole use assets** | means assets connected to the network for use by only 1 connecting **consumer** in order to receive **gas transmission services** |
| **Special crossings** | means a section of pipe and associated assets (ie, support structures, vents, casings etc), where the associated assets are installed for the purpose of crossing a road, railway or river etc. |
| **Standard contract** | means, any **contract** (being a **contract** for the carrying out of **gas transmission services**) between a **GTB**, and any other **person**, where –  the **price** at which the **gas transmission services** are to be carried out under the **contract** is determined solely by reference to a schedule of **prescribed terms and conditions**, being a schedule that is **publicly disclosed**; and  at least four other **persons** have such contracts with the **GTB**, and none of those other **persons** is a **related party** of the **GTB**, or with any of those other **persons** |
| **Stations** | Means an facility at which an operation on and/or measurement of the gas occurs by means of device(s) installed at the facility |
| **System growth** | in relation to expenditure, means **gross capital expenditure** where the **primary driver** is a change in demand or injection on a part of the **network** which results in a requirement for either additional capacity to meet this demand or additional investment to maintain current security and/or quality of supply standards due to the increased demand. This expenditure category includes **gross capital expenditure** associated with SCADA and telecommunications assets. |
| **System peak** | means, in relation to a **transmission system**, a period of specified duration during which the aggregate throughput of gas at all offtake points on the **transmission system** in the year ended 30 September is at its peak. The duration of the peak flow measurement period is specified to be that normally used by the business for its transmission system investment and capacity reservation evaluations |

## T

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| **Target revenue** | means the revenue that the **GTB** expects to obtainfrom **prices** |
| **Total opening RAB values** | means:  (a) in relation to the **unallocated RAB**, the sum of unallocated opening **RAB** values as determined in accordance with the **IM determination**;  (b) in relation to the **RAB**, the sum of opening **RAB** values as determined in accordance with the **IM determination** |
| **Total regulatory income** | means:   1. in relation to the report on regulatory profit, sum of **line charge revenue** and **other regulatory income** 2. in relation to the report on **related party transactions**, the total **regulatory income** from **related party transactions** as determined after applying clause 2.3.6 of the IM determination |
| **Transitional AMP** | has the meaning specified in clause 2.12.6(2) |
| **Transmission system** | means:   1. in the case of Maui Development Limited, the **network** or one of the component parts of the **network** owned by Maui Development Limited**;** 2. in the case of Vector Limited, one of the component parts of the **network** owned by Vector Limited |

## U

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| **Unallocated RAB** | means for the components of the **RAB** roll-forward, the values before the application of clause 2.1.1 of the **IM determination** |
| **Unallocated works under construction** | means for the components of the **works under construction** roll-forward, the **works under construction** values before the application of clause 2.1.1 of the **IM determination** |
| **Unallocated 2009 modified asset values** | means the value of the **2009 modified asset values** before any allocation of asset value relevant to the regulatory disclosures been undertaken |
| **Unplanned interruption** | means any **interruption** in respect of which less than 10 days notice, or no notice, was given, either to the shipper or to all gas consumers affected by the interruption |

## V

## W

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| **Works under construction** | means:   1. in relation to **unallocated works under construction**, the value of calculated using the following formula:   where:  = **unallocated** **works under construction** - preceding disclosure year;  = **unallocated** **capital expenditure**;  = **unallocated** **assets commissioned**; and  = **adjustment resulting from cost allocation**;  (b) in relation to **allocated works under construction**, the value (as determined in accordance with paragraph (a)) which was allocated to **gas transmission services** in accordance with clause 2.1.1 of the **IM determination**  (c) in relation to the establishment of the initial **RAB** value, the value of works under construction included in **unallocated 2009 modified asset values** as works under construction is defined in the **IM determination** |

1. Disclosure Requirements
   1. INformation DIsclosure
      1. Subject to sections 2.9 and 2.10, from the **commencement date** every **GTB** must comply with the information disclosure requirements set out in this determination and, in particular, must comply with:
         1. The requirements to disclose financial and other information in section 2.3
         2. The requirement to disclose pricing and related information in section 2.4
         3. The requirement to disclose non-financial information relating to network assets in section 2.5
         4. The requirement to disclose asset management plans and forecast information in section 2.6
         5. The requirement to disclose explanatory notes in relation to disclosed information in section 2.7
         6. The audit, certification and verification requirements in sections 2.8 and 2.9
         7. The retention and continuous disclosure requirements in section 2.10
         8. The transitional provisions in section 2.12.
   2. APPLICABLE INPUT METHODOLOGIES
      1. Every **GTB** must apply the following input methodologies as applicable, when complying with this determination:
         1. Subpart 1 of part 2, cost allocation
         2. Subpart 2 of part 2, asset valuation
         3. Subpart 3 of part 2, treatment of taxation
         4. Subpart 4 of part 2, cost of capital
         5. Subpart 4 of part 2, pricing methodologies
   3. FINANCIAL INFORMATION FOR THE DISCLOSURE YEAR

### Annual Disclosure Relating to Financial Information for the Disclosure Year

* + 1. Subject to section 2.12, within 6 monthsafter the end of each disclosure year, every GTB must disclose information relating to its financial position by:
       1. Completing each of the following reports by inserting all information relating to the **gas transmission services** supplied by the GTB for that disclosure year:
          1. The Comparison of Forecasts to Actual Expenditure set out in Schedule 2
          2. the Report on Return on Investment set out in Schedule 3;
          3. the Report on Term Credit Spread Differential Allowance set out in Schedule 3a
          4. the Report on Regulatory Asset Base Roll Forward set out in Schedule 4
          5. the Report on Asset Allocations set out in Schedule 4a
          6. the Report on Regulatory Profit set out in Schedule 5;
          7. the Report on Regulatory Tax Allowance set out in Schedule 5a
          8. the Report on Related Party Transactions set out in Schedule 5b;
          9. the Report on Cost Allocations set out in Schedule 5c;
          10. the Report on Capital Expenditure for the Disclosure Year set out in Schedule 6;
          11. the Report on Operational Expenditure for the Disclosure Year set out in Schedule 7; and
       2. **publicly disclosing** each of those reports;
    2. Subject to section 2.12, within 6 months after the end of each **disclosure year**, every **GTB** must disclose to the **Commission** information supporting the information disclosed in accordance with clause 2.3.1 by:
       1. Completing each of the following reports by inserting all information relating to the information supplied by the **GTB** in Schedules 4a and 5c for that **disclosure year**:
          1. the Report Supporting Asset Allocation set out in Schedule 4b;
          2. the Report Supporting Cost Allocation set out in Schedule 5d;

*Alternative Method for Return on Investment Information*

* + 1. Subject to section 2.12, in completing the Report on Return on Investment in Schedule 3:
       1. a **GTB** must disclose information in accordance with part 3(iii) of Schedule 3 if the calculation of ROI under part 3(iii), to the extent it relates to the specific timing and value of **assets commissioned** by the **GTB** during the **disclosure year,** would lead to a difference of 50 basis points or more compared to the ROI calculation set out in part 3(i) of Schedule 3;
       2. Otherwise a **GTB** may elect to disclose information in accordance with part 3(iii) of Schedule 3;

*Tax rate applicable to MDL*

* + 1. In completing Schedule 3, MDL must use the statutory tax rate as the value for the corporate tax rate.

*Term Credit Spread Differential Allowance*

* + 1. Schedule 3a is only required to be completed by qualifying suppliers as qualifying suppliers is defined in the **IM determination**.

*Allocation of Assets and Operating Costs*

* + 1. In completing the Report on Asset Allocations in Schedule 4a and the Report on Cost Allocations in Schedule 5c every **GTB** must **publicly disclose**, for each asset category in Schedule 4a and each **operational expenditure** category in Schedule 5c that has **not directly attributable** costs:
       1. a description of the **not directly attributable** costs or assets;
       2. the **allocation methodology types** used to allocate the **not directly attributable** costs or assets;
       3. where more than one allocation method is used, the percentage of **not directly attributable** costs or assets allocated using each method;
       4. where ABAA or OVABAA methodologies are used, whether the **allocators** are proxy asset allocators, proxy cost allocators or causal allocators, as ABAA, OVABAA, proxy assets allocator, proxy cost allocator and causal are defined in the **IM determination**; and
       5. the **allocators** used and the rationale for using each **allocator**
    2. For the purpose of clause 2.3.1, the cost of any service, good, or asset from a **related party** must be:
       1. for any **assets acquired from a related party**, as determined in accordance with clause 2.2.11(1)(g) of the **IM determination**; or
       2. for any service, good, or for any assets other than **assets acquired from a related party**, one of the following:
          1. at the directly attributable cost incurred by the **related party** in accordance with the cost allocation process set out in clauses [clause references] of the **IM determination**, provided that the cost incurred by the **related party** in providing the service to the **GTB**–

is fair and reasonable to the **GTB**, and

is substantially the same as the cost incurred by the **related party** in providing the same type of services to third parties,; or

* + - * 1. for **electrical contracting services** to maintain or develop the **network**, at the directly attributable cost incurred by the **related party,** determined in accordance with the cost allocation process and approaches of the **IM determination**, plus a **mark-up** which does not exceed 17.2%; or
        2. the price paid by the **GTB**, where–

at least 50%  of the **related party’s** sales of services, goods, and assets are to third parties, and third parties may purchase the same or similar services, goods, and assets from the **related party** on substantially the same terms and conditions, including price; or

that price is substantially the same as the price paid for the same or substantially similar services (including any adjustments for inflation using CPI or an appropriate input price index) on substantially the same terms and conditions in the preceding 3 **disclosure years** from a party other than a **related party**; or

* + - * 1. at the price paid by the **GTB**, where –

the price paid for all services, goods, and assets acquired from that **related party** is less than 1% of the **GTB**’s total revenue from the **regulated service** for that year, and

the total price paid for all **related party transactions** is less than 5% of the **GTB**’s total revenue from the **regulated service**; or

* + - * 1. at the price paid by the **GTB** to the **related party** following a competitive tender process, provided that–

the price is no more than 5% higher than the price of the lowest conforming tender received;

all relevant information material to consideration of a proposal was provided to third parties, or made available upon request;

at least one other qualifying proposal was received;

the final agreement for the provision of the services, goods, or assets by the **related party** does not include any **special contract terms**;

the **GTB** retains for a period of 7 years following the closing date of tender proposals a record of the tender and tender process, including request for information and/or proposal, the criteria used for the assessment of proposals, reasons for acceptance or rejection of proposals, and all proposals and requests for information on the tender for the purposes of making proposals; and

its **directly attributable** cost would be as incurred by the group to which the **GTB** and **related party** are a part, determined in accordance with GAAP, as the if the consolidate group was the **GTB**;

* + - * 1. the price paid by the **GTB**, provided–

the price cannot otherwise be determined under subclauses (a) to (e), and

no fewer than 2 **director**s of the **GTB** provide a written certification that they are satisfied that the price or prices paid for all services, goods, or assets determined in accordance with this paragraph reflect the price or prices that would be received in an arm’s-length transaction; or

* + - * 1. nil.
    1. For the purpose of clause 2.3.1 above, the price received for any sale or supply of services, goods, or assets to a **related party**, must be one of the following:
       1. if the **related party** is another **GTB**, an **EDB**, or **GDB** required to publicly disclose the price paid or cost incurred in accordance with another **Commission** determination, then the price received must be that disclosed by the **related party**; or
       2. if the price received cannot be determined under subclause (1), then:
          1. at the price received from the **related party**, where the **GTB** makes at least 50%  of its revenue from the provision of similar services to unrelated parties, and the price charged by the **GTB** to the **related party** is substantially the same as the price charged to third parties for similar services, goods, or assets on substantially the same terms and conditions; or
          2. at the price received from the **related party**, provided that no fewer than 2 directors of the **GTB**'s provide a written certification that they are satisfied that the prices received for all services, goods, or assets provided to **related parties** reflect the price or prices that would be received in an arm’s length transaction; or
          3. at the cost incurred by the **GTB** in providing the service, good, or asset.

### Information on capital expenditure projects

* + 1. Subject to section 2.12, in completing the Report on Capital Expenditure for the Disclosure Year in Schedule 6, **GTBs** must disclose the following information in relation to **material projects and programmes**:
       1. Separately disclose **customer** **connection** expenditure for each customer type defined by the **GTB** in 6(iii) of Schedule 6
       2. For each material **asset relocation** project in Schedule 6:
          1. separately disclose a brief description of the project and its value in 6(v) of Schedule 6;
          2. provide any additional commentary, including the purpose of the project and a description of the assets relocated in Schedule 14 (Mandatory Explanatory Notes).
       3. For each material **quality of supply** project in Schedule 6:
          1. separately disclose a brief description of the project and its value in 6(vi) of Schedule 6;
          2. provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes);
       4. For each material **legislative and regulatory** project in Schedule 6:
          1. separately disclose a brief description of the **legislative and regulatory** requirement and the value of the project in 6(vii) of Schedule 6
          2. provide any additional commentary, including the purpose of the projects and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes);
       5. For each material **other reliability, safety and environment** project in Schedule 6:
          1. separately disclose a brief description of the project and its value in 6(viii) of Schedule 6
          2. provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes)
       6. For each material **non-network capex** project in Schedule 6:
          1. separately disclose a brief description of the project and its value in 6(ix) of Schedule 6
          2. provide any additional commentary, including the purpose of the project and a description of the assets affected for each project in Schedule 14 (Mandatory Explanatory Notes)
  1. PRICING And related INFORMATION

### Disclosure of pricing methodologies

* + 1. Every **GTB** must **publicly disclose**, before the start of each **disclosure year**, a pricing methodology which:
       1. Describes the methodology, in accordance with clause 2.4.3, used to calculate the **prices** payable or to be payable
       2. Describes any changes in **prices** and **target revenues**
       3. Explains, in accordance with clause 2.4.5, the approach taken with respect to pricing in **non-standard contracts**; and
       4. Explains whether, and if so how, the **GTB** has sought the views of **consumers**, including their expectations in terms of **price** and quality, and reflected those views, in calculating the **prices** payable or to be payable. If the **GTB** has not sought the views of **consumers**, the reasons for not doing so must be disclosed.
    2. Any change in the pricing methodology or adoption of a different pricing methodology, must be **publicly disclosed** at least 20 working days before the change or the adoption of a different methodology takes effect.
    3. Every disclosure under clause of this section must:
       1. Include sufficient information and commentary for interested persons to understand how **prices** were set for each **consumer group**, including the assumptions and statistics used to determine **prices** for each **consumer group**
       2. Demonstrate the extent to which the pricing methodology is consistent with the **pricing principles** and explain the reasons for any inconsistency between the pricing methodology and the **pricing principles**
       3. State the **target revenue** to be collected for the current **disclosure year**
       4. Where applicable, identify the key components of **target revenue** required to cover the costs and return on investment associated with the **GTB**’s provision of **gas transmission services**. Disclosure must include the numerical value of each of the components
       5. State the **consumer groups** for whom **prices** have been set, and describe:
          1. the rationale for grouping **consumers** in this way
          2. the method and the criteria used by the **GTB** to allocate **consumers** to each of the **consumer groups**
       6. If **prices** have changed from **prices** disclosed for the immediately preceding **disclosure year**, explain the reasons for changes, and quantify the difference for each of those reasons
       7. Where applicable, describe the method used by the **GTB** to allocate the **target revenue** among **consumer groups**, including the numerical values of the **target revenue** allocated to each **consumer group**, and the rationale for allocating it in this way
       8. State the proportion of **target revenue** (if applicable) that is collected through each tariff type as publicly disclosed annually under clause 2.4.16.
    4. Every disclosure under clause above must, if the **GTB** has a **pricing strategy**
       1. Explain the **pricing strategy** for the next 5 **disclosure years** (or as close to 5 years as the **pricing strategy** allows), including the current **disclosure year** for which **prices** are set
       2. Explain how and why **prices** are expected to change as a result of the **pricing strategy**
       3. If the **pricing strategy** has changed from the preceding **disclosure year**, identify the changes and explain the reasons for the changes.
    5. Every disclosure under clause of this section must:
       1. Describe the approach to setting **prices** for **non-standard contracts**, including:
          1. The extent of **non-standard contract** use, including the number of **connection points** represented by **non-standard contracts** and the value of **target revenue** anticipated from **non-standard contracts**;
          2. How the **GTB** determines whether to use a **non-standard contract**, including any criteria used;
          3. Any specific criteria or methodology used for pricing **non-standard contracts**, and how the criteria or methodology is consistent with the **pricing principles**;
       2. The **GTB**’s obligations and responsibilities (if any) to customers on **non-standard contracts** compared to those on a **standard contract**, in the event that the supply of **gas transmission services** to the customer is interrupted. Disclosure must explain:
          1. the extent of the differences in these terms between **standard contracts** and **non-standard contracts**
          2. any implications of this approach for pricing in **non-standard contracts**.

### Disclosure of capital contributions

* + 1. Every **GTB** must at all times **publicly disclose**:
       1. A description of its current policy or methodology for determining **capital contributions**, including:
          1. the circumstances (or how to determine the circumstances) under which the **GTB** may require a **capital contribution**;
          2. how the amount payable of any **capital contribution** is determined. Disclosure must include a description of how the costs of any **shared assets** (if applicable) and any **sole use assets** that are included in the amount of the **capital contribution**, are calculated
          3. the extent to which any policy or methodology applied is consistent with the relevant **pricing principles**
       2. A statement of whether a **consumer** or any other **person** can use an independent contractor to undertake some or all of the work covered by the **capital contribution** sought by the **GTB**, as an alternative to paying the full amount of the **capital contribution** to the **GTB**
       3. If the **GTB** has a standard schedule of **capital contributions** charges, the current version of that standard schedule.
    2. When a **consumer** or other **person** from whom a **GTB** seeks a **capital contribution** queries the capital **contribution charge**, (and when the charge is not covered in the schedule of standard **capital contribution** charges, or no such schedule exists) a **GTB** must, within 10 working days of receiving the request, provide reasonable explanation to any reasonable query from that **consumer** or other **person** of the components of that charge and how these were determined.
    3. The requirements in clauses 2.4.6 and 2.4.7 apply if:
       1. the **GTB** determines the amount of **capital contributions**
       2. the **GTB** has or can obtain information about the policy or methodology used by another **person** to determine **capital contributions** where the **GTB** receives those **capital contributions**.

### Disclosure of prescribed terms and conditions of contracts

* + 1. Subject to clause 2.4.15, every **GTB** must, not later than 20 working days after entering into a **prescribed contract** that is a **standard contract**, **publicly disclose** the **prescribed terms and conditions** of the **prescribed contract**.
    2. Subject to section 53C(4) of the **Act** every **GTB** must, in respect of all **prescribed contracts** that are **non-standard contracts** entered into during the **disclosure year**, within 5 months after the end of that **disclosure year**, either **publicly disclose**
       1. a description of the goods or services to be supplied under the **contract** and the quantity or amount of those goods or services to be supplied under the **prescribed** **contract**; or
       2. **publicly disclose** the **prescribed terms and conditions** of each **prescribed contract** with the exception of **prescribed terms and conditions** that specify, determine, or provide for the determination of the **price** at which goods or services are to be supplied.
    3. For any **contract** for which information is **publicly disclosed** under clause 2.4.10, unless **prescribed terms and conditions** have been publicly disclosed under subclause 2.4.10(2)(b), every **GTB** must, within 20 working days of a request by any **person**, provide to that **person** and **publicly disclose** the **prescribed terms and conditions** of the **prescribed contract,** with the exception of **prescribed terms and conditions** that specify, determine, or provide for the determination of the **price** at which goods or services are to be supplied.
    4. Subject to section 53C(4) of the **Act**, if any **prescribed terms and conditions** of a **prescribed contract** which is also a **standard contract** (including a **prescribed contract** that was entered into before the date on which this determination comes into force) are modified, the **GTB** must, not later than 20 working days after those modifications take effect, **publicly disclose**:
       1. The **prescribed contract** concerned;
       2. The modifications made to the **prescribed terms and conditions**.
    5. Subject to section 53C(4) of the **Act** and within 5 months after the end of the **disclosure year,** if any **prescribed terms and conditions** of a **prescribed contract** that is a **non-standard contract** (including a **prescribed contract** that was entered into before the date on which this determination comes into force) are modified, then the **GTB** must disclose to any **person**, within 20 working days of receiving a request from that **person**, the modifications made to the **prescribed terms and conditions**.
    6. Every **GTB** must, when **publicly disclosing** or disclosing on request to any **person** (as the case may be) the **prescribed terms and conditions** of a **non-standard contract** under either of clauses 2.4.10 or 2.4.11 of this section, include the following information:
       1. The maximum monthly amount of gas (in gigajoules) to be conveyed to the **consumer** under the **contract**, or (if the amount is not quantified in the **contract**) a reasonable estimate of that amount based on the duration of the **contract**;
       2. The month in which the supply of the maximum monthly amount of gas referred to in subclause 2.4.14(1) of this section is to occur, or is most likely to occur;
       3. The pressure or pressures at which the gas is to be supplied or conveyed under that **contract**, or (if the pressure is not specified in the **contract**) a reasonable estimate of that pressure;
    7. For the purposes of this section, **public disclosure** by a **GTB** of the **prescribed terms and conditions** of a **standard contract** is to be regarded as **public disclosure** by that **GTB** in relation to all of its **standard contracts** with the same **prescribed terms and conditions**.

### Disclosure of prices

* + 1. Every **GTB** must at all times **publicly disclose**:
       1. Each current **price** expressed in a manner that enables individual **consumers** to determine:
          1. the **consumer group** or **consumer groups** applicable to them
          2. the total **price** for **gas transmission services** which is applicable to them.
       2. The number (or estimated number) of **consumers** by whom each **price** is payable;
       3. The date at which each **price** was or will be first introduced;
       4. The **price** that was payable immediately before each current **price** (if any) expressed in the manner referred to in subclause 2.4.16 above.
    2. Every **GTB** must, at least 20 working days before changing a **price** or introducing a new **price**:
       1. Publicly disclose:
          1. the information specified in clause of this section in respect of that **price**
          2. an explanation of the reasons for the new **price** or the changed **price**;
       2. In addition, either:
          1. give written notice to each **consumer** by whom that **price** is payable the information specified in clause of this section in respect of that **price**;
          2. notify in the news section of either 2 separate editions of each newspaper or online news media that is widely read by **consumers** connected to that **GTB**’s **network**, details of the changed **price**, including:

the changed **prices** alongside the immediately preceding **price** applicable

contact details where further details of the new or changed **price** can be found including the URL of the **GTB**’s publicly accessible website.

### Annual disclosure of information on quantities and Revenues billed

* + 1. Within 6 months of the end of each disclosure year, every **GTB** must **publicly disclose** the information specified in Schedules 8a and 8b.

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* 1. Non-Financial Information Relating to Network Assets

*Annual disclosure on information on network assets and reliability*

* + 1. Within 6 months after the end of each **disclosure year**, every **GTB** must—
       1. Complete each of the following reports by inserting all information relating to the **gas transmission services** supplied by the **GTB** for the **disclosure years** provided for in the following reports:
          1. the Asset Register set out in Schedule 9a;
          2. the Asset Age Profile set out in Schedule 9b;
          3. the Report on Pipeline Data set out in Schedule 9c;
          4. the Report on Demand set out in Schedule 9d;
          5. the Report on Network Reliability and Interruptions set out in Schedule 10
          6. the Report on Network Integrity in Schedule 10a; and
          7. **publicly disclose** these reports.

*Disclosure on information on peak flows, gas transmission capacity, and capacity reservations*

* + 1. Peak flow information
       1. Subject to subclause 2.5.2(4) below, by the end of November in each year, every **GTB** must **publicly disclose** in respect of the most recent 12 month period ended 31 September:
          1. for each transmission system, the information specified in subclause 2.5.2(2) below
          2. for each offtake point with a throughput of gas during the system peak flow period of 2,000 GJ or more, the information specified in clause 2.5.2(3) below.
       2. The information referred to in subclause 2.5.3(1)(a) above is:
          1. the end date and duration of the system peak flow period
          2. the total throughput of gas (in GJ) at each intake point during the system peak flow period.
       3. The information referred to in subclause 2.5.2(1)(b) above is:
          1. the end date and duration of the offtake peak flow period
          2. the throughput of gas (in GJ) at the offtake point in each hour of the system peak flow period
          3. the total throughput of gas (in GJ) at the offtake point during the system peak flow period
          4. the total throughput of gas (in GJ) at the offtake point during the offtake peak flow period.
       4. Notwithstanding subclause 2.5.2(1) above, public disclosure is deemed to have occurred if the information specified in subclauses 2.5.2(2)and 2.5.2(3) is posted on a website normally used for the publication of the GTB’s transmission data within one week after the end of the **disclosure year** and can be readily accessed at no charge by interested persons, with the information retained on such a website for a period of not less than five years.
    2. Capacity allocation methodology
       1. Within 6 months after the end of each **disclosure year**, every **GTB** must publicly disclose a description of the extent to which current capacity allocation methodologies result in efficient outcomes. The disclosure must include a description of:
          1. the methodology or methodologies used to determine how capacity is assigned
          2. which, if any, requests for capacity was approved in full or in part during the **disclosure year**, including how, if at all, the quantity of uncommitted capacity in the pipeline was determined
          3. the extent of unmet demand for capacity during the past **disclosure year**, including the information specified in clause 2.5.3(2) below.
       2. The information referred to in subclause 2.5.3(1)(c) above is as follows:
          1. total number of requests for firm capacity that the **GTB** has not approved in full in the past **disclosure year**
          2. maximum daily quantities associated with the requests referred to in subclause 2.5.3(2)(a) above, aggregated by offtake point
          3. in respect of each request for firm capacity not approved in full, the reasons for the request not being fulfilled.
    3. Transmission System Capacity Reservations
       1. Within 6 months after the end of each **disclosure year**, in respect of the firm capacity held or reserved by:
          1. the **GTB**, including any person involved in the **GTB**, and
          2. all other persons collectively;
          3. every **GTB** must publicly disclose the information specified in clause 2.5.4(2) below concerning the capacity reservations that applied to the offtake points specified in clause 2.5.4(3) on the days specified in clause 2.5.4(4) below.
       2. The information referred to in subclause 2.5.4(1)(c) above is as follows:
          1. the effective maximum daily quantity (in GJ) applicable to the aggregate amount of firm capacity
          2. the effective maximum hourly quantity (in GJ) applicable to the aggregate amount of firm capacity
          3. the nominal delivery pressure where such pressure is greater than 20 bar gauge.
       3. The offtake points referred to in clause above are the offtake points:
          1. with a throughput of gas in the system peak flow period of 2,000 GJ or more; or
          2. a contractual firm maximum daily quantity in the system peak flow period of 10,000 GJ or more, irrespective of the throughput; or
          3. with a nominal delivery pressure greater than 20 bar gauge in the system peak flow period;
          4. with all other offtake points taken together as a group.
       4. The days referred to in clause above are:
          1. the last day of the preceding **disclosure year**
          2. the first day of the new **disclosure year**
          3. the first day in the system peak flow period.
  1. ASSET MANAGEMENT Plans and Forecast INFORMATION
     1. Subject to subclause 2.6.3 of this section, before the start of each **disclosure year** commencing with the **disclosure year** 2014, every **GTB** must complete and **publicly disclose** an **AMP** that—
        1. Relates to the **gas transmission services** supplied by the **GTB**
        2. Meets the purposes of **AMP** disclosure set out in clause 2.6.2;
        3. Has been prepared in accordance with Appendix A to this determination;
        4. Contains the completed tables required in clause 2.6.5(2);
        5. Contains the Report on Asset Management Maturity set out in Schedule 13.
     2. The purposes of **AMP** disclosure referred to in subclause 2.6.1(2) are that the **AMP**—
        1. Must provide sufficient information for an interested person to assess whether:
           1. assets are being managed for the long term;
           2. the required level of performance is being delivered; and
           3. costs are efficient and performance efficiencies are being achieved;
        2. Must be capable of being understood by an interested person with a reasonable understanding of the management of infrastructure assets
        3. Should provide a sound basis for the ongoing assessment of asset-related risks, particularly high impact asset-related risks.
     3. If the disclosure year described in clause above does not coincide with the first or fourth **disclosure year** of the **DPP regulatory period** and if the **GTB** has publicly disclosed an AMP under clause above in respect of a prior **disclosure year**, then the **GTB** may—
        1. Elect to not comply with clause in the current **disclosure year**; and
        2. Complete and **publicly disclose**, before the start of the **disclosure year**, an **AMP update** under clause below.
     4. For the purpose of subclause 2.6.3(2), the **AMP update** must—
        1. Relate to the **gas transmission services** supplied by the **GTB;**
        2. Identify any material changes to the network development plans disclosed in the last **AMP** under clause 16 of Appendix A or in the last **AMP update** disclosed under this section;
        3. Identify any material changes to the lifecycle asset management (maintenance and renewal) plans disclosed in the last **AMP** under clause 17 of Appendix A or in the last **AMP update** disclosed under this section;
        4. Contain the completed tables required in subclause 2.6.5(2);
        5. Provide the reasons for any material changes to the previous disclosures in the Network Expenditure AMP Report set out in Schedule 14
        6. Identify any changes to the asset management practices of the **GTB** that would affect a schedule 13 Report on Asset Management Maturity disclosure.
     5. Every **GTB** must—
        1. Before the start of each **disclosure year**, complete each of the following reports by inserting all information relating to the **gas transmission services** supplied by the **GTB** for the **disclosure years** provided for in the following reports—
           1. the Report on Forecast Capital Expenditure in Schedule 11a
           2. the Report on Forecast Operational Expenditure in Schedule 11b
           3. the Report on Asset Condition in Schedule 12a
           4. the Report on Forecast Demand in Schedule 12b
        2. Include, in the **AMP** or **AMP update** as applicable, the information contained in each of the reports described in subclause 2.6.5(1);
        3. Within 5 working days of **publicly disclosing** the **AMP** or **AMP update** as applicable, disclose these reports described in subclause 2.6.5(1) to the **Commission**
        4. Within 6 months of the start of the **disclosure year**, **publicly disclose** these reports.
  2. EXPLANATORY NOTES TO INFORMATION RELATING TO THE DISCLOSURE YEAR
     1. Within 6 months of the end of each **disclosure year**, every **GTB** must complete and **publicly disclose** the Schedule of Mandatory Explanatory Notes (Schedule 14) by inserting all information relating to information disclosed in accordance with clauses 2.3.1, 2.4.18, 2.5.1 and 2.5.2.
        1. In relation to details of any insurance cover for the assets used to provide **gas transmission services**, the explanatory notes in Schedule 14 must include:
           1. The **GTB**’s approaches and practices in regard to the insurance of assets, including the level of insurance;
           2. In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.
        2. Where an item disclosed in accordance with clause 2.3.1 is classified differently from the previous year, the explanatory notes in Schedule 14 must include the:
           1. nature of the item reclassified;
           2. value of the item in the current **disclosure year** and in the previous **disclosure year;**
           3. classification of the item in the previous **disclosure year;**
           4. classification of the item in the current **disclosure year;** and
           5. reason why the item has been reclassified.
     2. Within 6 months of the end of each **disclosure year**, every **GTB** must complete and **publicly disclose** the Mandatory Explanatory Notes on Forecast Information in Schedule 14a by inserting all relevant information relating to information disclosed in accordance with clause 2.6.4(6).
     3. Within 6 months of the end of each **disclosure year**, every **GTB** may **publicly disclose** any further explanatory comment on the information disclosed in accordance with clauses 2.3.1, , 2.5.1, 2.5.2 and 2.6.4(6), in Schedule 15.
  3. ASSURANCE REPORTS
     1. Where a **GTB** is required to **publicly disclose** any **audited disclosure information**, the **GTB** must:
        1. Procure an assurance report by an **independent auditor** in respect of that **audited disclosure information**, that is prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements 3000 (ISAE (NZ) 3000) or their successor standards, signed by the **independent auditor** (either in his or her own name or that of his or her firm), that:
           1. is addressed to the directors of the **GTB** and to the **Commission** as the intended users of the assurance report,
           2. states:

that it has been prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements 3000 (ISAE (NZ) 3000) or their successor standards; and

the work done by the **independent auditor**; and

the scope and limitations of the audit; and

the existence of any relationship (other than that of auditor) which the **independent auditor** has with, or any interests which the **independent auditor** has in, the **GTB** or any of its subsidiaries or **related parties**; and

whether the **independent auditor** has obtained sufficient recorded evidence and explanations that he or she required and, if not, the information and explanations not obtained; and

whether, in the **independent auditor**’s opinion, as far as appears from an examination, the information used in the preparation of Schedules 2, 3, 3a, 4, 4a, 4b, 4c, 5, 5a, 5b, 5c, 5d, 6, 7, 8a, 8b, 9a, 9b, 9c, 9d, 10a, 10b, 14, 14a, and 14b has been properly extracted from the **GTB**’s accounting and other records, sourced from its financial and non-financial systems; and

whether, in the **independent auditor**’s opinion, as far as appears from an examination of them, proper **records** to enable the complete and accurate compilation of information required by the Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012have been kept by the **GTB** and, if not, the **records** not so kept; and

* + - * 1. States whether (and, if not, the respects in which it has not), in the **independent auditor**’s opinion, the **GTB** has complied, in all material respects, with the Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012.
      1. **Publicly disclose** the **independent auditor**’s report prepared in accordance with subclause 2.8.1(1) above at the same time as the **GTB** **publicly discloses** the **audited disclosure information**.
  1. CERTIFICATES
     1. Where a **GTB** is required to **publicly disclose** any information under any of clause 2.4.1, clause 2.6.1, subclauses 2.6.3(2) and 2.6.5(2), and 2.12.6(1)(b), the **GTB** must at that time **publicly disclose** a certificate in the form set out in Schedule 17 in respect of that information, duly signed by 2 **directors** of the **GTB**.
     2. Where a **GTB** is required to **publicly disclose** any information under any of clauses 2.3.1, 2.3.2, 2.4.18, 2.5.1, 2.7.1, and 2.7.2 the **GTB** must at that time publicly disclose a certificate in the form set out in Schedule 18 in respect of that information, duly signed by 2 **directors** of the **GTB**.
     3. Where a **GTB** is required to **publicly disclose** any information under clause 2.12.1 and 2.12.2, the **GTB** must at that time **publicly disclose** a certificate in the form set out in Schedule 19 in respect of that information, duly signed by 2 **directors** of the **GTB**.
  2. RETENTION AND CONTINUING DISCLOSURES
     1. A **GTB** that is required by this determination to **publicly disclose** any information must retain, and continuously **publicly disclose**, that information for at least seven years from the date that information is first required to be **publicly disclosed**.
  3. EXEMPTIONS
     1. The **Commission** may at any time, by written notice to a **GTB**,-
        1. Exempt the **GTB** from any or all of the requirements of this determination, for a period and on such terms and conditions as the **Commission** specifies in the notice; and
        2. Amend or revoke any such exemption.
  4. TRANSITIONAL PROVISIONS
     1. Subject to clause 2.12.2, within 10 months after the end of the **disclosure year** 2012 in the case Vector Limited, and 6 months after the end of the **disclosure year** 2012 in the case of Maui Development Limited, each **GTB** must:
        1. Complete the Report on Transitional Financial Information set out in Schedule 4c;
        2. Complete the Report on Asset Allocations set out in Schedule 4a by inserting all information relating to the asset allocation for the **total opening RAB value** disclosed in Schedule 4;
        3. Provide explanatory comment in Schedule 14b in relation to transitional financial information disclosed in Schedule 4c; and
        4. **Publicly disclose** those reports.
     2. Subject to clause 2.12.3, where a **GTB** has previously elected to undertake an adjustment in accordance with clause 2.2.1 of the **IM Determination**, within 10 months after the end of the **disclosure year** 2012 in the case Vector Limited, and 6 months after the end of the **disclosure year** 2012 in the case of Maui Development Limited the **GTB** must **publicly disclose** the asset adjustment schedule and engineer’s reportthat had previously been disclosed to the **Commission** under the relevant Notice to Supply Information to the Commission issued under section 53ZD of the Act.
     3. Where a **GTB** has disclosed information to the **Commission** on the **initial RAB** and asset adjustment process as provided for under clauses 2.2.1 to 2.2.3 of the **IM Determination**, the information disclosed in accordance with clause 2.12.1 must be consistent with that disclosure.
     4. Notwithstanding any requirements set out in section 2.3 of this determination, the following transitional provisions apply in respect of the 2012 **disclosure year**:
        1. Information in 3(i) of the Report on Return on Investment set out in Schedule 3 related to **CY**-2 and **CY**-1 is not required to be disclosed
        2. Information in 4(i) of the Report on the Value of the Regulatory Asset Base (Rolled Forward) set out in Schedule 4 relating to **CY**-3 and **CY**-4 is not required to be disclosed
        3. Information in the Report on Capital Expenditure for the Disclosure Year set out in Schedule 6 and the Report on Operational Expenditure for the Disclosure Year set out in Schedule 7 is not required to be disclosed
        4. Information in the Comparison of Forecasts to Actual Expenditure set out in Schedule 2 is not required to be disclosed
        5. In completing the Report on Asset Allocations set out in Schedule 4a and the Report Supporting Asset Allocations set out in Schedule 4b, all allocations may be disclosed under **other assets**
        6. In completing the Report on Cost Allocations set out in Schedule 5c and the Report Supporting Cost Allocations set out in Schedule 5d, all allocations may be disclosed under **direct billing**
     5. Notwithstanding any requirements set out in section 2.3 of this determination, the following transitional provisions apply in respect of the **disclosure year** 2013 :
        1. Information in 3(i) of the Report on Return on Investment set out in Schedule 3 relating to **CY**-2 is not required to be disclosed
        2. Information in 4(i) of the Report on the Value of the Regulatory Asset Base (Rolled Forward) set out in Schedule 4 relating to **CY**-4 is not required to be disclosed
     6. Notwithstanding any requirements set out in clauses 2.6.1, 2.6.2, 2.6.3, and 2.6.4, the following transitional provision applies to Maui Development Limited in respect of each **disclosure year** before and during the first **DPP regulatory period**:
        1. If Maui Development Limitedhas not publicly disclosed an AMP under clauses 1 and 2 of section 2.6 then Maui Development Limitedmay elect to
           1. not comply with clauses 2.6.1, and 2.6.2 in the current **disclosure year** and
           2. complete and publicly disclose before the start of the **disclosure year** a **transitional AMP** that meets the requirements of subclause 2.12.6(2) below
        2. The **transitional AMP** must:
           1. relate to the gas transmission services supplied by the **GTB**
           2. be identifiable as a **transitional AMP** prepared pursuant to clause 2.12.6(2) of this determination
           3. include the minimum requirements set out in subclause 2.12.6(3)
           4. include the forecast information set out in clause 2.6.5
           5. include the AMMAT Report set out in Schedule 17
           6. identify where the **GTB** considers the **AMP** does not yet conform to the requirements in clause 2.6.1, and set out the actions the **GTB** is taking to ensure the **AMP** will conform before the end of the first **DPP regulatory period**
           7. identify any actions the **GTB** has completed in order to conform to the requirements in clause 2.6.1
        3. The **transitional AMP** must include the following:
           1. a summary that provides a brief overview of the contents and highlights information that the **GTB** considers significant
           2. details of the background and objectives of the **GTB**’s asset management and planning processes
           3. details of the AMP planning period, which must cover at least a projected period of 10 years commencing with the **disclosure year** following the date on which the AMP is required to be disclosed
           4. the date that it was approved by the directors
           5. a description of stakeholder interests, as set out in subclause 3.6 of schedule A
           6. a description of the accountabilities and responsibilities for asset management, as set out in subclause 3.7 of Appendix A
           7. an overview of asset management strategy and delivery
           8. an overview of systems and information management data
           9. an overview of asset management documentation, controls and review processes
           10. details of the assets covered
           11. a clear identification or definition of a set of asset management performance indicators
           12. a description of network development plans and lifecycle management processes, covering material projects and programmes across the planning period
           13. details of risk policies, assessment and mitigation.
     7. The information required under clause 2.4.6, is not required to be **publicly disclosed** for the first time until 5 months after this determination is determined.
     8. The information required under 2.4.9 is not required to be **publicly disclosed** for the first time until 2 months after this determination is determined

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| --- | --- |
| Dr Mark Berry, *Chair* | Sue Begg, *Deputy Chair* |
| Pat Duignan | Stephen Gale |

Dated at Wellington this day of 2012.

COMMERCE COMMISSION

# APPENDIX A ASSET MANAGEMENT PLANS

This Appendix sets out the mandatory disclosure requirements with respect to **AMP**s. The text in italics provides a commentary on those requirements. The purpose of the commentary is to provide guidance on the expected content of disclosed **AMP**s. The commentary has been prepared on the basis that **GTB**s will implement best practice asset management processes.

### AMP design

1. The core elements of asset management:
   1. A focus on measuring network performance, and managing the assets to achieve service targets;
   2. Monitoring and continuously improving asset management practices;
   3. Close alignment with corporate vision and strategy;
   4. That asset management is driven by clearly defined strategies, business objectives and service level targets;
   5. That responsibilities and accountabilities for asset management are clearly assigned;
   6. An emphasis on knowledge of what assets are owned and why, the location of the assets and the condition of the assets;
   7. An emphasis on optimising asset utilisation and performance;
   8. That a total life cycle approach should be taken to asset management;
   9. That the use of ‘non-network’ solutions and demand management techniques as alternatives to asset acquisition is considered.
2. The disclosure requirements are designed to produce **AMP**s that—
   1. Are based on, but are not limited to, the core elements of asset management identified in clause above;
   2. Are clearly documented and made available to all stakeholders;
   3. Contain sufficient information to allow interested persons to make an informed judgement about the extent to which the **GTB**’s asset management processes meet best practice criteria and outcomes are consistent with outcomes produced in competitive markets;
   4. Specifically support the achievement of disclosed service level targets;
   5. Emphasise knowledge of the performance and risks of assets and identify opportunities to improve performance and provide a sound basis for ongoing risk assessment;
   6. Consider the mechanics of delivery including resourcing;
   7. Consider the organisational structure and capability necessary to deliver the **AMP**;
   8. Consider the organisational and contractor competencies and any training requirements;
   9. Consider the systems, integration and information management necessary to deliver the plans;
   10. Use unambiguous and consistent definitions of asset management processes and terminology consistent with the terms used in this appendix to enhance comparability of asset management practices over time and between **GTB**s;
   11. Promote continual improvements to asset management practices.

Disclosing an **AMP** does not constrain a **GTB** from managing its assets in a way that differs from the **AMP** if circumstances change after preparing the **AMP** or if the **GTB** adopts improved asset management practices.

### Contents of the AMP

1. The **AMP** must include the following:
   1. A summary that provides a brief overview of the contents and highlights information that the **GTB** considers significant
   2. Details of the background and objectives of the **GTB**’s asset management and planning processes
   3. A purpose statement which:
      1. makes clear the purpose and status of the **AMP** in the **GTB**’s asset management practices. The purpose statement must also include a statement of the objectives of the asset management and planning processes
      2. states the corporate mission or vision as it relates to asset management
      3. identifies the documented plans produced as outputs of the annual business planning process adopted by the **GTB**
      4. states how the different documented plans relate to one another, with particular reference to any plans specifically dealing with asset management
      5. includes a description of the interaction between the objectives of the **AMP** and other corporate goals, business planning processes, and plans

The purpose statement should be consistent with the **GTB**’s vision and mission statements and show a clear recognition of stakeholder interest.

* 1. Details of the **AMP planning period**, which must cover at least a projected 10 year asset management planning period commencing with the **disclosure year** following the date on which the **AMP** is disclosed

Good asset management practice recognises the greater accuracy of short-to-medium term planning, and will allow for this in the **AMP**. The **AMP**s for the second 5 years of the **AMP planning period** need not be presented in the same detail as the first 5 years.

* 1. The date that it was approved by the **directors**
  2. A description of stakeholder interests (owners, **consumers**, etc) which identifies important stakeholders and indicates:
     1. how the interests of stakeholders are identified
     2. what these interests are
     3. how these interests are accommodated in asset management practices
     4. how conflicting interests are managed.
  3. A description of the accountabilities and responsibilities for asset management on at least 3 levels, including:
     1. governance—a description of the extent of **director** approval required for key asset management decisions and the extent to which asset management outcomes are regularly reported to **directors**
     2. executive—an indication of how the in-house asset management and planning organisation is structured
     3. field operations—an overview of how field operations are managed, including a description of the extent to which field work is undertaken in-house and the areas where outsourced contractors are used.
  4. All significant assumptions:
     1. quantified where possible
     2. clearly identified in a manner that makes their significance understandable to interested persons, and including
     3. a description of changes proposed where the information is not based on the **GTB**’s existing business
     4. the sources of uncertainty and the potential effect of the uncertainty on the prospective information
     5. the price inflator assumptions used to prepare the financial information disclosed in **nominal New Zealand dollars** in the Report of Forecast Capital Expenditure set out in Schedule 11a and the Forecast on Forecast Operational Expenditure set out in Schedule 11b.
  5. A description of the factors that may lead to a material difference between the prospective information disclosed and the corresponding actual information recorded in future disclosures
  6. An overview of asset management strategy and delivery

To support the AMMAT disclosure and assist interested persons to assess the maturity of asset management strategy and delivery, the **AMP** should identify:

* + - *how the asset management strategy is consistent with the* ***GTB****’s other strategy and policies;*
    - *how the asset strategy takes into account the life cycle of the assets;*
    - *the link between the asset management strategy and the* ***AMP****;*
    - *processes that ensure costs, risks and system performance will be effectively controlled when the* ***AMP*** *is implemented.*
  1. An overview of systems and information management data

To support the AMMAT disclosure and assist interested persons to assess the maturity of systems and information management, the **AMP** should describe:

* + - *the processes used to identify asset management data requirements that cover the whole of life cycle of the assets;*
    - *the systems used to manage asset data and where the data is used, including* *an overview of the systems to record asset conditions and operation capacity and to monitor the performance of assets;*
    - *the systems and controls to ensure the quality and accuracy of asset management information;* *and*
    - *the extent to which these systems, processes and controls are integrated.*
  1. A statement covering any limitations in the availability or completeness of asset management data and disclose any initiatives intended to improve the quality of this data

Discussion of the limitations of asset management data is intended to enhance the transparency of the **AMP** and identify gaps in the asset management system.

* 1. A description of the processes used within the **GTB** for:
     1. managing routine asset inspections and **network** maintenance
     2. planning and implementing **network** development projects
     3. measuring **network** performance.
  2. An overview of asset management documentation, controls and review processes

To support the AMMAT disclosure and assist interested persons to assess the maturity of asset management documentation, controls and review processes, the **AMP** should:

* identify the documentation that describes the key components of the asset management system and the links between the key components;
* describe the processes developed around documentation, control and review of key components of the asset management system;
* where the **GTB** outsources components of the asset management system, the processes and controls that the **GTB** uses to ensure efficient and cost effective delivery of its asset management strategy;
* where the **GTB** outsources components of the asset management system, the systems it uses to retain core asset knowledge in-house; and
* audit or review procedures undertaken in respect of the asset management system.
  1. An overview of communication and participation processes

To support the AMMAT disclosure and assist interested persons to assess the maturity of asset management documentation, controls and review processes, the **AMP** should:

* communicate asset management strategies, objectives, policies and plans to stakeholders involved in the delivery of the asset management requirements, including contractors and consultants;
* demonstrate staff engagement in the efficient and cost effective delivery of the asset management requirements.

1. The **AMP** must present all financial values in **real New Zealand dollars** except where specified otherwise;
2. The **AMP** must be structured and presented in a way that the **GTB** considers will support the purposes of **AMP** disclosure set out in clause 2 of the determination.

### Assets covered

1. The **AMP** must provide details of the assets covered, including—
   1. A diagram, with any cross-referenced information contained in an accompanying schedule, of each **transmission system** of the pipeline owner showing the following details:
      1. all pipelines in the system with notations showing—
         1. internal, external, or nominal pipe diameters used (identifying whether internal, external, or nominal pipe diameters are used); and
         2. pipe design pressure ratings; and
         3. an unique identifier for each intake and offtake point of the system:
      2. all—
         1. **compressor stations**; and
         2. **pressure regulating stations**; and
         3. mainline isolation valves; and
         4. mixing stations; and
         5. intake points; and
         6. offtake points:
      3. if applicable, the points where a significant change has occurred since the previous disclosure under these regulations of the information referred to in subclauses 6.1.1 and of this Appendix, including—
         1. a clear description of every point on the pipeline system that is affected by the change; and
         2. a statement as to whether the capacity of the pipeline, at the points where the change has occurred, or at other points, as the case may be, has increased or decreased or is not affected.
         3. a description of the nature of the change.
      4. the distances between the items referred to in subclause of this Appendix.
   2. A diagram, with any cross-referenced information contained in an accompanying schedule, of each **transmission system** of the pipeline owner showing the following details:
      1. the physical location (by common place name or street address) of all pipelines in the system, with notations showing:
         1. internal, external, or nominal pipe diameters used; and
         2. pipe design pressure ratings; and
         3. a unique identifier for each intake and offtake point of the system;
      2. the physical location of all:
         1. **compressor stations**; and
         2. **pressure regulating stations**; and
         3. mainline isolation valves; and
         4. mixing stations; and
         5. intake points; and
         6. offtake points;
   3. if applicable, the locations where a significant change has occurred since the previous disclosure of the information referred to in subclauses 6.3.1 and of this Appendix, including:
      1. a clear description of every location on the **transmission system** that is affected by the change; and
      2. a statement as to whether the capacity of the pipeline , in the locations where the change has occurred, or in other locations, as the case may be, has increased or decreased or is not affected; and
      3. a description of the nature of the change;
      4. the distances between the physical locations of the items referred to in subclause of this Appendix.

### Network assets by category

1. The **AMP** must describe the **network** assets by providing the following information for each asset category:
   1. Description and quantity of assets;
   2. Age profiles;
   3. A discussion of the condition of the assets, further broken down into more detailed categories as appropriate. Systemic issues leading to the premature replacement of assets or parts of assets should be discussed.
2. The asset categories discussed in clause 7 of this Appendix should include at least the following:
   1. the categories listed in the Report on Forecast Capital Expenditure in Schedule 11a;
   2. assets owned by the **GTB** but installed at facilities owned by others.
3. For the purposes of the requirement to publicly disclose the diagrams referred to in clauses 6.1 and 6.2 of this Appendix, a **GTB** is deemed to comply with the requirement if the **GTB**, within 5 months after the end of each **disclosure year**, makes copies of the diagrams available for inspection, during ordinary office hours, at the principal offices of that **GTB**.

### Transmission system capacity

1. The AMP must include an assessment of the extent to which physical pipeline capacity is adequate to address the current and anticipated future needs of **consumers**, taking into account expected demands on the transmission system and the GTB’s investment plans.
   1. The assessment must include the following:
      1. Subject to clauses 10.2, 10.3 and 10.4 below, for each offtake point with a throughput of gas during the system peak flow period of 2,000 GJ or more, an analysis of available capacity, including a description of any potential transmission system constraints
      2. a description of the extent to which the **GTB**’s planned investments will affect the constraints identified in subclause 10.1.1 of this Appendix
      3. a description of the extent to which constraints identified in subclause 10.1.1 of this Appendix are impacting upon the quality of service provided to existing **consumers**.
   2. The analysis of available capacity disclosed pursuant to clause 10.1.1 of this Appendix for each offtake point must separately assume that the throughput of gas or the gas pressure requirements at the other offtake points on the transmission system:
      1. are those observed during a recent system peak flow period
      2. maintain observed trends, eg, growth trends and peak demand factors, or reflect other modelled behaviours.
   3. For the purposes of clause 10.1.1 of this Appendix, the AMP:
      1. may treat offtake points that are supplied from a common physical connection to a pipeline as a single offtake point, provided that this is noted in the AMP
      2. must describe the modelling methodology and include all material assumptions, including peak flow period throughputs not contributing to capacity constraints (eg, interruptible flows); physical boundaries of the transmission system; sources of data used; modelled representation of the transmission systems and its operational constraints
      3. must identify the recent system peak flow periods used in the clause 10.2.1 analysis, and must either set out the peak flow information specified in subclauses 2.5.2(1)(a) and 2.5.2(1)(b) of the determination, or provide reference to a website at which interested persons can readily access the same information at no charge as specified in subclause 2.5.2(4) of the determination
      4. must include the name, version and source of any commercial computer software used to simulate the transmission system.
   4. If the analysis specified in subclause 10.1.1 of this Appendix is posted on a website normally used by the GTB for the publication of information and can be readily accessed at no charge by interested persons, the analysis may be incorporated in the AMP by reference subject to the information being retained on such a website for a period of not less than five years.

### Service Levels

1. The **AMP** must clearly identify or define a set of performance indicators for which annual performance targets have been defined. The annual performance targets must be consistent with business strategies and asset management objectives and be provided for each year of the **AMP planning period**. The targets should reflect what is practically achievable given the current **network** configuration, condition and planned expenditure levels. The targets should be disclosed for each year of the **AMP planning period**.
2. Performance indicators for which targets have been defined in clause above must include the DPP requirements required under the price quality path determination applying to the regulatory assessment period in which the next **disclosure year** falls.

Performance indicators for which targets have been defined in *clause*  above should also include:

* **consumer** oriented indicators that preferably differentiate between different **consumer** groups;
* indicators of asset performance, asset efficiency and effectiveness, and service efficiency, such as technical and financial performance indicators related to the efficiency of asset utilisation and operation.

1. The **AMP** must describe the basis on which the target level for each performance indicator was determined. Justification for target levels of service includes consumer expectations or demands, legislative, regulatory, and other stakeholders’ requirements or considerations. The **AMP** should demonstrate how stakeholder needs were ascertained and translated into service level targets.
2. Targets should be compared to historic values where available to provide context and scale to the reader.
3. Where forecast expenditure is expected to materially affect performance against a target defined in clause above, the target should be consistent with the expected change in the level of performance.

Performance against target must be monitored for disclosure in the Evaluation of Performance section of each subsequent AMP.

1. **AMP**s must provide a detailed description of **network** development plans, including—
   1. A description of the planning criteria and assumptions for **network** development;

Planning criteria for **network** developments should be described logically and succinctly. Where probabilistic or scenario-based planning techniques are used, this should be indicated and the methodology briefly described.

* 1. A description of strategies or processes (if any) used by the **GTB** that promote cost efficiency including through the use of standardised assets and designs;

The use of standardised designs may lead to improved cost efficiencies. This section should discuss:

* the categories of assets and designs that are standardised;
* the approach used to identify standard designs.
  1. A description of the criteria used to determine the capacity of new equipment for different types of assets or different parts of the **network**.

The criteria described should relate to the **GTB**’s philosophy in managing planning risks.

* 1. A description of the process and criteria used to prioritise **network** development projects and how these processes and criteria align with the overall corporate goals and vision.
     1. Details of demand forecasts, the basis on which they are derived, and the specific **network** locations where constraints are expected due to forecast increases in demand;
     2. Explain the load forecasting methodology and indicate all the factors used in preparing the load estimates;
     3. Provide separate forecasts to at least off-take points covering at least a minimum 5 year forecast period. Discuss how uncertain but substantial individual projects/developments that affect load are taken into account in the forecasts, making clear the extent to which these uncertain increases in demand are reflected in the forecasts;
     4. Identify any network or equipment constraints that may arise due to the anticipated growth in demand during the **AMP planning period**;
  2. Analysis of the significant **network** level development options identified and details of the decisions made to satisfy and meet target levels of service, including:
     1. the reasons for choosing a selected option for projects where decisions have been made;
     2. the alternative options considered for projects that are planned to start in the next 5 years;
     3. consideration of planned innovations that improve efficiencies within the **network**, such as improved utilisation, extended asset lives, and deferred investment.
  3. A description and identification of the **network** development programme and actions to be taken, including associated expenditure projections. The **network** development plan must include:
     1. a detailed description of the material projects and a summary description of the non-material projects currently underway or planned to start within the next 12 months;
     2. a summary description of the programmes and projects planned for the following 4 years (where known); and
     3. an overview of the material projects being considered for the remainder of the **AMP planning period**.

For projects included in the **AMP** where decisions have been made, the reasons for choosing the selected option should be stated which should include how target levels of service will be impacted. For other projects planned to start in the next 5 years, alternative options should be discussed.

* 1. A description of the extent to which the disclosed **network** development plans meet the loads anticipated in current gas demand forecasts prepared by the Gas Industry Company or any Government department or agency.

### Lifecycle Asset Management Planning (Maintenance and Renewal)

1. The **AMP** must provide a detailed description of the lifecycle asset management processes, including—
   1. The key drivers for maintenance planning and assumptions;
   2. Identification of **routine and corrective maintenance and inspection** policies and programmes and actions to be taken for each asset category, including associated expenditure projections. This must include:
      1. the approach to inspecting and maintaining each category of assets, including a description of the types of inspections, tests and condition monitoring carried out and the intervals at which this is done;
      2. any systemic problems identified with any particular asset types and the proposed actions to address these problems; and
      3. budgets for maintenance activities broken down by asset category for the **AMP planning period**.
   3. Identification of **asset replacement and renewal** policies and programmes and actions to be taken for each **asset category**, including associated expenditure projections. This must include:
      1. the processes used to decide when and whether an asset is replaced or refurbished, including a description of the factors on which decisions are based;
      2. a description of the projects currently underway or planned for the next 12 months;
      3. a summary of the projects planned for the following 4 years (where known); and
      4. an overview of other work being considered for the remainder of the **AMP planning period**.
   4. The asset categories discussed in subclauses 17.2 and 17.3 above should include at least the categories in subclause 8.

### Non-Network Development, Maintenance and Renewal

1. **AMP**s must provide a summary description of material non-network development, maintenance and renewal plans, including—
   1. a description of non-network assets;
   2. development, maintenance and renewal policies that cover them;
   3. a description of material capital expenditure projects (where known) planned for the next 5 years;
   4. a description of material maintenance and renewal projects (where known) planned for the next 5 years.

### Risk Management

1. **AMP**s must provide details of risk policies, assessment, and mitigation, including—
   1. methods, details and conclusions of risk analysis;
   2. strategies used to identify areas of the **network** that are vulnerable to high impact low probability events and a description of the resilience of the **network** and asset management systems to such events;
   3. a description of the policies to mitigate or manage the risks of events identified in subclause of this Appendix;
2. Details of emergency response and contingency plans.

Asset risk management forms a component of a **GTB**’s overall risk management plan or policy, focusing on the risks to assets and maintaining service levels. **AMP**s should demonstrate how the **GTB** identifies and assesses asset related risks and describe the main risks within the **network**. The focus should be on credible low-probability, high-impact risks. Risk evaluation may highlight the need for specific development projects or maintenance programmes. Where this is the case, the resulting projects or actions should be discussed, linking back to the development plan or maintenance programme.

### Evaluation of performance

1. **AMP**s must provide details of performance measurement, evaluation, and improvement, including—
   1. A review of progress against plan, both physical and financial;
      * Referring to the most recent disclosures made under section 2.6 of this determination, discussing any significant differences and highlighting reasons for substantial variances;
      * Commenting on the progress of development projects against that planned in the previous **AMP** and provide reasons for substantial variances along with any significant construction or other problems experienced;
      * Commenting on progress against maintenance initiatives and programmes and discuss the effectiveness of these programmes noted;
   2. An evaluation and comparison of actual service level performance against targeted performance.

In particular, comparing the actual and target service level performance for all the targets discussed under the ‘service levels’ section of the **AMP** over the previous 5 years and explain any significant variances;

* 1. An evaluation and comparison of the results of the asset management maturity assessment disclosed in the Report on Asset Management Maturity set out in Schedule 13 against relevant objectives of the **GTB**’s asset management and planning processes;
  2. An analysis of gaps identified in subclauses 21.2 and 21.3 above. Where significant gaps exist (not caused by one-off factors), the AMP must describe any planned initiatives to address the situation.

### Capability to deliver

1. **AMP**s must describe the processes used by the **GTB** to ensure that
   1. The **AMP** is realistic and the objectives set out in the plan can be achieved;
   2. The organisation structure and the processes for authorisation and business capabilities will support the implementation of the **AMP** plans.

# Schedule 1 Analytical Ratios



# Schedule 2 Comparison of Forecasts to Actual Expenditure



# Schedule 3 Report on Return on Investment



# Schedule 3a Report on Term Credit Spread Differential Allowance



# Schedule 4 Report on Value of the Regulatory Asset Base (Rolled Forward)





# Schedule 4a Report on Asset Allocations





# Schedule 4b Report Supporting Asset Allocations



# Schedule 4c Report on Transitional Financial Information





# Schedule 5 Report on Regulatory Profit





# Schedule 5a Report on Regulatory Tax Allowance



# Schedule 5b Report on Related Party Transactions

# Schedule 5c Report on Cost Allocations





# Schedule 5d Report Supporting Cost Allocations



# Schedule 6 Report on Capital Expenditure for the Disclosure Year







# Schedule 7 Report on Operational Expenditure for the Disclosure Year



# Schedule 8a Report on Billed Quantities and Line Charge Revenue (by Type of Charge)





# Schedule 8b Report on Billed Quantities and Line Charge Revenue (by Consumer Type)





# Schedule 9a Asset Register

# Schedule 9b Asset Age Profile



# Schedule 9c Report on Pipeline Data

# Schedule 9d Report on Demand



# Schedule 10 Report on Network Reliability and Interruptions



# Schedule 10a Report on Network Integrity



# Schedule 11a Report on Forecast Capital Expenditure











# Schedule 11b Report on Forecast Operational Expenditure

# Schedule 12a Report on Asset Condition



# Schedule 12b Report on Forecast Demand

# Schedule 13 Report on Asset Management Maturity

1. Each GTB must complete the AMMAT Report. The **GTB** must ensure that the person responsible for managing network assets (or a similar level individual) in the organisation takes responsibility for completing and maintaining the AMMAT, including:
   1. Organising people within the organisation to answer the questions;
   2. Arranging for all information to be captured within the AMMAT;
   3. Reporting to the organisation on the results of the assessment;
   4. Planning the assessment process, including:
      1. Determining the form the assessment process is to take. In this context, the principal formats are generally taken to be interviews, facilitated groups/panels or a combination of the two;
      2. Arranging for appropriate outsourced service providers and stakeholders to act as respondents during the assessment exercise;
      3. Providing appropriate pre-assessment communication (and training where appropriate) to ensure that, as a minimum, the proposed respondents are aware of the AMMAT process and the part within it that they are being asked to play;
      4. Identifying which questions are to be asked of which respondents.

Part of the value of a formal asset management system is the definition and standardisation of terms. A common understanding of terms helps interested persons to understand the asset management concepts and processes that apply to the **GTB**. In particular, it helps the **GTB**’s employees and suppliers to understand and improve asset management concepts and processes.

The AMMAT will not provide an effective assessment of the maturity of the supplier’s asset management capability and processes unless the preparation of the AMMAT is supported by senior management of the **GTB**.

The level of effort required to complete the AMMAT should be consistent with a gap analysis exercise rather than the level typically involved with an audit for certification.

An audit involves a systematic, independent process for the collection and analysis of evidence to support a rating whereas the AMMAT is intended to be used by providing a reference to supporting evidence or an explanation of the self-assessment.

The level of documentation within an asset management system is expected to be consistent with factors such as the size of the company, complexity of processes and competence of personnel.

The definitions provided in the AMMAT for each maturity rating should provide sufficient information for a **GTB** to objectively identify the level currently being achieved by the organisation.

1. Each **GTB** must specify in the AMMAT Report the standard of asset management practice that the GTB has used as the reference standard.
2. Cells in the following columns in the AMMAT Report set out below must be filled out:
   1. ‘User guidance’: guidance (if required) on completing each question of the AMMAT.

This column can be used by the person responsible for completing and maintaining the AMMAT to provide guidance to the persons coordinating responses to each question.

* 1. ‘Evidence—Summary’: the information/evidence used to support the assessed rating.

The cells in this column should be completed by persons coordinating responses to each question.

* 1. ‘Score’: the appropriate maturity rating (this must be a whole number between 0 and 4).

To meet AMMAT level 4 maturity, the **GTB**’s processes must surpass the standards that must be complied with in an internationally accepted asset management specification. The AMMAT questionnaire has been prepared to conform to the PAS 55 specification. However, a similar specification, if available, may be used for the purpose of disclosure.

















# Schedule 14 Mandatory Explanatory Notes

1. This Schedule requires GTBs to provide explanatory notes to information provided in accordance with clauses , 2.4.18, and .
2. This Schedule is mandatory—GTBs must provide the explanatory comment specified below, in accordance with clause . This information is part of the audited disclosure information, and so is subject to the assurance requirements specified in section .
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for GTBs to give additional explanation of disclosed information should they elect to do so.

## Mandatory explanatory notes

### Variance between forecast and actual expenditure (Schedule 2)

1. In the box below, comment on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 2. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 1: Explanatory comment on variance in actual to forecast expenditure  [Insert text here] |

### Return on Investment (Schedule 3)

1. In the box below, comment on return on investment as disclosed in Schedule 3. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 2: Explanatory comment on return on investment  [Insert text here] |

### Value of the Regulatory Asset Base (Schedule 4)

1. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 3: Explanatory comment on the value of the regulatory asset based (rolled forward)  [Insert text here] |

*Asset allocation (Schedule 4a)*

1. In the box below, comment on asset allocation as disclosed in Schedule 4a. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 4: Commentary on asset allocation  [Insert text here] |

*Initial RAB adjustment (Schedule 4c)*

1. In the box below, comment on adjustments to theinitial RAB as disclosed in Schedule 4c. This comment must include information on adjustments in accordance with clause 2.7.2.

|  |
| --- |
| Box 5: Commentary on adjustments to the initial RAB  [Insert text here] |

### Regulatory Profit (Schedule 5)

1. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 5. This comment must include:
   1. a description of material items included in ‘other regulatory line income’ other than gains and losses on asset sales, as disclosed in Schedule 5(i)
   2. information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 5: Explanatory comment on regulatory profit  [Insert text here] |

### Merger and acquisition expenses (Schedule 5(vi))

1. If the GTB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below:
   1. information on reclassified items in accordance with clause 2.7.1(2)
   2. any other commentary on the benefits of the merger and acquisition expenditure to the GTB.

|  |
| --- |
| Box 6: Explanatory comment on merger and acquisition expenditure  [Insert text here] |

### Regulatory tax allowance: disclosure of permanent differences (Schedule 5a(i))

1. In the box below, provide descriptions and workings of the following items, as recorded in the asterisked categories in of Schedule 5a(i):
   1. Income not included in regulatory profit / (loss) before tax but taxable
   2. Expenditure or loss in regulatory profit / (loss) before tax but not deductible
   3. Income included in regulatory profit / (loss) before tax but not taxable
   4. Expenditure or loss deductible but not in regulatory profit / (loss) before tax

|  |
| --- |
| Box 7: Regulatory tax allowance: permanent differences  [Insert text here] |

### Regulatory tax allowance: disclosure of temporary differences (Schedule 5a(ii))

1. In the box below, provide descriptions and workings of items recorded in the asterisked category ‘Tax effect of other temporary differences’ in Schedule 5a(ii)

|  |
| --- |
| Box 8: Temporary differences  [Insert text here] |

### Related party transactions: disclosure of related party transactions (Schedule 5b)

1. In the box below, provide descriptions of related party transactions beyond those disclosed in Schedule 5b including identification and descriptions as to the nature of directly attributablecosts disclosed under clause 2.3.7(2)(b).

|  |
| --- |
| Box 10: Related party transactions  [Insert text here] |

*Cost allocation (Schedule 5c)*

1. In the box below, comment on cost allocation as disclosed in Schedule 5c. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

|  |
| --- |
| Box 10: Cost allocation  [Insert text here] |

### Capital Expenditure for the Disclosure Year (Schedule 6)

1. In the box below, comment on capital expenditure for the disclosure year, as disclosed in Schedule 6. This comment must include:
   1. a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6;
   2. information on reclassified items in accordance with clause 2.7.1(2)

|  |
| --- |
| Box 9: Explanation of capital expenditure for the disclosure year  [Insert text here] |

### Operational Expenditure for the Disclosure Year (Schedule 7)

1. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 7. This comment must include:
   1. Commentary on assets replaced or renewed with Asset replacement and renewal operating expenditure, as reported Schedule 7(i)
   2. Information on reclassified items in accordance with clause 2.7.1(2)
   3. Commentary on any material atypicalexpenditure included in operational expenditure disclosed in Schedule 7, a including the value of the expenditure the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

|  |
| --- |
| Box 10: Explanation of operational expenditure for the disclosure year  [Insert text here] |

### Information Relating to Revenue for the Disclosure Year

1. In the box below provide:
   1. a comparison of the target revenue disclosed before the start of the disclosure year in accordance with clause 2.4.3(3), to total billed line charge revenue for the disclosure year, as disclosed in Schedules 8a and 8b; and
   2. explanatory comment on reasons for any material differences between target revenue and total billed line charge revenue.

|  |
| --- |
| Box 11: Explanatory comment relating to revenue for the disclosure year  [Insert text here] |

### Network Reliability for the Disclosure Year (Schedule 10)

1. In the box below, comment on network reliability for the disclosure year, as disclosed in Schedule 10.

|  |
| --- |
| Box 12: Commentary on network reliability for the disclosure year  [Insert text here] |

### Insurance cover

1. In the box below provide details of any insurance cover for the assets, including:
   1. The GTB’s approaches and practices in regard to the insurance of assets, including the level of insurance;
   2. In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

|  |
| --- |
| Box 13: Explanation of insurance cover  [Insert text here] |

# Schedule 14a Mandatory Explanatory Notes on Forecast Information

1. This Schedule requires GTBs to provide explanatory notes to reports prepared in accordance with clause .
2. This Schedule is mandatory—GTBs must provide the explanatory comment specified below, in accordance with clause 2.7.2. This information is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section .

*Commentary on difference between nominal and real capital expenditure forecasts (Schedule 11a)*

1. In the box below, comment on the difference between nominal and real capital expenditure for the disclosure year, as disclosed in Schedule 11a.

|  |
| --- |
| Box 14: Commentary on difference between nominal and real capital expenditure forecasts  [Insert text here] |

*Commentary on difference between nominal and real operational expenditure forecasts (Schedule 11b)*

1. In the box below, comment on the difference between nominal and real operational expenditure for the disclosure year, as disclosed in Schedule 11b.

|  |
| --- |
| Box 15: Commentary on difference between nominal and real capital expenditure forecasts  [Insert text here] |

# Schedule 14b Explanatory Notes on Transitional Financial Information

1. This Schedule provides for GTBs to provide explanatory notes to the transitional financial information disclosed in accordance with clause .
2. This Schedule is mandatory—GTBs must provide the explanatory comment specified below, in accordance with clause . This information is part of the audited disclosure information, and so is subject to the assurance requirements specified in section .
3. In the box below, provide explanatory comment on the GTB’s initial RAB adjustments, as disclosed in Schedule 4c (Transitional financial information), summarising the adjustments made in accordance with clause 2.2.1 of the IM determination.

|  |
| --- |
| Box 16: Initial RAB adjustments  [Insert text here] |

1. In the box below provide explanatory comment on the tax effect of other temporary differences for the years ending 31 March 2010 and 31 March 2011 (as reported in Schedule 4d(vi)).

|  |
| --- |
| Box 17: Tax effect of other temporary differences (years ended 31 March 2010 and 31 March 2011)  [Insert text here] |

# Schedule 15 Voluntary Explanatory Notes

1. This Schedule enables GTBs to provide, should they wish to:
   1. additional explanatory comment to reports prepared in accordance with clauses , , , , and ;
   2. information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this Schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section
3. Provide additional explanatory comment in the box below.

|  |
| --- |
| Box 18: Voluntary explanatory comment on disclosed information  [Insert text below] |

# Schedule 16 Definitions of Terms used in Schedules 1 to 15

|  |  |
| --- | --- |
| Term | Definition |
| % of asset forecast to be replaced in next 5 years | % of asset forecast to be replaced in next 5 years consistent with the capital expenditure forecast |
| % variance | means:  =  where:  = actual expenditure  = forecast expenditure |
| 2009 authorisation assets | has the meaning set out in the IM determination |
| 2009 disclosed assets | has the meaning set out in the IM determination |
| 2009 part year | means amounts determined in accordance with the IM determination, in relation to:   * + - 1. Vector Limited, for the period from 1 July 2009 to 30 September 2009; and       2. Maui Developments Limited (MDL), for the period from 1 January 2009 to 30 September 2009 |
| 25th percentile estimate | means the 25th percentile estimate for the range of the mid-point post tax WACC or mid-point vanilla WACC determined by the Commission in accordance with clause 2.4.7 of the IM determination |
| 75th percentile estimate | means the 75th percentile estimate for the range of the mid-point post tax WACC or mid-point vanilla WACC determined by the Commission in accordance with clause 2.4.7 of the IM determination |
| Actual controllable opex | has the meaning set out in the IM determination |
| Actual expenditure | means, in relation to:   * + - * 1. a disclosure year, expenditure for the disclosure year         2. the regulatory period, expenditure for the disclosure years from the start of the regulatory period to the current disclosure year |
| Adjusted depreciation | has the meaning set out in the IM determination |
| Adjustment resulting from asset allocation | means   1. in relation to the works under construction roll-forward, the change in works under construction resulting from a change in asset allocation assumptions for assets included in works under construction, where increases in the value of works under construction are positive and decreases are negative 2. in all other instances, the value of *q* calculated using the following formula:   =  where:  = total closing RAB value  = total opening RAB value  = total depreciation  = total CPI revaluations  = assets commissioned  = asset disposals  = lost and found assets adjustment  The formula must be calculated using component values that relate to the RAB. These inputs are the values that result from the application of clause 2.1.1 of the IM determination |
| Adjustment to reinstate 2009 modified asset values to unallocated amounts | means the value of the adjustment required to the 2009 modified asset values so the resultant value represents the unallocated 2009 modified asset values |
| All other projects or programmes | means, within an expenditure category, the total of projects and programmes that are not material projects and programmes. |
| Allocator metric | has the meaning set out in the IM determination |
| Allocator type | has the meaning set out in the IM determination |
| Allowed controllable opex | has the meaning set out in the IM determination |
| Alternative closing RIV | means total closing RAB value less adjustment resulting from cost allocation less lost and found assets adjustment plus revenue related working capital |
| Alternative opening RIV | means the sum of total opening RAB value plus revenue related working capital |
| Alternative ROI – comparable to a post-tax WACC | means the alternative ROI comparable to the vanilla WACC less the product of the cost of debt (%), the leverage and the corporate tax rate |
| Alternative ROI – comparable to a vanilla WACC | means:  *q = (1 + monthly IRR)12 – 1*  where:  *monthly IRR* = IRR (13 monthly amounts)  where the 13 monthly amounts are:   * the negative of alternative opening RIV * the 11 end-of-month notional net cash flows for October to August of the assessment period * notional net cash flows for September for the assessment period plus alternative closing RIV less term credit spread differential allowance |
| Arm’s-length deduction | has the meaning set out in the IM determination |
| Asset age | means, in relation to the asset age disclosure requirements in Schedule 16, the number of assets at the end of the most recent disclosure year excluding stores and spares, categorised by asset class and the disclosure year in which the asset was originally commissioned on the network. If the original year in which the asset was commissioned is not known, then   * the commissioning year categorisation may be made using- * an estimated commissioning date (the use of estimates should be reflected in the data accuracy rating disclosed in the column ‘data accuracy’) * a default date (the number of assets for which default dates are used is to be disclosed in the column “No. with default dates”) * the asset is not categorised by commissioning date (the number of assets not categorised by commissioning date is entered in the “No. with age unknown” column) |
| Asset category transfers | means the value of an asset transferred between asset categories |
| Asset Condition at end of year (percentage by grade) | Proportion of each asset class assessed against the asset condition categories (grade 1 to 4), reflecting the likelihood of short, medium or longer term intervention. Suppliers are able to apply their own criteria for intervention when populating the table. |
| Asset disposals | means:   1. in relation to the unallocated RAB, the sum of unallocated opening RAB values less regulatory depreciation of disposed assets, as determined in accordance with the input methodologies identified as applicable to that asset in the IM determination; 2. in relation to the RAB, the value (as determined in accordance with paragraph (a)) which was allocated to gas transmission services in accordance with clause 2.1.1 of the IM determination |
| Asset disposals (other) | means asset disposals other than asset disposals to a regulated supplier and asset disposals to a related party |
| Asset disposals to a regulated supplier | means asset disposals disposed of to a regulated supplier |
| Asset disposals to a related party | means asset disposals disposed of to a related party |
| Asset or assets with non-standard depreciation | means a description of assets or groups of assets where depreciation is not included in Depreciation – standard |
| Assets acquired from a regulated supplier | means:   1. in relation to the unallocated RAB, the sum of value of assets acquired from another regulated supplier as determined in accordance with clause 2.2.11(1)(e) of the IM determination; 2. in relation to the RAB, the sum of value of the assets (as determined in accordance with paragraph (a)) which is allocated to the gas transmission services in accordance with clause 2.1.1 of the IM determination |
| Associates | in relation to the definition of involved in, has the meaning set out in the Electricity Industry Act 2010 |
| Attribution rate | means:  =  where:  = average opening and closing RAB values  = a leverage rate of 44%  = total book value of interest bearing debt |
| Average opening and closing RAB values | means;  =  where:  = total opening RAB value  = total closing RAB value |
| Balancing gas costs | means a cost or credit specified in clause 3.1.3(c) of the IM determination |
| Basis for determining value | means the basis for determining the value of the related party transaction in accordance with clause 5.2 of section 2.3 of this determination |
| Billed quantities | means the quantities associated with charge types upon which the consumer’s bill for gas pipeline services is based, expressed in the units of measure used by the GTB for setting prices (for example volumes of gas delivered in GJ). |
| Book value | means:   1. in relation to the issue date, the book value in New Zealand dollars of a qualifying debt or non-qualifying debt on the issue date 2. in relation to the date of financial statements, the book value in New Zealand dollars of a qualifying debt or non-qualifying debt as at the end of the period of the GTB’s latest general purpose financial statements |
| Business support | in relation to expenditure, means operational expenditure associated with the following corporate activities:   * HR and training (other than operational training) * finance and regulation including compliance activities, valuations and auditing * CEO and director costs * legal services * consulting services (excluding engineering/technical consulting) * property management * corporate communications * corporate IT * industry liaison and participation * commercial activities including pricing, billing, revenue collection and marketing * liaison with shippers and welded parties |
| Capital contributions | has the meaning set out in the IM determination. |
| Capital contributions funding customer connection expenditure | means capital contributions that are paid to the GTB in relation to customer connection expenditure. |
| Cathodic protection | means a system that inhibits the corrosion of a metallic gas pipe by means of an impressed current or sacrificial anodes. |
| Charge Type | A rate that is a component of a multi-part line charge – for example, a daily rate in c/day or a volume rate in c/kWh |
| Chromatographs | Means a device for determining the chemical composition of the contents of the transmission system |
| Closing RAB (tax value) | means the sum of regulatory tax asset values for assets have a value included in total closing RAB value |
| Closing RAB value under 'non-standard' depreciation | means the closing RAB value or sum of closing RAB values as determined in accordance with Part 2 subpart 2 of the IM determination for the relevant asset or assets with non-standard depreciation |
| Closing RAB value under 'standard' depreciation | means:  (a) in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, 'not applicable'  (b) in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets or depreciation - alternative depreciation determined in accordance with CPP, the sum of closing RAB values as determined in accordance with the IM determination as if the closing RAB value and all proceeding closing RAB values had been calculated in accordance with clause 2.1.1 of the IM determination applying a physical asset life determined in accordance with either clause 2.2.8(e)(iii) or (f) of the IM determination  for the relevant asset or assets with non-standard depreciation |
| Closing RIV | means total closing RAB values less adjustment resulting from cost allocation less lost and found assets adjustment |
| Closing tax losses | has the meaning given to that term in clause 2.3.2(4) of the IM determination |
| Coalescers | Means a vessel to coalesce any liquid entrained in the gas |
| Compressor fuel | in relation to expenditure, means operational expenditure where the primary driver is the consumption of natural gas by the compressor fleet. |
| Compressor stations | means a station where a compressor is used to increase the pressure of gas flowing in the pipe |
| Confirmed public reported escapes of gas | means any escape of gas confirmed by the GTB excluding third party damage events, routine surveys find and no traces events |
| Control rights | has the meaning set out in the Electricity Industry Act 2010 |
| Corporate tax rate | has the meaning set out in the IM determination |
| Cost of debt assumption | means the sum of the risk free rate and debt premium estimates as determined by the Commission in accordance with clauses 2.4.3 and 2.4.4 and published by the Commission under clause 2.4.8 of the IM determination for each disclosure year |
| Cost of executing an interest rate swap | has the meaning set out in the IM determination |
| Coupon rate | means:  (a) where the information is available publicly, the nominal coupon rate of interest of a qualifying debt on the issue date;  (b) where the nominal coupon rate of interest of a qualifying debt on the issue date is not available publicly, either the nominal coupon rate of interest or the basis for determining the nominal coupon rate of interest of a qualifying debt on the issue date |
| CPI4 | has the meaning set out in clause 2.2.9(4) of the IM determination |
| CPI4-4 | has the meaning set out in clause 2.2.9(4) of the IM determination |
| CPP | means customised price-quality path |
| Current period tax losses | has the meaning given to that term in clause 2.3.2(5) of the IM determination |
| Customer types defined by GTB | means categories of customers that are defined by the GTB based on particular customer attributes. |
| Data Accuracy 1–4 | means the GTB’s assessment of the accuracy of the data provided, using one of the following options:  1 – means that good quality data is not available for any of the assets in the category and estimates are likely to contain significant error  2 – means that good quality data is available for some assets but not for others and the data provided includes estimates of uncounted assets within the category  3 – means that data is available for all assets but includes a level of estimation where there is understood to be some poor quality data for some of the assets within the category  4 – means that good quality data is available for all of the assets in the category |
| Debt issue cost readjustment | has the meaning set out in clause 2.4.11(4) of the IM determination |
| Depreciation - alternative depreciation in accordance with CPP | means:  (a) in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.6 of the IM determination;  (b) in relation to the RAB, depreciation calculated in accordance with clause 2.2.6 or 2.2.8(4) of the IM determination |
| Depreciation - modified life assets | means:   1. in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; 2. in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination;   of assets with a physical asset life determined in accordance with clauses 2.2.8(1)(b or 2.2.8(2) of the IM determination or where clauses 2.2.8(1)(d) and 2.2.8(1)(e)(iv) of the IM determination apply with reference to assets with a physical asset life determined in accordance with clauses 2.2.8(1)(b) or 2.2.8(2) of the IM determination |
| Depreciation - no standard life assets | means:   1. in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; 2. in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination;   of assets with a physical asset life determined in accordance with clauses 2.2.8(1)(a) or 2.2.8(1)(d) or 2.2.8(1)(e)(iv)-(v) or 2.2.8(1)(g) of the IM determination or where clauses 2.2.8(1)(d) and 2.2.8(1)(e)(iv) of the IM determination apply with reference to assets with a physical asset life determined in accordance with clauses 2.2.8(1)(a) or 2.2.8(1)(d) or 2.2.8(1)(e)(iv)-(v) or 2.2.8(1)(g) of the IM determination |
| Depreciation - standard | means:   1. in relation to the unallocated RAB, the sum of unallocated depreciation calculated in accordance with clause 2.2.5(1) of the IM determination; 2. in relation to the RAB, depreciation calculated in accordance with clause 2.2.5(2) of the IM determination;   excluding depreciation - alternative depreciation in accordance with CPP, depreciation - modified life assets, and depreciation - no standard life assets |
| Depreciation charge for the period (RAB) | means the depreciation or sum of depreciation as determined in accordance with the IM determination for the relevant asset or assets with non-standard depreciation |
| Description of transaction | means a brief description of the transaction with a related party, including the goods or services provided to or by the GTB as part of that transaction |
| Disposed asset | has the meaning set out in paragraph (a) of the defined term in the IM determination |
| Easement activity | means operational expenditure where the primary driver is the management of the pipeline easement including:   * land database (property owners, occupiers and other stakeholders) * communications with landowners, occupiers and other stakeholders * vegetation control * monitoring activities on or near the easement * compensation and other associated legal costs |
| Easement land | has the meaning set out in the IM determination |
| Emergency | [TBC] (a definition has been proposed in the Draft Initial Default Price-Quality Paths for Gas Pipelines Businesses Draft Reasons Paper and Draft Determinations, which will also be adopted here)[[1]](#footnote-1) |
| End-consumer type | The type of consumer who consumes gas for their own use |
| Equity return rights | has the meaning set out in the Electricity Industry Act 2010 |
| Expenditure or loss deductible but not in regulatory profit / (loss) before tax - permanent | means expenditure or loss deductible but not in regulatory profit / (loss) before tax as determined in accordance with clause 2.3.3(3) of the IM determination |
| Expenditure or loss deductible but not in regulatory profit / (loss) before tax - temporary | means expenditure or loss deductible but not in regulatory profit / (loss) before tax as determined in accordance with clause 2.3.5(5)(b) of the IM determination |
| Expenditure or loss in regulatory profit / (loss) before tax but not deductible - permanent | means expenditure or loss in regulatory profit / (loss) before tax but not deductible as determined in accordance with clause 2.3.3(2)(b) of the IM determination |
| Expenditure or loss in regulatory profit / (loss) before tax but not deductible - temporary | means expenditure or loss in regulatory profit / (loss) before tax but not deductible as determined in accordance with clause 2.3.5(4)(b) of the IM determination |
| Expenses | means operational expenditure and pass-through and recoverable costs accrued in each of the months of the disclosure year. Where costs are notional they should be recognised evenly over the months of the disclosure year |
| Finance during construction | means the interest expenditure incurred by a GTB and accumulated during the construction phase of a project that creates a new, or modifies an existing, network asset. |
| Forecast expenditure | means, in relation to:   1. current disclosure year, the forecast expenditure for the current disclosure year disclosed pursuant to section 2.5 of this determination immediately prior to the start of the current disclosure year 2. regulatory period, the forecast expenditure for the disclosure years from the start of the regulatory period to the current disclosure year disclosed pursuant to Part 5 of the IM determination where a CPP is in place for the current disclosure year or disclosed pursuant to section 2.5 of this determination prior to the start of the disclosure year preceding the regulatory period where a CPP is not in place for the current disclosure year |
| GAAP | means generally accepted accounting practice in New Zealand |
| Gains / (losses) on asset sales | means, in respect of:  (a) assets disposals to a related party, nil;  (b) assets disposals to a regulated supplier, nil;  (c) asset disposals (other), the values determined in accordance with:  sale price of an asset - assets disposals (other)  where each component has the value allocated to gas transmission services in accordance with clause 2.1.1 of the IM determination |
| Gas pipeline services | has the meaning set out in s 55 of the Act |
| Number of customers | Number of billed customers |
| GJ Deliveries by connected party (TJ) | Offtake volume expressed in TJ |
| GPB | means gas pipeline business and includes GDBs and GTBs |
| Grade 1 | End of serviceable life, immediate intervention required |
| Grade 2 | Material deterioration but asset condition still within serviceable life parameters. Intervention likely to be required within 12 months. |
| Grade 3 | Deterioration requires assessment and ongoing monitoring |
| Grade 4 | Good or as new condition |
| Grade unknown | Condition unknown or not yet assessed |
| Gross capital expenditure on transmission network | means the sum of:  customer connection plus system growth plus quality of supply plus asset replacement and renewal plus asset relocations plus legislative and regulatory |
| Gross term credit spread differential | means the sum of term credit spread difference, cost of executing an interest rate swap and debt issue cost readjustment for qualifying debt |
| GTB customer type | means a category based on the type of customer, as defined by the GTB |
| Heating system | means a system of heating the gas flowing in a pipe. |
| Highest rate of capitalised finance applied | means the highest rate of finance used as the cost of financing capitalised in works under construction |
| Income included in regulatory profit / (loss) before tax but not taxable - permanent | means income included in regulatory profit / (loss) before tax but not taxable as determined in accordance with clause 2.3.3(3)(a) of the IM determination |
| Income included in regulatory profit / (loss) before tax but not taxable – temporary | means income included in regulatory profit / (loss) before tax but not taxable as determined in accordance with clause 2.3.5(5)(a) of the IM determination |
| Income not included in regulatory profit / (loss) before tax but taxable - permanent | means income not included in regulatory profit / (loss) before tax that is taxable as determined in accordance with clause 2.3.5(2)(a) of the IM determination |
| Income not included in regulatory profit / (loss) before tax but taxable – temporary | means income not included in regulatory profit / (loss) before tax that is taxable as determined in accordance with clause 2.3.5(4)(a) of the IM determination |
| Increase in value resulting from revaluations in accordance with 2.2.1(3)(b) | means the value of revaluations as determined in accordance with clause 2.2.1(3)(b) of the IM determination |
| Increase/(decrease) in value resulting from rolling forward the asset adjustment process adjustments | means the adjustment to the value of included or value modified assets resulting from applying clauses 2.2.1 of the IM determination. Included and value modified have the meanings as set out in clause 2.2.1(6)(c) of the IM determination |
| Incremental gain/(loss) in year | means the incremental change or incremental adjustment term for the disclosure year determined in accordance with clause 3.3.1 of the IM determination |
| Initial disclosure year | means the disclosure year 2012 |
| Input methodology claw-back | means a cost specified in clause 3.1.3(1)(b) of the IM determination |
| Interruption | Means the cessation of supply of gas for a period of 1 minute or longer, other than by reason of disconnection in accordance with the terms of the contract under which the gas is supplied |
| Involved in | has the meaning set out in section 74 of the Electricity Industry Act 2010, as if the references to distributor, generator or retailer in s 74(1) were read as references to an GTB or any other person |
| IRR | means internal rate of return |
| Issue date | means the day on which a qualifying debt or non-qualifying debt is issued |
| Items at end of year (quantity) | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year, expressed in the prescribed unit |
| Items at start of year (quantity) | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year, expressed in the prescribed unit |
| Leverage | has the meaning set out in the IM determination |
| Levies | means a cost specified in clause 3.1.2(2)(b) of the IM determination |
| Line charge revenue | Means revenue from prices |
| Line item | has the meaning set out in the IM determination |
| Lost and found assets adjustment | means:   1. in relation to the unallocated RAB, the value of found assets as determined in accordance with clause 2.2.12 of the IM determination, less the value of lost assets. The value of a lost asset is the unallocated opening RAB value of the asset less regulatory depreciation as determined in accordance with the IM determination; 2. in relation to the RAB, the value of the asset (as determined in accordance with paragraph (a)) which is allocated to gas transmission services in accordance with clause 2.1.1 of the IM determination |
| Material influence | has the meaning set out in the Electricity Industry Act 2010 |
| Material projects and programmes | Projects or programmes with actual or forecast total expenditure greater than the materiality threshold that is developed and applied by the GTB |
| Merger and acquisition expenses | means expenditure related to merger and acquisition activities irrespective of the outcome of the merger or acquisition, but proportionate to the extent the benefits of the merger or acquisition would relate to gas transmission services. Disclosure of the benefits to gas transmission services is required for merger and acquisition expenses to be recognised |
| Metering system | means a device that measures and records the quantity of gas that has flowed through the device in a period of time and may additionally measure and record the rate of flow |
| Mid-point estimate of post tax WACC | means the mid-point estimate of vanilla WACC for the 5 year period commencing on the first day of the disclosure year determined by the Commission in accordance with clause 2.4.1 of the IM determination |
| Mid-point estimate of post tax WACC | means the mid-point estimate of post tax WACC for the 5 year period commencing on the first day of the disclosure year determined by the Commission in accordance with Part 2, subpart 4 of the IM determination |
| Most recent ID period | means the disclosure year immediately preceding the end of the consolidation period |
| Name of related party | means either the legal name of the related party that has entered into a transaction with the GTB or 'inter-company' where the transaction is between the regulated and un-regulated parts of the GTB |
| Net incremental rolling incentive scheme | means the sum of previous years incremental gain/loss from the five disclosure years preceding the current disclosure year |
| Net recoverable costs allowed under incremental rolling incentive scheme | means, where:  (a) net incremental rolling incentive scheme is positive, net incremental rolling incentive scheme;  (b) net incremental rolling incentive scheme is nil or negative, nil |
| Net value of vested assets | means the fair value of assets whose ownership is vested in a GTB (whether or not for some consideration) less any consideration paid for those assets |
| Network | has the meaning set out in the IM determination |
| No. with default dates | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year where the original installation year is unknown and that have accordingly been allocated to a default installation year, expressed in the prescribed unit |
| Nominal New Zealand dollars | In relation to an expenditure or revenue forecast, means the New Zealand dollar prices expected to apply at the time of transaction |
| Non-gas transmission services | means services of the GTB that are not gas transmission services |
| Non-qualifying debt | means interest bearing debt that is not a qualifying debt |
| Non-qualifying intangible assets | means the value of assets identified in clause 2.2.2(d) of the IM determination |
| Non-standard consumer | means any consumer that is not a standard consumer |
| Non-standard contract | means a contract that is not a standard contract |
| Non-system fixed assets | means gross capital expenditure that is not directly incurred on the network. This includes expenditure on information and technology systems, IT software upgrade costs, asset management systems, customer management systems, office buildings, depots and workshops, office furniture and equipment, motor vehicles, tools, plant and machinery. |
| Not directly attributable | means:   1. in relation to operating costs, operating costs that are not directly attributable; 2. in relation to regulated service asset values, regulated service asset values that are not directly attributable |
| Notional deductible interest | has the meaning set out in clause 2.3.1(5) of the IM determination |
| Notional interest tax shield | means the product of notional deductible interest and the corporate tax rate applicable to the current disclosure year |
| Notional net cash flows | means, in relation to the:   1. ROI, operating surplus / (deficit) less regulatory tax allowance less assets commissioned plus asset disposals 2. alternative ROI, revenue less expenses less tax less assets commissioned plus asset disposals |
| Notional revenue foregone | means, for the purposes of Schedule 8a, the revenue anticipated from posted discounts had they not been applied |
| Number of assets at end of disclosure year by installation date | means the total quantity of assets in the prescribed asset category and asset class installed in the network at the start of the disclosure year that were first installed in the prescribed year, expressed in the prescribed unit |
| Number of connections (Number of ICPs connected in year by customer group) | number of new offtake points |
| Odorisation plant | means a plant where an odorant is added into the gas stream |
| Opening RAB (tax value) | means the sum of regulatory tax asset values for assets included in total opening RAB value |
| Opening RIV | means total opening RAB value |
| Opening tax losses | has the meaning given to that term in clause 2.3.2(3) of the IM determination |
| Opening value of fully depreciated, disposed and lost assets | means   1. in relation to the unallocated RAB, the sum of unallocated RAB values of assets included in the total opening RAB values that are fully depreciated during the disclosure year, asset disposals and lost assets included in lost and found assets adjustment; 2. in relation to the RAB, the sum of RAB opening RAB values of assets that are fully depreciated during the disclosure year, asset disposals and lost assets included in the lost and found assets adjustment |
| Operating surplus / (deficit) | means total regulatory income less operational expenditure less pass through and recoverable costs |
| Operational expenditure on transmission network | means the sum of service interruptions, incidents and emergencies, routine and corrective maintenance and inspection, asset replacement and renewal, compressor fuel, land management and associated activity, system operations, network support, business support |
| Original allocation | means the operating costs or regulated service asset value allocated to gas transmission services in accordance with the original allocator and line items for each of the relevant disclosure years |
| Original allocator or line items | means the allocator or line items that were used prior to the change in allocator or line items |
| Original requirements | means the Gas (Information Disclosure) Requirements 1997 |
| Original tenor | means:   1. where the qualifying debt or non-qualifying debt is not issued to a related party, the term of a qualifying debt or non-qualifying debt at the issue date; 2. where the qualifying debt or non-qualifying debt is issued to a related party, the shorter of the-    1. the tenor of the qualifying debt; or    2. the period from the qualifying debt's issue date to the earliest date on which its repayment is or may be required |
| Other adjustments to the RAB tax value | means   =  where:  = closing RAB (tax value)  = opening RAB (tax value)  = regulatory tax asset value of assets commissioned  = regulatory tax asset value of asset disposals  = tax depreciation |
| Other regulated service | has the meaning set out in the IM determination |
| Other related party transactions | means the value of related party transactions that are not disclosed as total regulatory income, operational expenditure, capital expenditure or market value of asset disposals |
| Other reliability, safety and environment | in relation to expenditure, means gross capital expenditure where the primary driver is to improve network reliability or safety or to mitigate the environmental impacts of the network, but is not included in either of the quality of supply or legislative and regulatory categories. For example, this category may include gross capital expenditure where the primary driver is to ensure staff safety or meet the GTB’s environmental policies. |
| Other specified pass-through costs | means costs identified in clause 3.1.2(1)(b) of the IM determination |
| Other stations | means a station other than a compressor station |
| Other system fixed assets | means [TBC by technical consultation] |
| OVABAA allocation increase | has the meaning set out in the IM determination |
| Pass-through and recoverable costs | means a cost specified in clause 3.1.2 or 3.1.3 of the IM determination |
| Posted discounts | means a discount to charges payable for the supply of gas pipeline services i) that is offered by the GTB in a published tariff schedule; and ii) the take-up of which is determined by consumers |
| Previous years’ incremental gain/(loss) | means the incremental change or incremental adjustment term for the disclosure year in question determined in accordance with clause 3.3.1 of the IM determination |
| Previous years’ incremental gain/(loss) adjusted for inflation | means the previous years’ incremental gain/(loss) carried forward by applying the inflation rate in accordance with clause 3.3.2(1) of the IM determination |
| Price category code | Means the relevant code in the schedule published by the GTB that is used to unambiguously define the line charges for an ICP |
| Pricing date | means the day on which a qualifying debt is priced |
| Pricing schedule | Means the list of prices by price category code for the provision of gas pipeline services that is publicly disclosed |
| Proportion of emergencies responded to within 1 hour (%) | Number of emergencies responded to within 60 minutes / total number of emergencies. |
| Proportion of emergencies responded to within 3 hours (%) | Number of emergencies responded to within 180 minutes / total number of emergencies. |
| Qualifying debt | has the meaning set out in paragraph (a) of the defined term in clause 1.1.4(2) in the IM determination |
| Rates | means a cost specified in clause 3.1.2(2)(a) of the IM determination |
| Rationale for change | means the rationale for changing the allocator or line items, including whether the change occurred because of change in circumstance or another reason |
| Reason for non-standard depreciation | means:   * + - 1. in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, 'no standard life';       2. in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets, 'modified life';       3. in relation to assets or groups of assets where depreciation is included in depreciation - alternative depreciation determined in accordance with CPP, 'CPP amendment' |
| Recoverable costs | has the meaning set out in the IM determination |
| Recoverable customised price-quality path costs | means a cost specified in clause 3.1.3(h),(i),(j),(k) or (l) of the IM determination |
| Regulated supplier | has the meaning set out in the IM determination |
| Regulatory net taxable income | has the meaning specified in clause 2.3.1(2) of the IM determination |
| Regulatory period | has the meaning set out in the IM determination |
| Regulatory profit / (loss) | means the regulatory profit / (loss) before tax less the regulatory tax allowance |
| Regulatory profit / (loss) before tax | means the value of calculated using the following formula:   =  where:  = operating surplus / (deficit)  = total depreciation  = total CPI revaluations |
| Regulatory tax allowance | has the meaning set out in clause 2.3.1 of the IM determination |
| Regulatory tax asset value | has the meaning set out in the IM determination |
| Regulatory tax asset value of asset disposals | means the sum of regulatory tax asset values for assets that have a value in asset disposals |
| Regulatory tax asset value of assets commissioned | means the sum of regulatory tax asset values for assets that have a value in assets commissioned |
| Regulatory taxable income | has the meaning set out in the IM determination |
| Request for reserved capacity | means a notice from a shipper to a GTB that:   * + - * 1. is made before the start of the disclosure year in respect of which the request relates; and         2. specifies the pipeline capacity or capacities to which the shipper requires either:   1. access; or   2. priority access   for the duration or part of the disclosure year |
| Research and development | in relation to expenditure, means gross capital expenditure or operational expenditure where the primary driver for the expenditure relates to increasing the efficient provision of gas pipeline services through:   * implementing an original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge or understanding; or * applying research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. |
| Response time to emergencies (RTE) | means the time elapsed from when an emergency is reported to a GTB representative until the GTB’s personnel arrives at the location of the emergency |
| Revaluation rate | has the meaning set out in the IM determination |
| Revenue related working capital | means for the opening RIV and closing RIV, the revenue for the last month of the disclosure year |
| ROI | means return on investment |
| ROI comparable to a post-tax WACC | means the ROI comparable to the vanilla WACC less the product of the cost of debt (%), the leverage and the corporate tax rate |
| ROI comparable to a vanilla WACC | means:  *q = (1 + half-yearly IRR)2 – 1*  where:  *half-yearly IRR* = IRR (3 half-yearly amounts)  where the 3 half-yearly amounts are:   * the negative of opening RIV (year-start) * notional net cash flows (mid-year) * the closing RIV less term credit spread differential allowance (year-end) |
| SCADA and communications | means a Supervisory Control and Data Acquisition system and its associated communications system that is used to monitor and control the operation of a network |
| Secondary assets | means system fixed assets that support the conveyance of gas. Secondary assets include protection, SCADA and communication systems and chromatographs, but do not include compressors and river crossings |
| Self-insurance allowance | means any self-insurance allowance allowed by the Commission through a CPP |
| Service interruptions, incidents and emergencies | In relation to expenditure, means operational expenditure 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. This category also includes the direct cost of providing a service to respond to reported gas escapes, loss of supply and low pressure reports to make safe, including a repair allowance, the cost of rechecks, restoring supply, provision for 24/7 response and any waiting/non-productive time for response teams. Includes back-up assistance required to restore supply, repair leaks or make safe. It also includes operational support used during the outage or emergency response. It also includes any necessary response to events arising upstream. It does not include expenditure on activities performed proactively to mitigate the impact such an event would have should it occur.  Planned follow-up activities resulting from an event which were unable to be permanently repaired in the short term are to be included under routine and corrective maintenance and inspection |
| Shipper | means a person who is a party to a contract with a transmission system owner to have gas transported through all or part of the transmission system |
| Standard consumer | means a consumer of the GTB that has a standard contract with that GTB for the provision of gas pipeline services |
| System length (km) (at year end) | The total length of pipeline (in kilometres) that form the transmission system as at the end of the current disclosure year |
| Network support | In respect of operational expenditure means costs where the primary driver is the management of the network including:   * asset management planning including preparation of the AMP, load forecasting, network modelling * network and engineering design (excluding design costs capitalised for capital projects) * network policy development (including the development of environmental, technical and engineering policies) * standards and manuals for network management * network record keeping and asset management databases including GIS * outage recording * connection and customer records/customer management databases * customer queries and call centres (not associated with direct billing) * operational training for network management and field staff * operational vehicles and transport * IT & telecoms for network management (including IT support for asset management systems) * day to day customer management including responding to queries on new connections, disconnections and reconnections * engineering and technical consulting * network planning and system studies * logistics (procurement) and stores * network asset site expenses and leases * route/easement management (including locating pipelines for third parties, mark cuts, stand-overs, obstructions, plans and permits) * surveying of new sites to identify work requirements * engineering/technical consulting services (excluding costs capitalised for capital projects) * contractor/contracts management (excluding costs capitalised for capital projects) * transmission operator liaison and management * network related research and development |
| System operations | in relation to expenditure, means operational expenditure relating to office based system operations, including   * control centre costs * for gas transmission, critical system operator activities (including OATIS) * outage planning and notification * planning and co-ordinating network switching including fault switching * production facility liaison |
| Tax depreciation | has the meaning set out in clause 2.3.5(3) of the IM determination |
| Tax effect | has the meaning set out in the IM determination |
| Tax effect of adjusted depreciation | means the tax effect of adjusted depreciation |
| Tax effect of other temporary differences | means the tax effect of positive temporary differences less negative temporary differences. Positive temporary differences and negative temporary differences have the meanings set out in clause 2.3.5 of the IM determination |
| Tax effect of total tax depreciation | means the tax effect of tax depreciation |
| Tax payments | means regulatory tax allowance recognised proportionally to how the GTB has paid (or would have paid tax) over the tax year preceding the end of the disclosure year |
| Term credit spread difference | has the meaning set out in the IM determination |
| Term credit spread differential allowance | has the same meaning as the 'term credit spread differential' as set out in clause 2.4.11(3) of the IM determination |
| Total attributable to regulated service | means the sum of directly attributable and not directly attributable that is attributable to gas transmission services |
| Total book value of interest bearing debt | means the sum of book value of qualifying debt and non-qualifying debt at the date of the latest general purpose financial statements |
| Total closing RAB values | means:  (a) in relation to the unallocated RAB, the sum of unallocated closing RAB values as determined in accordance with the IM determination;  (b) in relation to the RAB, the sum of closing RAB values as determined in accordance with the IM determination |
| Total CPI revaluations | means:  (a) in relation to the unallocated RAB, the sum of unallocated revaluation as determined in accordance with the IM determination;  (b) in relation to the RAB or regulatory profit, the sum of revaluations as determined in accordance with the IM determination |
| Total depreciation | means:  (a) in relation to the unallocated RAB, the sum of unallocated depreciation as determined in accordance with the IM determination;  (b) in relation to the RAB or regulatory profit, the sum of depreciation as determined in accordance with the IM determination |
| Total expenditure on transmission network | means the sum of gross capital expenditure on transmission network and operational expenditure on transmission network |
| Total expenditure on transmission network business | means the sum of non-system fixed assets plus business support plus direct billing |
| Total gas delivered to customers | Total offtake volume |
| Total gas entering the system at injection points | Total intake volume |
| Total gas used in compressor stations | Compressor and heater gas usage |
| Total opening RAB values subject to revaluations | means:   * + - * 1. in relation to the unallocated RAB, total opening RAB values - unallocated RAB less opening RAB value of fully depreciated, disposed and lost assets - unallocated RAB;         2. in relation to the RAB, total opening RAB values - RAB less opening RAB value of fully depreciated, disposed and lost assets – RAB |
| Total unadjusted asset values | means the sum of 2009 authorisation assets and 2009 disclosed assets |
| Transmission charge | means any payment made in respect of the use of the transmission system |
| Unallocated initial RAB value | means the values of assets as determined in accordance with clause 2.2.3(1) of the IM determination |
| Unregulated services | has the meaning set out in the IM determination |
| Utilised tax losses | has the meaning set out in paragraph (a) of the defined term in the IM determination |
| Value of Commissioned assets | has the meaning set out in the IM determination. |
| Value of Transaction | means the value of the related party transaction as determined in accordance with clause 5 of section 2.3 of this determination |
| Weighted average expected total asset life | means the weighted average expected total asset life of assets calculated by using the opening RAB values as weights where opening RAB value has the meaning set out in the IM Determination |
| Weighted average pipe diameter (mm) | The weighted average pipe diameter, expressed in millimetres, based on the length of pipeline that form the network |
| Weighted average remaining asset life | means the weighted average remaining asset life of assets calculated by using the opening RAB values as weights where remaining asset life and opening RAB values has the meaning set out in the IM Determination |
| Year change made | means:  (a) in relation to assets or groups of assets where depreciation is included in depreciation - no standard life asset, the year the asset was acquired;  (b) in relation to assets or groups of assets where depreciation is included in depreciation - modified life assets, the year the asset life was modified;  (c) in relation to assets or groups of assets where depreciation is included in depreciation - alternative depreciation determined in accordance with CPP, the start of the CPP period |

# Schedule 17 Certification for Year-beginning Disclosures

Clause 2.9.1

We, [insert full names], being directors of [name of GTB certify that, having made all reasonable enquiry, to the best of our knowledge:

1. the following attached information of [name of GTB] prepared for the purposes of clause 2.4.1, clause 2.6.1, and subclauses 2.6.3(2), 2.6.5(2), and 2.12.6(1)(b) of the Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012 in all material respects complies with that determination.
2. The prospective financial or non-financial information included the attached information has been measured on a basis consistent with regulatory requirements or recognised industry standards.

[Signature of 2 directors]

[Date]

# Schedule 18 Certification for Year-end Disclosures

Clause 2.9.2

We, [insert names], being directors of [name of GTB] certify that, having made all reasonable enquiry, to the best of our knowledge the information, prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.18, 2.5.1, 2.7.1, and 2.7.2 of the Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

\*[In respect of related party costs and revenues recorded in accordance with clauses 2.3.6(1), 2.3.6(2)(f) and 2.3.7(2)(b), we certify that, having made all reasonable enquiry, including enquiries of our related parties, we are satisfied that to the best of our knowledge and belief the costs and revenues recorded for related party transactions reasonably reflect the price or prices that would have been paid or received had these transactions been at arm’s-length.]

\* Delete if inapplicable

[Signatures of 2 directors]

[Date]

# Schedule 19 Certification for Transitional Disclosures

Clause 2.9.3

We, [insert names], being directors of [name of GTB] certify that, having made all reasonable enquiry, to the best of our knowledge the information, prepared for the purposes of 2.12.1 and 2.12.2 of the Commerce Act (Gas Transmission Services Information Disclosure) Determination 2012 in all material respects complies with that determination.

[Signatures of 2 directors]

[Date]

1. A copy of the Commission’s Draft Initial Default Price-Quality Paths for Gas Pipelines Businesses Draft Reasons Paper and Draft Determinations can be found at: <http://www.comcom.govt.nz/2012-default-price-quality-path/>. [↑](#footnote-ref-1)