



GAS DISTRIBUTION SERVICES

# Annual Information Disclosure Statement

Assessment period: 01 October 2018 – 30 September 2019

Published: 31 March 2020

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## Gas Distribution Services Annual Information Disclosures

For the period 1 October 2018 – 30 September 2019

### Directors' Certificate for year-end disclosures

Pursuant to clause 2.9.3 of Section 2.9

We, John Loughlin, and Paul Callow, being directors of Powerco Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2 and 2.7.1 of the Gas Distribution Information Disclosure Determination 2012 in all material respects complies with that determination; and
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from Powerco Limited's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained.
- c) In respect of information concerning assets, costs and revenues valued or disclosed in accordance with clause 2.3.6 of the Gas Distribution Information Disclosure Determination 2012 and clauses 2.2.11(1)(g) and 2.2.11(5) of the Gas Distribution Services Input Methodologies Determination 2012, we are satisfied that -
  - i. the costs and values of assets or goods or services acquired from a related party comply, in all material respects, with clauses 2.3.6(1) and 2.3.6(3) of the Gas Distribution Information Disclosure Determination 2012 and clauses 2.2.11(1)(g) and 2.2.11(5)(a)-2.2.11(5)(b) of the Gas Distribution Services Input Methodologies Determination 2012; and
  - ii. the value of assets or goods or services sold or supplied to a related party comply, in all material respects, with clause 2.3.6(2) of the Gas Distribution Information Disclosure Determination 2012.

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Director

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Director

25 March 2020

25 March 2020

Date

Date

## 2. Introduction

This disclosure of information is submitted by Powerco Limited (“Powerco”) pursuant to subpart 9 of Part 4 of the Commerce Act 1986 and in accordance with the Commerce Commission’s Gas Distribution Information Disclosure Determination 2012 (“IDD”) and all its subsequent amendments including the 2015 information disclosure amendments.

Part 4 of the Commerce Act 1986 (“the Act”) provides a regulatory regime for gas pipeline services and sets out the requirements of information disclosure regulation. The purpose of the information disclosure regulation is to ensure that sufficient information is readily available to enable interested persons to assess whether the purpose of Part 4 of the Act is being met. The purpose of Part 4 is to promote the long-term benefit of consumers by promoting outcomes that are consistent with those produced in competitive markets.

For the purpose of regulatory compliance, Powerco is a provider of “gas pipeline services”, as defined by section 55A of the Act, and is required to comply with the requirements of Part 4 of the Act.

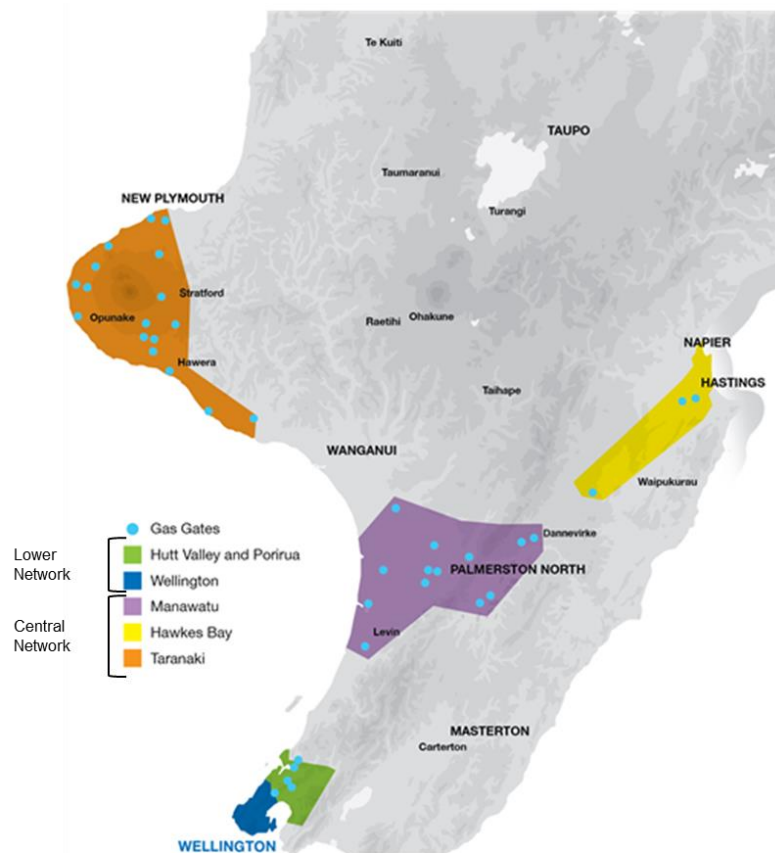
The IDD requires disclosure of the following information for the 2019 disclosure year:

Schedule	Information provided
1	Analytical ratios
2	Return on investment
3	Regulatory profit
4	Regulatory asset base (rolled forward)
5a	Regulatory tax allowance
5b	Related party transactions
5c	Term credit spread differential
5d	Report on cost allocation
5e	Report on asset allocation
6a	Capital expenditure
6b	Operational expenditure
7	Actual capital and operation expenditure compared to forecast
8	Billed quantities and line charge revenues
9a	Asset register
9b	Asset age profile
9c	Pipeline data
9d	Network demand
10a	Network reliability and interruptions
10b	Network integrity and customer service

The IDD requires that network and billed quantity information be provided separately for each sub-network of a supplier’s network. Powerco has two sub-networks in the North Island; the Central Network and Lower Network. These sub-networks are shown in Map 1.

The following schedules are provided for Powerco Limited, Powerco's Central Network and Powerco's Lower Network:

- Schedule 8 Billed quantities and line charge revenue
- Schedule 9a Asset register
- Schedule 9b Asset age profile
- Schedule 9c Pipeline data
- Schedule 9d Network demand
- Schedule 10a Network reliability and interruptions
- Schedule 10b Network integrity and customer service



Map 1: Powerco's sub-networks

Schedules 14 and 15 provide mandatory and voluntary notes to accompany the schedules relating to the current disclosure year.

Directors' certification of the 2019 information disclosure is provided in section 1 of this document.

Company Name **Powerco Limited**  
For Year Ended **30 September 2019**

## SCHEDULE 1: ANALYTICAL RATIOS

This schedule calculates expenditure, revenue and service ratios from the information disclosed. The disclosed ratios may vary for reasons that are company specific and, as a result, must be interpreted with care. The Commerce Commission will publish a summary and analysis of information disclosed in accordance with the ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of the determination.

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

### 7 1(i): Expenditure Metrics

	Expenditure per TJ energy delivered to ICPs (\$/TJ)	Expenditure per average no. of ICPs (\$/ICP)	Ratio of expenditure to maximum monthly load (\$ per GJ/month)	Expenditure per km of pipeline for supply (\$/km)	
8					
9					
10	Operational expenditure	1,814	147	16	2,654
11	Network	677	55	6	991
12	Non-network	1,137	92	10	1,663
13	Expenditure on assets	2,114	171	19	3,092
14	Network	1,745	141	15	2,552
15	Non-network	369	30	3	540

### 16 1(ii): Revenue Metrics

	Revenue per TJ energy delivered to ICPs (\$/TJ)	Revenue per average no. of ICPs (\$/ICP)
18		
19	Total line charge revenue	5,954
20	Standard consumer line charge revenue	9,701
21	Non-standard consumer line charge revenue	1,452
22		482
23		430
24		26,432

### 23 1(iii): Service Intensity Measures

25	Demand density	166	Maximum monthly load (GJ per month) per system length
26	Volume density	1	Quantity of gas delivered per km of system length (TJ/km)
27	Connection point density	18	Average number of ICPs in disclosure year per system length
28	Energy intensity	81	Total GJ delivered to ICPs per average number of ICPs in disclosure year

### 29 1(iv): Composition of Revenue Requirement

	(\$000)	% of revenue	
32	Operational expenditure	16,061	30.06%
33	Pass-through and recoverable costs excluding financial incentives and wash-ups	1,684	3.15%
34	Total depreciation	14,051	26.30%
35	Total revaluations	5,364	10.04%
36	Regulatory tax allowance	6,123	11.46%
37	Regulatory profit/(loss) including financial incentives and wash-ups	20,440	38.26%
38	Total regulatory income	53,425	

### 39 1(v): Reliability

41	Interruption rate	10.92	Interruptions per 100km of system length
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Company Name **Powerco Limited**  
For Year Ended **30 September 2019**

**SCHEDULE 2: REPORT ON RETURN ON INVESTMENT**

This schedule requires information on the Return on Investment (ROI) for the GDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. GDBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID Determination or if they elect to. If a GDB makes this election, information supporting this calculation must be provided in 2(iii).

GDBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

2(i): Return on Investment		for year ended		
		CY-2 30 Sep 17 %	CY-1 30 Sep 18 %	Current Year CY 30 Sep 19 %
<b>ROI – comparable to a post tax WACC</b>				
	Reflecting all revenue earned	7.58%	6.00%	5.50%
	Excluding revenue earned from financial incentives	7.58%	6.00%	5.50%
	Excluding revenue earned from financial incentives and wash-ups	7.58%	6.00%	5.50%
<b>Mid-point estimate of post tax WACC</b>				
	25th percentile estimate	4.37%	4.47%	4.17%
	75th percentile estimate	5.99%	5.89%	5.58%
<b>ROI – comparable to a vanilla WACC</b>				
	Reflecting all revenue earned	8.07%	6.55%	5.97%
	Excluding revenue earned from financial incentives	8.07%	6.55%	5.97%
	Excluding revenue earned from financial incentives and wash-ups	8.07%	6.55%	5.97%
<b>WACC rate used to set regulatory price path</b>				
		7.44%	6.41%	6.41%
<b>Mid-point estimate of vanilla WACC</b>				
	25th percentile estimate	5.67%	5.71%	5.34%
	75th percentile estimate	6.48%	6.41%	6.05%
<b>2(ii): Information Supporting the ROI</b>		(\$'000)		
	Total opening RAB value	369,556		
	plus Opening deferred tax	(27,986)		
	<b>Opening RIV</b>		341,570	
	<b>Line charge revenue</b>		52,709	
	Expenses cash outflow	17,745		
	plus Assets commissioned	23,350		
	less Asset disposals	437		
	plus Tax payments	4,774		
	less Other regulated income	716		
	<b>Mid-year net cash flows</b>		44,716	
	<b>Term credit spread differential allowance</b>		430	
	Total closing RAB value	383,407		
	less Adjustment resulting from asset allocation	(375)		
	less Lost and found assets adjustment	-		
	plus Closing deferred tax	(29,335)		
	<b>Closing RIV</b>		354,446	
	<b>ROI – comparable to a vanilla WACC</b>			5.97%
	Leverage (%)			42%
	Cost of debt assumption (%)			3.96%
	Corporate tax rate (%)			28%
	<b>ROI – comparable to a post tax WACC</b>			5.50%





Company Name **Powerco Limited**  
 For Year Ended **30 September 2019**

**SCHEDULE 3: REPORT ON REGULATORY PROFIT**

This schedule requires information on the calculation of regulatory profit for the GDB for the disclosure year. GDBs must complete all sections and must provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

7	<b>3(i): Regulatory Profit</b>		<b>(\$000)</b>
8	<b>Income</b>		
9	Line charge revenue		52,709
10	plus Gains / (losses) on asset disposals		139
11	plus Other regulated income (other than gains / (losses) on asset disposals)		577
12			
13	<b>Total regulatory income</b>		<b>53,425</b>
14	<b>Expenses</b>		
15	less Operational expenditure		16,061
16			
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups		1,684
18			
19	<b>Operating surplus / (deficit)</b>		<b>35,680</b>
20			
21	less Total depreciation		14,051
22			
23	plus Total revaluations		5,364
24			
25	<b>Regulatory profit / (loss) before tax</b>		<b>26,993</b>
26			
27	less Term credit spread differential allowance		430
28			
29	less Regulatory tax allowance		6,123
30			
31	<b>Regulatory profit/(loss) including financial incentives and wash-ups</b>		<b>20,440</b>
32			
33	<b>3(ii): Pass-through and recoverable costs excluding financial incentives and wash-ups</b>		<b>(\$000)</b>
34	<b>Pass through costs</b>		
35	Rates	1,432	
36	Commerce Act levies	191	
37	Industry Levies	61	
38	CPP specified pass through costs	-	
39	<b>Recoverable costs excluding financial incentives and wash-ups</b>		
40	Urgent project allowance		
41	Other recoverable costs excluding financial incentives and wash-ups		
42	<b>Pass-through and recoverable costs excluding financial incentives and wash-ups</b>		<b>1,684</b>
43			
44			
45			
46	<b>3(iv): Merger and Acquisition Expenditure</b>		<b>(\$000)</b>
47			
48	Merger and acquisition expenditure		
49			
50	<i>Provide commentary on the benefits of merger and acquisition expenditure to the gas distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>		
51			<b>(\$000)</b>
52	<b>3(v): Other Disclosures</b>		<b>(\$000)</b>
53			
54	Self-insurance allowance		

**SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)**

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2. GDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

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**4(i): Regulatory Asset Base Value (Rolled Forward)**

	for year ended				
	RAB 30 Sep 15	RAB 30 Sep 16	RAB 30 Sep 17	RAB 30 Sep 18	RAB 30 Sep 19
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value	340,539	348,395	351,954	364,155	369,556
less Total depreciation	9,458	9,959	10,086	13,662	14,051
plus Total revaluations	1,417	1,445	6,689	6,831	5,364
plus Assets commissioned	16,706	12,910	16,198	12,763	23,350
less Asset disposals	309	376	316	160	437
plus Lost and found assets adjustment	-	-	-	-	-
plus Adjustment resulting from asset allocation	(500)	(461)	(284)	(371)	(375)
Total closing RAB value	348,395	351,954	364,155	369,556	383,407

**4(ii): Unallocated Regulatory Asset Base**

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value		417,579		369,556
less Total depreciation		23,495		14,051
plus Total revaluations		6,019		5,364
plus Assets commissioned (other than below)	60,825		23,350	
Assets acquired from a regulated supplier	-		-	
Assets acquired from a related party	-		-	
Assets commissioned		60,825		23,350
less Asset disposals (other than below)				
Asset disposals to a regulated supplier	461		437	
Asset disposals to a related party				
Asset disposals		461		437
plus Lost and found assets adjustment				
plus Adjustment resulting from asset allocation				(375)
Total closing RAB value		460,467		383,407

\* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide gas distribution services without any allowance being made for the allocation of costs to services provided by the supplier that are not gas distribution services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes works under construction.

**4(iii): Calculation of Revaluation Rate and Revaluation of Assets**

CPI <sub>4</sub>	1.039
CPI <sub>4</sub> <sup>+</sup>	1.024
Revaluation rate (%)	1.46%

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value	417,579		369,556	
less Opening value of fully depreciated, disposed and lost assets	6,702		3,399	
Total opening RAB value subject to revaluation	410,877		366,157	
Total revaluations		6,019		5,364

**SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)**

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2. GDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

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**4(iv): Roll Forward of Works Under Construction**

	Unallocated works under construction	Allocated works under construction
Works under construction—preceding disclosure year	31,976	9,803
plus Capital expenditure	33,940	18,031
less Assets commissioned	60,825	23,350
plus Adjustment resulting from asset allocation		(159)
<b>Works under construction - current disclosure year</b>	<b>5,091</b>	<b>4,325</b>
Highest rate of capitalised finance applied		6.23%

**4(v): Regulatory Depreciation**

	Unallocated RAB * (\$000)	RAB (\$000)
Depreciation - standard	12,621	12,199
Depreciation - no standard life assets	10,874	1,852
Depreciation - modified life assets	-	-
Depreciation - alternative depreciation in accordance with CPP	-	-
<b>Total depreciation</b>	<b>23,495</b>	<b>14,051</b>

(\$000 unless otherwise specified)

**4(vi): Disclosure of Changes to Depreciation Profiles**

Asset or assets with changes to depreciation	Reason for non-standard depreciation (text entry)	Depreciation charge for the period (RAB)	Closing RAB value under 'non-standard' depreciation	Closing RAB value under 'standard' depreciation

\* Include additional rows if needed

**4(vii): Disclosure by Asset Category**

(\$000 unless otherwise specified)

	Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line valve	Special crossings	Other network assets	Non-network assets	Total
<b>Total opening RAB value</b>	48,031	172,791	4,706	102,752	6,308	3,256	602	18,168	12,941	369,556
less Total depreciation	1,432	6,347	132	3,061	306	69	11	729	1,965	14,051
plus Total revaluations	703	2,529	69	1,505	91	47	9	265	146	5,364
plus Assets commissioned	1,738	6,251	170	4,742	98	449	304	2,234	7,363	23,350
less Asset disposals	45	161	4	13	88	20	5	68	33	437
plus Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
plus Adjustment resulting from asset allocation	-	-	-	-	-	-	-	-	(375)	(375)
plus Asset category transfers	(177)	(638)	(17)	(484)	(10)	(46)	(31)	1,403	-	(0)
<b>Total closing RAB value</b>	<b>48,818</b>	<b>174,426</b>	<b>4,791</b>	<b>105,442</b>	<b>6,094</b>	<b>3,617</b>	<b>869</b>	<b>21,273</b>	<b>18,077</b>	<b>383,407</b>
<b>Asset Life</b>										
Weighted average remaining asset life	33.5	27.2	35.7	33.6	20.6	46.9	56.8	24.9	22.5	(years)
Weighted average expected total asset life	66.9	50.9	52.0	55.0	35.0	62.4	70.0	29.5	28.9	(years)

Company Name **Powerco Limited**  
 For Year Ended **30 September 2019**

**SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE**

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). GDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(\$000)
7	<b>5a(i): Regulatory Tax Allowance</b>	
8	Regulatory profit / (loss) before tax	26,993
9		
10	plus Income not included in regulatory profit / (loss) before tax but taxable	484 *
11	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	160 *
12	Amortisation of initial differences in asset values	2,372
13	Amortisation of revaluations	3,246
14		6,261
15		
16	less Total revaluations	5,364
17	Income included in regulatory profit / (loss) before tax but not taxable	-
18	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	30 *
19	Notional deductible interest	5,993
20		11,387
21		
22	<b>Regulatory taxable income</b>	<b>21,867</b>
23		
24	less Utilised tax losses	-
25	Regulatory net taxable income	21,867
26		
27	Corporate tax rate (%)	28%
28	<b>Regulatory tax allowance</b>	<b>6,123</b>

\* Workings to be provided in Schedule 14

**5a(ii): Disclosure of Permanent Differences**

In Schedule 14, Box 5, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i).

		(\$000)
34	<b>5a(iii): Amortisation of Initial Difference in Asset Values</b>	
35		
36	Opening unamortised initial differences in asset values	73,531
37	less Amortisation of initial differences in asset values	2,372
38	plus Adjustment for unamortised initial differences in assets acquired	-
39	less Adjustment for unamortised initial differences in assets disposed	118
40	Closing unamortised initial differences in asset values	71,041
41		
42	Opening weighted average remaining useful life of relevant assets (years)	31
43		

		(\$000)
44	<b>5a(iv): Amortisation of Revaluations</b>	
45		
46	Opening sum of RAB values without revaluations	334,011
47		
48	Adjusted depreciation	10,805
49	Total depreciation	14,051
50	Amortisation of revaluations	3,246
51		

		(\$000)
52	<b>5a(v): Reconciliation of Tax Losses</b>	
53		
54	Opening tax losses	-
55	plus Current period tax losses	-
56	less Utilised tax losses	-
57	Closing tax losses	-

Company Name **Powerco Limited**  
 For Year Ended **30 September 2019**

**SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE**

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). GDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

<b>5a(vi): Calculation of Deferred Tax Balance</b>		<b>(\$000)</b>
58		
59		
60	Opening deferred tax	(27,986)
61		
62	plus Tax effect of adjusted depreciation	3,026
63		
64	less Tax effect of tax depreciation	4,008
65		
66	plus Tax effect of other temporary differences*	206
67		
68	less Tax effect of amortisation of initial differences in asset values	664
69		
70	plus Deferred tax balance relating to assets acquired in the disclosure year	-
71		
72	less Deferred tax balance relating to assets disposed in the disclosure year	(62)
73		
74	plus Deferred tax cost allocation adjustment	31
75		
76	Closing deferred tax	(29,335)
77		

**5a(vii): Disclosure of Temporary Differences**

In Schedule 14, Box 6, provide descriptions and workings of items recorded in the asterisked category in Schedule 5a(vi) (Tax effect of other temporary differences).

**5a(viii): Regulatory Tax Asset Base Roll-Forward**

		<b>(\$000)</b>
81		
82		
83	Opening sum of regulatory tax asset values	167,589
84	less Tax depreciation	14,316
85	plus Regulatory tax asset value of assets commissioned	22,932
86	less Regulatory tax asset value of asset disposals	217
87	plus Lost and found assets adjustment	-
88	plus Adjustments resulting from asset allocation	(265)
89	plus Other adjustments to the RAB tax value	(129)
90	Closing sum of regulatory tax asset values	175,594



Company Name **Powerco Limited**

For Year Ended **30 September 2019**

**SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE**

This schedule is only to be completed if, as at the date of the most recently published financial statements, the weighted average original tenor of the debt portfolio (both qualifying debt and non-qualifying debt) is greater than five years. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

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**5c(i): Qualifying Debt (may be Commission only)**

Issuing party	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)	Term Credit Spread Difference	Debt issue cost readjustment
USPP (2011) US\$72m/NZ\$91.4m	7/06/2011	7/06/2011	9.0	BKBM+1.945%	91,371	107,577	274	(81)
USPP (2011) US\$90m/NZ\$114.2m	7/06/2011	7/06/2011	12.0	BKBM+1.835%	114,213	137,998	600	(133)
USPP (2011) US\$83m/NZ\$105.3m	7/06/2011	7/06/2011	15.0	8KBM+1.980%	105,330	129,548	790	(140)
2011 Wholesale Bond - Fixed rate	20/12/2011	20/12/2011	7.0	6.31%	30,440	36,553	160	(36)
2011 Wholesale Bond - Floating rate	20/12/2011	20/12/2011	6.0	BKBM + 2.60%	97,407	115,299	731	(130)
USPP(2013) US\$25m/NZ\$30.4m	23/01/2013	1/11/2012	12.0	BKBM + 2.20%	135,000	136,165	759	(162)
USPP(2013) US\$80m/NZ\$97.4m	23/01/2013	1/11/2012	15.0	BKBM + 2.21%	125,000	124,877	656	(146)
NZD USPP(2014) NZ\$135m	15/10/2014	3/07/2014	12.5	6.62%	100,000	99,633	150	(57)
2015 Wholesale Bond - Fixed rate	28/09/2015	16/09/2015	7.0	4.76%	150,000	149,434	788	(175)
2016 Wholesale Bond - Fixed rate	15/11/2016	4/11/2016	8.0	4.67%	150,000	149,883	225	(86)
NZD USPP(2017) NZ\$125m	16/11/2017	9/08/2017	12.0	BKBM + 1.84%	100,000	100,627	225	(75)
						1,287,595	5,357	(1,221)

\* include additional rows if needed

15  
16  
17

**5c(ii): Attribution of Term Credit Spread Differential**

18  
19  
20  
21  
22  
23  
24  
25  
26  
27

Gross term credit spread differential		4,136
Total book value of interest bearing debt	1,521,563	
Leverage	42%	
Average opening and closing RAB values	376,481	
Attribution Rate (%)		10%
Term credit spread differential allowance		430

**SCHEDULE 5d: REPORT ON COST ALLOCATIONS**

This schedule provides information on the allocation of operational costs. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

**5d(i): Operating Cost Allocations**

		Value allocated (\$000s)			
	Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
<b>Service interruptions, incidents and emergencies</b>					
Directly attributable		543			
Not directly attributable					
<b>Total attributable to regulated service</b>		543			
<b>Routine and corrective maintenance and inspection</b>					
Directly attributable		3,053			
Not directly attributable					
<b>Total attributable to regulated service</b>		3,053			
<b>Asset replacement and renewal</b>					
Directly attributable		2,402			
Not directly attributable					
<b>Total attributable to regulated service</b>		2,402			
<b>System operations and network support</b>					
Directly attributable		3,880			
Not directly attributable		206	1,004	1,211	
<b>Total attributable to regulated service</b>		4,086			
<b>Business support</b>					
Directly attributable		962			
Not directly attributable		5,015	28,707	33,722	
<b>Total attributable to regulated service</b>		5,977			
<b>Operating costs directly attributable</b>		10,839			
<b>Operating costs not directly attributable</b>		5,221	29,711	34,933	
<b>Operational expenditure</b>		16,061			

**5d(ii): Other Cost Allocations**

		Value allocated (\$000s)			
	Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
<b>Pass through and recoverable costs</b>					
<b>Pass through costs</b>					
Directly attributable		1,624			
Not directly attributable		61	195	255	
<b>Total attributable to regulated service</b>		1,684			
<b>Recoverable costs</b>					
Directly attributable					
Not directly attributable					
<b>Total attributable to regulated service</b>					

**5d(iii): Changes in Cost Allocations\* †**

		(\$000)	
		CY-1	Current Year (CY)
<b>Change in cost allocation 1</b>			
Cost category			
Original allocator or line items		Original allocation	New allocation
New allocator or line items		Difference	
Rationale for change			
<b>Change in cost allocation 2</b>			
Cost category			
Original allocator or line items		Original allocation	New allocation
New allocator or line items		Difference	
Rationale for change			
<b>Change in cost allocation 3</b>			
Cost category			
Original allocator or line items		Original allocation	New allocation
New allocator or line items		Difference	
Rationale for change			

\* a change in cost allocation must be completed for each cost allocator change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or component.  
† include additional rows if needed





**SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(\$000)	(\$000)
7	<b>6a(i): Expenditure on Assets</b>		
8	Consumer connection		7,700
9	System growth		1,632
10	Asset replacement and renewal		1,640
11	Asset relocations		133
12	Reliability, safety and environment:		
13	Quality of supply	2,596	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	1,744	
16	<b>Total reliability, safety and environment</b>		4,340
17	<b>Expenditure on network assets</b>		15,445
18	Expenditure on non-network assets		3,270
19			
20	<b>Expenditure on assets</b>		18,715
21	plus Cost of financing		58
22	less Value of capital contributions		742
23	plus Value of vested assets		-
24			
25	<b>Capital expenditure</b>		18,031
26	<b>6a(ii): Subcomponents of Expenditure on Assets (where known)</b>		(\$000)
27	Research and development		-
28	<b>6a(iii): Consumer Connection</b>		
29	<i>Consumer types defined by GDB*</i>	(\$000)	(\$000)
30	Residential/Small Commercial	6,992	
31	Commercial	648	
32	Industrial	60	
33			
34			
35	<i>* include additional rows if needed</i>		
36	<b>Consumer connection expenditure</b>		7,700
37			
38	less Capital contributions funding consumer connection expenditure	218	
39	<b>Consumer connection less capital contributions</b>		7,482
40			
41	<b>6a(iv): System Growth and Asset Replacement and Renewal</b>		
42		System Growth (\$000)	Asset Replacement and Renewal (\$000)
43			
44	<b>Intermediate pressure</b>		
45	Main pipe	-	-
46	Service pipe	-	-
47	Stations	152	26
48	Line valve	-	-
49	Special crossings	-	-
50	<b>Intermediate pressure -total</b>	152	26
51	<b>Medium pressure</b>		
52	Main pipe	1,440	1,360
53	Service pipe	-	7
54	Stations	-	-
55	Line valve	-	-
56	Special crossings	-	-
57	<b>Medium pressure - total</b>	1,440	1,367
58	<b>Low pressure</b>		
59	Main pipe	-	-
60	Service pipe	3	-
61	Line valve	37	-
62	Special crossings	-	-
63	<b>Low pressure - total</b>	40	-

**SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

64	<b>Other network assets</b>		
65	Monitoring and control systems	-	-
66	Cathodic protection systems	-	248
67	Other assets (other than above)	-	-
68	<b>Other network assets - total</b>	-	248
69			
70	<b>System growth and asset replacement and renewal expenditure</b>	1,632	1,640
71	less Capital contributions funding system growth and asset replacement and renewal	162	-
72	<b>System growth and asset replacement and renewal less capital contributions</b>	1,470	1,640

**6a(v): Asset Relocations**

Project or programme*	(\$000)	(\$000)
Kenepuru IP Realignment	86	
	-	
	-	
	-	
	-	
	-	
<i>* include additional rows if needed</i>		
All other projects or programmes - asset relocations	47	
<b>Asset relocations expenditure</b>		133
less Capital contributions funding asset relocations	362	
<b>Asset relocations less capital contributions</b>		(229)

**6a(vi): Quality of Supply**

Project or programme*	(\$000)	(\$000)
Wellington CBD Pressure Upgrade - Phase 2	1,173	
Wellington CBD Pressure Upgrade - Phase 3	404	
Westtown Capacity Reinforcement - Ferndale (Taranaki)	498	
Milson Line Rationalisation	383	
	-	
<i>* include additional rows if needed</i>		
All other projects or programmes - quality of supply	138	
<b>Quality of supply expenditure</b>		2,596
less Capital contributions funding quality of supply	-	
<b>Quality of supply less capital contributions</b>		2,596

**6a(vii): Legislative and Regulatory**

Project or programme*	(\$000)	(\$000)
[Description of material project or programme]	-	
[Description of material project or programme]	-	
[Description of material project or programme]	-	
[Description of material project or programme]	-	
[Description of material project or programme]	-	
<i>* include additional rows if needed</i>		
All other projects or programmes - legislative and regulatory	-	
<b>Legislative and regulatory expenditure</b>		-
less Capital contributions funding legislative and regulatory	-	
<b>Legislative and regulatory less capital contributions</b>		-

**6a(viii): Other Reliability, Safety and Environment**

Project or programme*	(\$000)	(\$000)
DRS Protection Programme	891	
DRS Renewals	317	
AC Stray Current Mitigation	224	
HB Valves Safety Improvement	160	
Isolation Plans and Resilience	115	
<i>* include additional rows if needed</i>		
All other projects or programmes - other reliability, safety and environment	37	
<b>Other reliability, safety and environment expenditure</b>		1,744
less Capital contributions funding other reliability, safety and environment		
<b>Other reliability, safety and environment less capital contributions</b>		1,744

**SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

123	<b>6a(ix): Non-Network Assets</b>		
124	<b>Routine expenditure</b>		
125	Project or programme*	(\$000)	(\$000)
126		-	
127		-	
128			
129			
130			
131	* include additional rows if needed		
132	All other projects or programmes - routine expenditure	446	
133	<b>Routine expenditure</b>		446
134	<b>Atypical expenditure</b>		
135	Project or programme*	(\$000)	(\$000)
136	Enterprise Asset Management System	2,045	
137	Facilities Capex	355	
138	Cybersecurity	180	
139	End User Experience	117	
140			
141	* include additional rows if needed		
142	All other projects or programmes - atypical expenditure	128	
143	<b>Atypical expenditure</b>		2,825
144	<b>Expenditure on non-network assets</b>		3,270

Company Name **Powerco Limited**  
 For Year Ended **30 September 2019**

**SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of operational expenditure incurred in the current disclosure year. GDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance.

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

*sch ref*

		(\$000)	(\$000)
7	<b>6b(i): Operational Expenditure</b>		
8	Service interruptions, incidents and emergencies	543	
9	Routine and corrective maintenance and inspection	3,053	
10	Asset replacement and renewal	2,402	
11	<b>Network opex</b>		5,998
12	System operations and network support	4,086	
13	Business support	5,977	
14	<b>Non-network opex</b>		10,063
15			
16	<b>Operational expenditure</b>		16,061
17	<b>6b(ii): Subcomponents of Operational Expenditure (where known)</b>		
18	Research and development		-
19	Insurance		90

Company Name **Powerco Limited**  
 For Year Ended **30 September 2019**

## SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

This schedule compares actual revenue and expenditure to the previous forecasts that were made for the disclosure year. Accordingly, this schedule requires the forecast revenue and expenditure information from previous disclosures to be inserted.

GDBs must provide explanatory comment on the variance between actual and target revenue and forecast expenditure in Schedule 14 (Mandatory Explanatory Notes). This information is part of the audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8. For the purpose of this audit, target revenue and forecast expenditures only need to be verified back to previous disclosures.

sch ref

7(i): Revenue		Target (\$000) <sup>1</sup>	Actual (\$000)	% variance
8				
9	Line charge revenue	51,439	52,709	2%
7(ii): Expenditure on Assets		Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
10				
11	Consumer connection	6,242	7,700	23%
12	System growth	1,624	1,632	1%
13	Asset replacement and renewal	2,261	1,640	(27%)
14	Asset relocations	115	133	16%
15	Reliability, safety and environment:			
16	Quality of supply	3,514	2,596	(26%)
17	Legislative and regulatory	-	-	-
18	Other reliability, safety and environment	2,076	1,744	(16%)
19	<b>Total reliability, safety and environment</b>	<b>5,590</b>	<b>4,340</b>	<b>(22%)</b>
	<b>Expenditure on network assets</b>	<b>15,831</b>	<b>15,445</b>	<b>(2%)</b>
21	Expenditure on non-network assets	3,255	3,270	0%
22	<b>Expenditure on assets</b>	<b>19,086</b>	<b>18,715</b>	<b>(2%)</b>
7(iii): Operational Expenditure				
23				
24	Service interruptions, incidents and emergencies	410	543	32%
25	Routine and corrective maintenance and inspection	2,707	3,053	13%
26	Asset replacement and renewal	2,673	2,402	(10%)
27	<b>Network opex</b>	<b>5,790</b>	<b>5,998</b>	<b>4%</b>
28	System operations and network support	4,746	4,086	(14%)
29	Business support	6,587	5,977	(9%)
30	<b>Non-network opex</b>	<b>11,333</b>	<b>10,063</b>	<b>(11%)</b>
31	<b>Operational expenditure</b>	<b>17,124</b>	<b>16,061</b>	<b>(6%)</b>
7(iv): Subcomponents of Expenditure on Assets (where known)				
32				
33	Research and development	-	-	-
7(v): Subcomponents of Operational Expenditure (where known)				
34				
35	Research and development	-	-	-
36	Insurance	93	90	(4%)

<sup>1</sup> From the nominal dollar target revenue for the pricing year disclosed under clause 2.4.3(3) of this determination

<sup>2</sup> From the CY+1 nominal dollar expenditure forecasts disclosed in accordance with clause 2.6.6 for the forecast period starting at the beginning of the disclosure year (the second to last disclosure of Schedules 11a and 11b)



**SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES**

This schedule requires the billed quantities and associated line charge revenues for the disclosure year for each consumer group or price category code used by the GDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

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**8(i): Billed quantities by price component**

Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Quantity of gas delivered (TJ)
G06	Residential	Standard	11,738	147
G11	Residential / Small Commercial	Standard	32,585	980
G12	Commercial	Standard	729	201
G14	Commercial	Standard	290	253
G16	Commercial	Standard	161	358
G18	Commercial	Standard	33	125
G30	Commercial	Non-standard	22	141
G40	Industrial	Non-standard	69	2,920
		[Select one]		
		[Select one]		
		[Select one]		
		[Select one]		

Add extra rows for additional consumer groups or price category codes as necessary

Standard consumer totals	45,536	2,064
Non-standard consumer totals	91	3,061
<b>Total for all consumers</b>	<b>45,626</b>	<b>5,125</b>

**Billed quantities by price component**

Add extra columns for additional billed quantities by price component as necessary

Price component	Fixed	Variable			
	Days	GJ			
	-	147,265			
	11,893,525	979,507			
	266,085	201,244			
	105,850	252,691			
	58,765	357,663			
	12,045	125,489			
	5,663	141,040			
	23,362	2,919,735			
	12,336,270	2,063,858	-	-	-
	29,025	3,060,775	-	-	-
	12,365,295	5,124,632	-	-	-

**8(ii): Line charge revenues (\$000) by price component**

Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Total line charge revenue in disclosure year	Notional revenue foregone from posted discounts (if applicable)
G06	Residential	Standard	\$2,678	
G11	Residential / Small Commercial	Standard	\$11,202	
G12	Commercial	Standard	\$1,158	
G14	Commercial	Standard	\$1,128	
G16	Commercial	Standard	\$1,332	
G18	Commercial	Standard	\$461	
G30	Commercial	Non-standard	\$459	
G40	Industrial	Non-standard	\$3,552	
		[Select one]	-	
		[Select one]	-	
		[Select one]	-	
		[Select one]	-	

Add extra rows for additional consumer groups or price category codes as necessary

Standard consumer totals	\$17,958	-
Non-standard consumer totals	\$4,012	-
<b>Total for all consumers</b>	<b>\$21,969</b>	<b>-</b>

**Line charge revenues (\$000) by price component**

Add extra columns for additional line charge revenues by price component as necessary

Price component	Fixed	Variable			
	\$/day	\$/GJ			
	-	\$2,678			
	\$6,942	\$4,260			
	\$403	\$755			
	\$438	\$690			
	\$317	\$1,014			
	\$114	\$346			
	\$117	\$342			
	\$1,384	\$2,169			
	\$8,214	\$9,744	-	-	-
	\$1,501	\$2,511	-	-	-
	\$9,715	\$12,255	-	-	-





Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Powerco Limited**

**SCHEDULE 9a: ASSET REGISTER**

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.

sch ref

8	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
9	Intermediate Pressure	Main pipe	IP PE main pipe	km	2	3	1	3
10	Intermediate Pressure	Main pipe	IP steel main pipe	km	264	263	(1)	3
11	Intermediate Pressure	Main pipe	IP other main pipe	km	0	0	0	3
12	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	3
13	Intermediate Pressure	Service pipe	IP steel service pipe	km	11	11	(0)	3
14	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
15	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	130	129	(1)	3
16	Intermediate Pressure	Line valve	IP line valves	No.	659	664	5	3
17	Intermediate Pressure	Special crossings	IP crossings	No.	106	98	(8)	3
18	Medium Pressure	Main pipe	MP PE main pipe	km	3,496	3,542	47	3
19	Medium Pressure	Main pipe	MP steel main pipe	km	151	152	1	3
20	Medium Pressure	Main pipe	MP other main pipe	km	30	29	(1)	3
21	Medium Pressure	Service pipe	MP PE service pipe	km	1,891	1,919	28	3
22	Medium Pressure	Service pipe	MP steel service pipe	km	50	50	0	3
23	Medium Pressure	Service pipe	MP other service pipe	km	53	52	(1)	3
24	Medium Pressure	Stations	Medium pressure DRS	No.	67	68	1	3
25	Medium Pressure	Line valve	MP line valves	No.	1,279	1,356	77	3
26	Medium Pressure	Special crossings	MP special crossings	No.	239	257	18	3
27	Low Pressure	Main pipe	LP PE main pipe	km	30	16	(14)	3
28	Low Pressure	Main pipe	LP steel main pipe	km	4	4	0	3
29	Low Pressure	Main pipe	LP other main pipe	km	1	1	0	3
30	Low Pressure	Service pipe	LP PE service pipe	km	11	7	(4)	3
31	Low Pressure	Service pipe	LP steel service pipe	km	1	1	(0)	3
32	Low Pressure	Service pipe	LP other service pipe	km	1	1	(0)	3
33	Low Pressure	Line valve	LP line valves	No.	183	116	(67)	3
34	Low Pressure	Special crossings	LP special crossings	No.	2	-	(2)	3
35	All	Monitoring and control systems	Remote terminal units	No.	139	143	4	4
36	All	Cathodic protection systems	Cathodic protection	No.	54	55	1	3

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Central**

**SCHEDULE 9a: ASSET REGISTER**

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.

sch ref

8	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
9	Intermediate Pressure	Main pipe	IP PE main pipe	km	2	2	0	3
10	Intermediate Pressure	Main pipe	IP steel main pipe	km	105	105	(0)	3
11	Intermediate Pressure	Main pipe	IP other main pipe	km	0	0	-	3
12	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	-	3
13	Intermediate Pressure	Service pipe	IP steel service pipe	km	3	3	(0)	3
14	Intermediate Pressure	Service pipe	IP other service pipe	km	0	0	-	3
15	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	52	51	(1)	3
16	Intermediate Pressure	Line valve	IP line valves	No.	127	129	2	3
17	Intermediate Pressure	Special crossings	IP crossings	No.	56	54	(2)	3
18	Medium Pressure	Main pipe	MP PE main pipe	km	1,835	1,853	18	3
19	Medium Pressure	Main pipe	MP steel main pipe	km	138	139	1	3
20	Medium Pressure	Main pipe	MP other main pipe	km	17	16	(1)	3
21	Medium Pressure	Service pipe	MP PE service pipe	km	1,009	1,020	11	3
22	Medium Pressure	Service pipe	MP steel service pipe	km	40	40	(0)	3
23	Medium Pressure	Service pipe	MP other service pipe	km	28	28	(0)	3
24	Medium Pressure	Stations	Medium pressure DRS	No.	44	43	(1)	3
25	Medium Pressure	Line valve	MP line valves	No.	762	767	5	3
26	Medium Pressure	Special crossings	MP special crossings	No.	150	161	11	3
27	Low Pressure	Main pipe	LP PE main pipe	km	3	3	0	3
28	Low Pressure	Main pipe	LP steel main pipe	km	3	3	(0)	3
29	Low Pressure	Main pipe	LP other main pipe	km	0	0	-	3
30	Low Pressure	Service pipe	LP PE service pipe	km	3	3	0	3
31	Low Pressure	Service pipe	LP steel service pipe	km	0	0	0	3
32	Low Pressure	Service pipe	LP other service pipe	km	1	1	(0)	3
33	Low Pressure	Line valve	LP line valves	No.	13	13	-	3
34	Low Pressure	Special crossings	LP special crossings	No.	-	-	-	3
35	All	Monitoring and control systems	Remote terminal units	No.	67	66	(1)	4
36	All	Cathodic protection systems	Cathodic protection	No.	37	37	-	3

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Lower**

**SCHEDULE 9a: ASSET REGISTER**

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.

sch ref

8	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
9	Intermediate Pressure	Main pipe	IP PE main pipe	km	0	1	1	3
10	Intermediate Pressure	Main pipe	IP steel main pipe	km	159	158	(1)	3
11	Intermediate Pressure	Main pipe	IP other main pipe	km	-	0	0	3
12	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	3
13	Intermediate Pressure	Service pipe	IP steel service pipe	km	8	8	(0)	3
14	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
15	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	78	78	-	3
16	Intermediate Pressure	Line valve	IP line valves	No.	532	535	3	3
17	Intermediate Pressure	Special crossings	IP crossings	No.	50	44	(6)	3
18	Medium Pressure	Main pipe	MP PE main pipe	km	1,660	1,689	29	3
19	Medium Pressure	Main pipe	MP steel main pipe	km	13	13	0	3
20	Medium Pressure	Main pipe	MP other main pipe	km	13	13	(0)	3
21	Medium Pressure	Service pipe	MP PE service pipe	km	883	899	17	3
22	Medium Pressure	Service pipe	MP steel service pipe	km	10	11	1	3
23	Medium Pressure	Service pipe	MP other service pipe	km	24	24	(1)	3
24	Medium Pressure	Stations	Medium pressure DRS	No.	23	25	2	3
25	Medium Pressure	Line valve	MP line valves	No.	517	589	72	3
26	Medium Pressure	Special crossings	MP special crossings	No.	89	96	7	3
27	Low Pressure	Main pipe	LP PE main pipe	km	27	13	(14)	3
28	Low Pressure	Main pipe	LP steel main pipe	km	1	1	0	3
29	Low Pressure	Main pipe	LP other main pipe	km	1	1	0	3
30	Low Pressure	Service pipe	LP PE service pipe	km	8	5	(4)	3
31	Low Pressure	Service pipe	LP steel service pipe	km	1	1	(0)	3
32	Low Pressure	Service pipe	LP other service pipe	km	0	0	(0)	3
33	Low Pressure	Line valve	LP line valves	No.	170	103	(67)	3
34	Low Pressure	Special crossings	LP special crossings	No.	2	-	(2)	3
35	All	Monitoring and control systems	Remote terminal units	No.	72	77	5	4
36	All	Cathodic protection systems	Cathodic protection	No.	17	18	1	3

**SCHEDULE 9b: ASSET AGE PROFILE**

This schedule requires a summary of the age profile (based on year of installation) of the assets that make up the network, by asset category and asset class.

sch.ref	Disclosure Year (year ended)	Number of assets at disclosure year end by installation date																												No. with age unknown	Items at end of year (quantity)	No. with default dates	Data accuracy (1-4)				
		pre-1970	1970-1974	1975-1979	1980-1984	1985-1989	1990-1994	1995-1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019									
9	Operating Pressure	Asset Category	Asset Class	Units	pre-1970	1970-1974	1975-1979	1980-1984	1985-1989	1990-1994	1995-1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019						
10	Intermediate Pressure	Main pipe	IP PE main pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11	Intermediate Pressure	Main pipe	IP steel main pipe	km	6	85	33	93	44	12	4	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12	Intermediate Pressure	Main pipe	IP other main pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14	Intermediate Pressure	Service pipe	IP steel service pipe	km	0	1	1	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15	Intermediate Pressure	Service pipe	IP other service pipe	km	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	0	2	2	34	28	24	1	0	0	2	1	1	2	2	1	2	2	2	3	3	0	2	8	3	3	3	3	3	3	3	3		
17	Intermediate Pressure	Line valve	IP line valves	No.	1	39	28	101	310	61	11	3	1	0	3	3	9	5	6	8	6	9	13	13	4	2	5	3	8	3	9	9	9	9	9		
18	Intermediate Pressure	Special crossings	IP crossings	No.	1	6	5	61	17	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19	Medium Pressure	Main pipe	MP PE main pipe	km	3	40	182	589	635	710	671	62	51	40	29	53	49	47	48	47	26	21	24	29	19	27	27	28	36	35	17	17	17	17	17		
20	Medium Pressure	Main pipe	MP steel main pipe	km	7	58	26	24	24	7	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Medium Pressure	Main pipe	MP other main pipe	km	0	1	5	8	9	3	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22	Medium Pressure	Service pipe	MP PE service pipe	km	5	17	86	327	312	373	307	34	30	28	25	26	24	23	25	24	18	21	21	23	20	21	25	28	32	36	13	13	13	13	13	13	
23	Medium Pressure	Service pipe	MP steel service pipe	km	1	9	14	8	5	5	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Medium Pressure	Service pipe	MP other service pipe	km	0	1	2	23	13	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Medium Pressure	Stations	Medium pressure DRS	No.	0	0	2	7	33	13	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
26	Medium Pressure	Line valve	MP line valves	No.	4	7	30	46	486	252	24	1	2	12	10	21	13	26	17	30	35	39	53	48	16	34	38	19	38	37	18	18	18	18	18	18	
27	Medium Pressure	Special crossings	MP special crossings	No.	2	20	5	93	60	31	24	3	6	2	1	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Low Pressure	Main pipe	LP PE main pipe	km	0	0	0	2	4	4	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	Low Pressure	Main pipe	LP steel main pipe	km	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Low Pressure	Main pipe	LP other main pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Low Pressure	Service pipe	LP PE service pipe	km	0	0	0	0	1	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Low Pressure	Service pipe	LP steel service pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	Low Pressure	Service pipe	LP other service pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Low Pressure	Line valve	LP line valves	No.	0	0	0	2	2	48	5	0	1	2	2	2	2	4	5	2	5	1	3	1	12	4	0	0	0	0	0	0	0	0	0	0	0
35	Low Pressure	Special crossings	LP special crossings	No.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	All	Monitoring and control systems	Remote terminal units	No.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	All	Cathodic protection systems	Cathodic protection	No.	1	10	5	7	4	5	4	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	4	3	1	1	1	1	1	1	

**SCHEDULE 9b: ASSET AGE PROFILE**

This schedule requires a summary of the age profile (based on year of installation) of the assets that make up the network, by asset category and asset class.

sch.ref	Disclosure Year (year ended)	Number of assets at disclosure year end by installation date																												No. with age unknown	Items at end of year (quantity)	No. with default dates	Data accuracy (1-4)				
		pre-1970	1970-1974	1975-1979	1980-1984	1985-1989	1990-1994	1995-1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019									
10	Intermediate Pressure	Main pipe	IP PE main pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11	Intermediate Pressure	Main pipe	IP steel main pipe	km	2	12	7	57	19	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Intermediate Pressure	Main pipe	IP other main pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Intermediate Pressure	Service pipe	IP steel service pipe	km	0	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Intermediate Pressure	Service pipe	IP other service pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	0	0	0	3	27	10	0	0	0	2	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17	Intermediate Pressure	Line valve	IP line valves	No.	0	0	0	10	68	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18	Intermediate Pressure	Special crossings	IP crossings	No.	0	4	3	30	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19	Medium Pressure	Main pipe	MP PE main pipe	km	2	15	61	370	440	305	280	32	30	23	13	21	27	32	29	27	14	10	16	16	8	12	11	13	17	17	9	9	9	9	9		
20	Medium Pressure	Main pipe	MP steel main pipe	km	7	55	24	20	22	5	4																										



Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Powerco Limited**

**SCHEDULE 9c: REPORT ON PIPELINE DATA**

This schedule requires a summary of the key characteristics of the pipeline network.

sch ref

**Network Information (end of year)**

System length by material (defined by GDB)	Length (km)	%
PE	5,488	90.68%
Steel	481	7.95%
Other	83	1.38%
[Pipeline material 4 e.g. Steel, PE, Other]		-
[Pipeline material 5 e.g. Steel, PE, Other]		-
[Pipeline material 6 e.g. Steel, PE, Other]		-
<b>System length</b>	<b>6,053</b>	<b>100.00%</b>

By operating pressure:	System length (km) (at year end)	Weighted average pipe diameter (mm)	Number of ICPs (at year end)	Gas conveyed for
				Persons not involved in the GDB (TJ)
Intermediate pressure	278	134	281	1,857
Medium pressure	5,744	40	109,131	6,778
Low pressure	30	80	751	218
<b>Total</b>	<b>6,053</b>	<b>45</b>	<b>110,163</b>	<b>8,853</b>

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Central**

**SCHEDULE 9c: REPORT ON PIPELINE DATA**

This schedule requires a summary of the key characteristics of the pipeline network.

sch ref

**Network Information (end of year)**

System length by material (defined by GDB)	Length (km)	%
PE	2,881	89.58%
Steel	290	9.01%
Other	45	1.41%
[Pipeline material 4 e.g. Steel, PE, Other]		-
[Pipeline material 5 e.g. Steel, PE, Other]		-
[Pipeline material 6 e.g. Steel, PE, Other]		-
<b>System length</b>	<b>3,216</b>	<b>100.00%</b>

By operating pressure:	System length (km) (at year end)	Weighted average pipe diameter (mm)	Number of ICPs (at year end)	Gas conveyed for
				Persons not involved in the GDB (TJ)
Intermediate pressure	110	132	69	1,474
Medium pressure	3,096	37	45,564	3,632
Low pressure	10	49	290	18
<b>Total</b>	<b>3,216</b>	<b>40</b>	<b>45,923</b>	<b>5,125</b>

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Lower**

**SCHEDULE 9c: REPORT ON PIPELINE DATA**

This schedule requires a summary of the key characteristics of the pipeline network.

sch ref

**8 Network Information (end of year)**

9	System length by material (defined by GDB)	Length (km)	%
10	PE	2,607	91.92%
11	Steel	191	6.74%
12	Other	38	1.34%
13	[Pipeline material 4 e.g. Steel, PE, Other]		-
14	[Pipeline material 5 e.g. Steel, PE, Other]		-
15	[Pipeline material 6 e.g. Steel, PE, Other]		-
16	<b>System length</b>	<b>2,836</b>	<b>100.00%</b>

18	By operating pressure:	System length (km) (at year end)	Weighted average pipe diameter (mm)	Number of ICPs (at year end)	Gas conveyed for
Persons not involved in the GDB (TJ)					
19	Intermediate pressure	168	135	212	383
20	Medium pressure	2,648	44	63,567	3,145
21	Low pressure	20	95	461	200
22	<b>Total</b>	<b>2,836</b>	<b>50</b>	<b>64,240</b>	<b>3,729</b>

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Powerco Limited**

### SCHEDULE 9d: REPORT ON DEMAND

This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)

sch ref

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#### 9d(i): Consumer Connections

Number of ICPs connected in year by consumer type

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<i>Consumer types defined by GDB</i>	Number of connections (ICPs)
Residential / Small Commercial	2,192
Commercial	103
Industrial	2
[GDB consumer type]	
[GDB consumer type]	
<b>Total</b>	<b>2,297</b>

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#### 9d(ii): Gas Delivered

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Number of ICPs at year end	110,163	connections
Maximum daily load	40,028	(GJ per day)
Maximum monthly load	1,002,399	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	8,863,437	(GJ per annum)
Average daily delivery	24,283	(GJ per day)
<b>Load factor</b>	<b>73.69%</b>	



Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Central**

**SCHEDULE 9d: REPORT ON DEMAND**

This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)

sch ref

8

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**9d(i): Consumer Connections**

Number of ICPs connected in year by consumer type

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<i>Consumer types defined by GDB</i>	Number of connections (ICPs)
Residential / Small Commercial	852
Commercial	55
Industrial	2
[GDB consumer type]	
[GDB consumer type]	
<b>Total</b>	<b>909</b>

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**9d(ii): Gas Delivered**

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Number of ICPs at year end	45,923	connections
Maximum daily load	21,517	(GJ per day)
Maximum monthly load	529,557	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	5,138,247	(GJ per annum)
Average daily delivery	14,077	(GJ per day)
<b>Load factor</b>	<b>80.86%</b>	

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Lower**

**SCHEDULE 9d: REPORT ON DEMAND**

This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)

sch ref

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**9d(i): Consumer Connections**

Number of ICPs connected in year by consumer type

<i>Consumer types defined by GDB</i>	Number of connections (ICPs)
Residential / Small Commercial	1,340
Commercial	48
Industrial	-
[GDB consumer type]	
[GDB consumer type]	
<b>Total</b>	<b>1,388</b>

**9d(ii): Gas Delivered**

Number of ICPs at year end	64,240	connections
Maximum daily load	19,569	(GJ per day)
Maximum monthly load	472,842	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	3,725,190	(GJ per annum)
Average daily delivery	10,206	(GJ per day)
<b>Load factor</b>	<b>65.65%</b>	

Company Name	Powerco Limited
For Year Ended	30 September 2019
Network / Sub-network Name	Powerco Limited

### SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and CAIDI) for the disclosure year. GDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates). The SAIDI and SAIFI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8	<b>10a(i): Interruptions</b>				
9	<b>Interruptions by class</b>		<b>Actual</b>		
10	Class A (planned interruptions by GTB)		2		
11	Class B (planned interruptions on the network)		172		
12	Class C (unplanned interruptions on the network)		289		
13	Class D (unplanned interruptions by GTB)		-		
14	Class I (unplanned interruptions caused by third party damage)		198		
15	<b>Total</b>		<b>661</b>		
16	<b>Number of unplanned outage events (interruptions that affect more than 5 ICPs)</b>		<b>Actual</b>		
17	Wellington		1		
18	Hutt Valley and Porirua		3		
19	Taranaki		-		
20	Manawatu & Horowhenua		-		
21	Hawke's Bay		-		
22	<b>Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)</b>		<b>Actual</b>		
23	Wellington		-		
24	Hutt Valley and Porirua		2		
25	Taranaki		-		
26	Manawatu & Horowhenua		-		
27	Hawke's Bay		-		
28	<b>10a(ii): Reliability</b>				
29	<b>Overall reliability</b>		<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
30	Based on the total number of interruptions		991.18	7.951	124.66
31	Class I (unplanned interruptions caused by third party damage)		187.47	2.333	80.35
32	<b>Class B (planned interruptions on the network)</b>		<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
33	Wellington		291.41	3.022	96.44
34	Hutt Valley and Porirua		1,108.44	3.454	320.94
35	Taranaki		85.69	1.475	58.10
36	Manawatu & Horowhenua		95.72	0.875	109.44
37	Hawke's Bay		-	-	-
38	<b>Class C (unplanned interruptions on the network)</b>		<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
39	Wellington		264.06	2.897	91.15
40	Hutt Valley and Porirua		759.84	5.608	135.49
41	Taranaki		271.24	3.102	87.44
42	Manawatu & Horowhenua		66.67	1.069	62.36
43	Hawke's Bay		80.85	0.929	87.00

Company Name	Powerco Limited
For Year Ended	30 September 2019
Network / Sub-network Name	Central

### SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and CAIDI) for the disclosure year. GDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates). The SAIDI and SAIFI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8	<b>10a(i): Interruptions</b>			
9	<b>Interruptions by class</b>		<b>Actual</b>	
10	Class A (planned interruptions by GTB)		-	
11	Class B (planned interruptions on the network)		35	
12	Class C (unplanned interruptions on the network)		81	
13	Class D (unplanned interruptions by GTB)		-	
14	Class I (unplanned interruptions caused by third party damage)		97	
15	<b>Total</b>		<b>213</b>	
16	<b>Number of unplanned outage events (interruptions that affect more than 5 ICPs)</b>		<b>Actual</b>	
17	Taranaki		-	
18	Manawatu & Horowhenua		-	
19	Hawke's Bay		-	
20			-	
21			-	
22	<b>Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)</b>		<b>Actual</b>	
23	Taranaki		-	
24	Manawatu & Horowhenua		-	
25	Hawke's Bay		-	
26			-	
27			-	
28	<b>10a(ii): Reliability</b>			
29	<b>Overall reliability</b>		<b>SAIDI</b>	<b>SAIFI</b>
30	Based on the total number of interruptions		495.68	5.677
31	Class I (unplanned interruptions caused by third party damage)		257.64	2.696
32	<b>Class B (planned interruptions on the network)</b>		<b>SAIDI</b>	<b>SAIFI</b>
33	Taranaki		85.69	1.475
34	Manawatu & Horowhenua		95.72	0.875
35	Hawke's Bay		-	-
36			-	-
37			-	-
38	<b>Class C (unplanned interruptions on the network)</b>		<b>SAIDI</b>	<b>SAIFI</b>
39	Taranaki		271.24	3.102
40	Manawatu & Horowhenua		66.67	1.069
41	Hawke's Bay		80.85	0.929
42			-	-
43			-	-

Company Name	Powerco Limited
For Year Ended	30 September 2019
Network / Sub-network Name	Lower

### SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and CAIDI) for the disclosure year. GDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates). The SAIDI and SAIFI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8	<b>10a(i): Interruptions</b>			
9	<b>Interruptions by class</b>		<b>Actual</b>	
10	Class A (planned interruptions by GTB)		2	
11	Class B (planned interruptions on the network)		137	
12	Class C (unplanned interruptions on the network)		208	
13	Class D (unplanned interruptions by GTB)		-	
14	Class I (unplanned interruptions caused by third party damage)		101	
15	<b>Total</b>		<b>448</b>	
16	<b>Number of unplanned outage events (interruptions that affect more than 5 ICPs)</b>		<b>Actual</b>	
17	Wellington		1	
18	Hutt Valley and Porirua		3	
19				
20				
21				
22	<b>Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)</b>		<b>Actual</b>	
23	Wellington		-	
24	Hutt Valley and Porirua		2	
25				
26				
27				
28	<b>10a(ii): Reliability</b>			
29	<b>Overall reliability</b>		<b>SAIDI</b>	<b>SAIFI</b>
30	Based on the total number of interruptions		1,346.30	9.582
31	Class I (unplanned interruptions caused by third party damage)		137.19	2.073
32	<b>Class B (planned interruptions on the network)</b>		<b>SAIDI</b>	<b>SAIFI</b>
33	Wellington		291.41	3.022
34	Hutt Valley and Porirua		1,108.44	3.454
35				
36				
37				
38	<b>Class C (unplanned interruptions on the network)</b>		<b>SAIDI</b>	<b>SAIFI</b>
39	Wellington		264.06	2.897
40	Hutt Valley and Porirua		759.84	5.608
41				
42				
43				

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Powerco Limited**

**SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE**

This schedule requires a summary of the key measures of network Integrity (gas escapes, response time to emergencies etc) for the disclosure year.

sch ref

8 **10b(i): System Condition and Integrity**

9 **Number of confirmed public reported gas escapes per system length**  
 10 **(escapes/1000 km)**

	Actual
Wellington	94.238
Hutt Valley and Porirua	109.734
Taranaki	40.978
Manawatu & Horowhenua	63.043
Hawke's Bay	7.800

15 **Number of leaks detected by routine survey per system length**  
 16 **(leaks/1000 km)**

	Actual
Wellington	6.108
Hutt Valley and Porirua	1.789
Taranaki	3.866
Manawatu & Horowhenua	4.298
Hawke's Bay	-

21 **Number of third party damage events per system length**  
 22 **(events/1000 km)**

	Actual
Wellington	52.355
Hutt Valley and Porirua	51.885
Taranaki	67.265
Manawatu & Horowhenua	80.953
Hawke's Bay	23.399

27 **Number of poor pressure events due to network causes**

	Actual
Wellington	-
Hutt Valley and Porirua	1.000
Taranaki	2.000
Manawatu & Horowhenua	-
Hawke's Bay	-

34 **Number of telephone calls to emergency numbers answered within 30 seconds per**  
 35 **total number of calls**

	Actual
Note: This entry may be excluded for sub-networks.	
All regions	94.90%

40 **Product control—safety of distribution gas**

	Actual
Number of non-compliant odour tests	1

42 **10b(ii): Consumer Service**

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
43 <b>Response time to emergencies (RTE)</b>				
Wellington	100.00%	100.00%	0.47	5
Hutt Valley and Porirua	100.00%	100.00%	0.41	9
Taranaki	84.62%	100.00%	0.59	13
Manawatu & Horowhenua	100.00%	100.00%	0.39	9
Hawke's Bay	100.00%	100.00%	0.38	2

49 **Number of complaints**

	Actual
Number of complaints per average total consumer numbers	0.000311

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Central**

**SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE**

This schedule requires a summary of the key measures of network Integrity (gas escapes, response time to emergencies etc) for the disclosure year.

sch ref

8 **10b(i): System Condition and Integrity**

9 **Number of confirmed public reported gas escapes per system length**  
 10 **(escapes/1000 km)** Actual

11 Taranaki	40.978
12 Manawatu & Horowhenua	63.043
13 Hawke's Bay	7.800
14	

15 **Number of leaks detected by routine survey per system length**  
 16 **(leaks/1000 km)** Actual

17 Taranaki	3.866
18 Manawatu & Horowhenua	4.298
19 Hawke's Bay	-
20	

21 **Number of third party damage events per system length**  
 22 **(events/1000 km)** Actual

23 Taranaki	67.265
24 Manawatu & Horowhenua	80.953
25 Hawke's Bay	23.399
26	

27 **Number of poor pressure events due to network causes** Actual

28 Taranaki	2.000
29 Manawatu & Horowhenua	-
30 Hawke's Bay	-
31	
32	
33	

34 **Number of telephone calls to emergency numbers answered within 30 seconds per total number of calls** Actual

35 Note: This entry may be excluded for sub-networks.

36	
37	
38	
39	

40 **Product control—safety of distribution gas** Actual

41 Number of non-compliant odour tests 1

42 **10b(ii): Consumer Service**

43 **Response time to emergencies (RTE)**

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
44 Taranaki	84.62%	100.00%	0.59	13
45 Manawatu & Horowhenua	100.00%	100.00%	0.39	9
46 Hawke's Bay	100.00%	100.00%	0.38	2
47				
48				

49 **Number of complaints** Actual

50 Number of complaints per average total consumer numbers 0.000263

Company Name **Powerco Limited**

For Year Ended **30 September 2019**

Network / Sub-network Name **Lower**

**SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE**

This schedule requires a summary of the key measures of network Integrity (gas escapes, response time to emergencies etc) for the disclosure year.

sch ref

8 **10b(i): System Condition and Integrity**

9 **Number of confirmed public reported gas escapes per system length**  
 10 **(escapes/1000 km)** Actual

11 Wellington	94.238
12 Hutt Valley and Porirua	109.734
13	
14	

15 **Number of leaks detected by routine survey per system length**  
 16 **(leaks/1000 km)** Actual

17 Wellington	6.108
18 Hutt Valley and Porirua	1.789
19	
20	

21 **Number of third party damage events per system length**  
 22 **(events/1000 km)** Actual

23 Wellington	52.355
24 Hutt Valley and Porirua	51.885
25	
26	

27 **Number of poor pressure events due to network causes** Actual

28 Wellington	-
29 Hutt Valley and Porirua	1.000
30	
31	
32	
33	

34 **Number of telephone calls to emergency numbers answered within 30 seconds per total number of calls** Actual

Note: This entry may be excluded for sub-networks.

35 All regions	
36	
37	
38	
39	

40 **Product control—safety of distribution gas** Actual

41 Number of non-compliant odour tests -

42 **10b(ii): Consumer Service**

43 **Response time to emergencies (RTE)**

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
44 Wellington	100.00%	100.00%	0.47	5
45 Hutt Valley and Porirua	100.00%	100.00%	0.41	9
46				
47				
48				

49 **Number of complaints** Actual

50 Number of complaints per average total consumer numbers 0.000346



–	Company Name	<u>Powerco Limited</u>
–	For Year Ended	<u>30 September 2019</u>

– **Schedule 14**      **Mandatory Explanatory Notes**

*(Guidance Note: This Microsoft Word version of Schedules 14, 14a and 15 is from the Gas Distribution Information Disclosure Determination 2012 – as amended and consolidated 3 April 2018. Clause references in this template are to that determination)*

This schedule requires GDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22 and subclauses 2.5.1(1)(e) and 2.5.2(1)(e).

This schedule is mandatory—GDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 11 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.

Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for GDBs to give additional explanation of disclosed information should they elect to do so.

– *Return on Investment (Schedule 2)*

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

**Box 1: Explanatory comment on return on investment**

Our disclosed ROI under both a Vanilla and Post tax approach for 2019 is lower than 2018 primarily due to an increase in commissioned assets (83% increase or \$10.6m). This is primarily as the result of the commissioning of a new ERP system.

– *Regulatory Profit (Schedule 3)*

In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-

a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in 3(i) of Schedule 3

information on reclassified items in accordance with subclause 2.7.1(2).

**Box 2: Explanatory comment on regulatory profit**

Other regulatory income includes recoveries from consumers for operational activities, the recovery of bad debts, and revenue for shared corporate services provided by the regulated business to related parties.

There have been no reclassified items.

– *Merger and acquisition expenses (3(iv) of Schedule 3)*

If the GDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below:

information on reclassified items in accordance with subclause 2.7.1(2)

any other commentary on the benefits of the merger and acquisition expenditure to the GDB.

**Box 3: Explanatory comment on merger and acquisition expenditure**

No merger and acquisition expenditure has been incurred during the disclosure year.

– *Value of the Regulatory Asset Base (Schedule 4)*

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 subclause 2.7.1(2).

**Box 4: Explanatory comment on the value of the regulatory asset based (rolled forward)**

The Regulatory Asset Base (RAB) has increased by \$13.9m during the 2019 disclosure year. This increase is primarily due to the higher commissioned assets which is largely due to the commissioning of a new ERP system.

Due to ongoing data quality checks and updates to asset category mapping there are reclassifications in the Asset category transfer line in Schedule 4 (vii).

The movements are detailed below.

Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line valve	Special crossings	Other network assets	Non-network assets	Total
(177)	(638)	(17)	(484)	(10)	(46)	(31)	1,403	-	0

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

In the box below, provide descriptions and workings of the material items recorded in the following asterisked categories of 5a(i) of Schedule 5a-

Income not included in regulatory profit / (loss) before tax but taxable

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Expenditure or loss in regulatory profit / (loss) before tax but not deductible

Income included in regulatory profit / (loss) before tax but not taxable

Expenditure or loss deductible but not in regulatory profit / (loss) before tax

**Box 5: Regulatory tax allowance: permanent differences**

Permanent differences are comprised of Customer Contributions income that is included in taxable income, but not regulatory profit, and other non-deductible costs such as some entertainment costs. The total permanent difference is \$0.6m.

A revaluation gain on RAB of \$5.4m included in Regulatory Profit is not taxable.

– *Regulatory tax allowance: disclosure of temporary differences (5a(vi) of Schedule 5a)*

In the box below, provide descriptions and workings of material items recorded in the asterisked category 'Tax effect of other temporary differences' in 5a(vi) of Schedule 5a.

**Box 6: Tax effect of other temporary differences (current disclosure year)**

Temporary differences amount to \$0.7m (\$0.2m tax effect) and relate to:

- -\$0.1m depreciation correction from a reduction of depreciation related to prior years.
- \$0.5m related to CIW income that will be recognised as taxable income over a period of 10 years.
- \$0.4m movement in other general provisions

*Cost allocation (Schedule 5d)*

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

---

**Box 7: Cost allocation**

Powerco has adopted a fully distributed cost approach to allocate shared costs between Powerco's electricity distribution, gas distribution and unregulated businesses.

All operating costs except some specified systems operations and network support (SONS) costs and some specified business supports costs are directly attributable to the specific regulatory businesses.

Directly attributable costs are primarily incurred in the functional areas of:

- SONS
- Network management and administration
- Customer related costs

Powerco has opted to use cost allocators that have been calculated under the ABAA (accounting based allocation approach) methodology type as defined in the IM determination, to allocate those operating costs that are not directly attributable costs.

The use of causal relationships has been utilised where the cost driver has led to the cost being incurred.

The use of proxy relationships has been utilised to allocate operating costs for which a causal relationship cannot be established. The rationale behind the use of each proxy allocator is based on an analysis of each financial statement item that are not directly attributable and the key cost driver as determined by management. This is based on a combination of managements experience and knowledge, an analysis of the costs and the comparative sizes of the regulated businesses.

The main reason why a causal relationship cannot be established is where there isn't one key causal cost driver in a functional area and the use of one causal allocator would unfairly reflect on the allocation of costs in line with management expectations of the relevant cost split.

SONS costs that are not directly attributable relate to network IS management costs and have been allocated based on a proxy fixed asset allocator (which is based on the carrying value of network fixed assets). The not directly attributable costs include the significant cost categories below:

- Personnel costs
- Professional services

Business support costs that are not directly attributable primarily arise in the functional areas of:

- Corporate services which has a proxy cost allocator of distribution line charge revenue
- Human resources which has a proxy cost allocator of employee numbers
- Regulatory management which has a causal allocation of managements estimate of staff time working on regulated and unregulated services and legal has a proxy fixed asset allocator

- 
- Insurance which has causal allocators of indemnity values, vehicle allocations and employee numbers
  - Facility costs which has a causal allocator of employee numbers and a proxy fixed assets allocator
  - Information systems and projects which have a proxy fixed asset allocator.

The not directly attributable costs included in business support include the significant cost categories below:

- Personnel costs
- Professional services
- Information technology related expenses
- Building & insurance related costs
- Administration costs
- Communication & marketing costs.

Within each functional area across Powerco only one allocation methodology type has been used.

Powerco Ltd provides SONS and business support services to related parties. Operational expenditure included in schedule 5d(i) includes the cost of these services provided. Other regulated income in schedule 3(i) includes the equivalent arm's length value of these transactions.

The cost allocators applied in the current disclosure year have been updated for the removal of Avoidable Cost Allocation Methodology (ACAM) as a stand-alone cost allocation methodology from 01 October 2018.

#### *Asset allocation (Schedule 5e)*

In the box below, comment on asset allocation as disclosed in Schedule 5e. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

---

**Box 8: Commentary on asset allocation**

Some non-network assets have been allocated to the regulatory asset base based on the proxy allocator of fixed asset net book value.

Note: The fixed asset net book value methodology has been updated for the removal of Avoidable Cost Allocation Methodology (ACAM) as a stand-alone cost allocation methodology from 01 October 2018.

The rationale behind the use of the proxy allocator is based on an analysis of the asset types that are not directly attributable and the key driver of each asset type as determined by management. This is based on a combination of managements experience and knowledge, an analysis of the assets and the comparative sizes of the regulated businesses.

Powerco has re-categorised \$1.4m of assets. The details of this reclassification required by clause 2.7.1 (s) are provided in Box 4.

– *Capital Expenditure for the Disclosure Year (Schedule 6a)*

In the box below, comment on expenditure on assets for the disclosure year, as disclosed in Schedule 6a. This comment must include-

a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;

information on reclassified items in accordance with subclause 2.7.1(2).

**Box 9: Explanation of capital expenditure for the disclosure year**

1. Materiality threshold

A materiality threshold of \$0.1m has been applied to identify material projects and programmes listed in schedule 6a. Network projects or programmes of work have also been considered material if their costs make up 40% or more of the total costs in the expenditure category or 10% or more of the total costs in the other reliability, safety and environment category.

Expenditure Category	Threshold
Asset relocations	Projects exceed 40% of the total costs for that category in the disclosure year
Quality of supply Other Network capex	Project costs exceed \$0.1m in the disclosure year
Other reliability, safety and environment	Projects greater than 10% of total costs for that category in the disclosure year or project costs exceeding the materiality threshold of \$0.1m

2. Items reclassified

No items of capital expenditure have been reclassified in the 2019 disclosure period.

– *Operational Expenditure for the Disclosure Year (Schedule 6b)*

In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-

Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b

Information on reclassified items in accordance with subclause 2.7.1(2)

Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, 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**

1. Asset Replacement and Renewal

Powerco had asset replacement and renewal expenditure of \$2.4m for the 2019 disclosure period.

Powerco considers replacement and renewal maintenance to be operating expenditure where the primary driver is the maintenance of asset integrity to address the progressive deterioration or obsolescence of particular assets, or the need to maintain physical security.

Powerco interprets asset replacement and renewal maintenance to include defect remedy of a non-routine nature which require the replacement of assets or asset subcomponents in order to maintain the asset in its current state, but do not meet the thresholds of our capitalisation policy.

2. Reclassified items

No items of operation expenditure have been reclassified in the 2019 disclosure period.

3. Atypical Expenditure

There have been no material items of atypical expenditure.

– *Variance between forecast and actual expenditure (Schedule 7)*

In the box below, comment on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 7. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).



---

**Box 11: Explanatory comment on variance in actual to forecast expenditure**

Some movement in expenditure between categories has occurred. The reasons for variances are noted briefly below and commentary is provided for each category showing a forecast to actual variance of greater than 5% (subject to being material in dollar terms).

Network Capital expenditure is below forecast by \$0.4m (-2%).

Reactive and customer-driven activities, comprising the Consumer Connection, System Growth, and Asset Relocation categories, are above forecast by \$1.5m (19%).

2019 has been impacted by higher than forecasted connection numbers and connection rates. In our 2018 AMP, we have reviewed the forecast number of connections and reflected this increase in customer activity. It is important to note, that the impact of the government's net-zero carbon policy on future connection numbers is difficult to assess at this stage and we have chosen to maintain a conservative forecasting approach. Furthermore, reduction of the cost per connection has become an area of focus for the business.

Examples of atypical expenditure in these categories include:

- The relocation of IP pipeline to allow the creation of a new subdivision in Porirua totalling \$350k.
- A record number of new connections, 2,297 against 1,903 forecasted.

Planned activities, comprising the Asset Replacement and Renewal, Quality of Supply, Legislative and Regulatory, and Other Reliability, Safety and Environment expenditure categories, are under forecast by \$1.9m (-24%).

Our focus for planned activities has been on:

- Prioritising the replacement of pipeline prone to leakage, and older, obsolete pressure regulation stations.
- Reducing the number of projects in the Quality of Supply expenditure category to focus on the pressure increase project in Wellington CBD.

Balancing our customer-driven activities and planned projects is required to meet our statutory capital expenditure requirements. Therefore, given the amount of customer-driven activities, in a market with finite field resources, we deferred some lower-risk, non-urgent planned activities and reviewed our delivery strategy.

Operational Expenditure

Overall operational expenditure is below forecast by \$1.1m (-6%).

Network operational expenditure is over forecast by \$0.2m (4%).

Powerco's total non-network operational expenditure in the disclosure period was \$1.3m below the forecast in the 2018 AMP.

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Expenditure was less than expected in relation to IS infrastructure, IS operations, and corporate communications.

Based on Powerco's capitalisation policy, the amount of costs capitalised in 2019 was consistent with the forecast and prior year. This was based on the nature and amount of qualifying expenditure in the current year.

– *Information relating to revenues and quantities for the disclosure year*

In the box below, please explain reasons for any material differences between target revenue disclosed before the start of the pricing year in accordance with clause 2.4.1 and subclause 2.4.3(3), and total billed line charge revenue for the disclosure year as disclosed in Schedule 8.

**Box 12: Explanatory comment relating to revenue for the disclosure year**

Total line charge revenue for DY19 exceeded the target revenue forecast in the pricing methodology for the same period by \$1.27m (or 5.5%).

If price category codes or consumer groups (as applicable) have been changed in a disclosure year, please explain in the box below the effect of this on the allocation of ICPs, quantities and revenues between consumer groups disclosed in Schedule 8.

– **Box 13: Explanatory comment relating to changed price category codes or consumer groups**

No change in price category codes or consumer groups during the disclosure period.

– *Network Reliability for the Disclosure Year (Schedule 10a)*

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

---

**Box 14: Commentary on network reliability for the disclosure year**

The amount of planned interruptions has remained in line compared to previous disclosures. There were two reported Class A incidents. These were investigated and assessed as being incorrectly recorded by the contractor; training has been arranged to ensure this doesn't happen in the future.

The amount of unplanned interruptions has decreased compared to previous disclosures. Most of the unplanned interruptions are in the Lower Network region, due to the Wellington pressure upgrade project, and the replacement of pre-85 pipe in the Hutt Valley and Porirua regions.

The SAIDI values have decreased from recent disclosures. As discussed in previous information disclosures and previous Asset Management Plans, SAIDI remains a volatile measure which poorly reflects the actual performance of the overall gas distribution network.

Other reliability measures remain in line with expectations.

– *Insurance cover*

In the box below, provide details of any insurance cover for the assets used to provide gas pipeline services, including-

The GDB's approaches and practices in regard to the insurance of assets, including the level of insurance;

In respect of any self-insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

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**Box 15: Explanation of insurance cover**

Powerco holds significant insurance cover relating to material damage and business interruption, targeted at key assets. This includes full cover for buildings and contents, substations and IS server equipment, and natural disaster cover for distribution transformers and SCADA equipment.

Powerco's insurance strategy strikes a balance between providing the benefit to its customers of accessing material damage insurance cover that is available, and the practical imperative of managing the associated cost burden to customers. Cover for poles, wires and pipes (commonly referred to as transmission and distribution cover) is, for all practical purposes, unavailable in NZ. Where it may be available in small amounts in our geographic region, the cost is uneconomic to our customers, as there is a restricted retained limit and a premium cost of 10-15% of the sum insured.

To manage Powerco's exposure to a catastrophic event affecting its uninsured assets, the company maintains headroom in its debt facilities as explained below. The geographically diverse nature of Powerco's assets, and the resilience of those assets, also provides some practical mitigation of seismic risks.

Powerco maintains debt facilities, in excess of net (drawn) debt, that would be available for use should events occur which require extra funds to be made available quickly. This headroom amount is in excess of our day-to-day working capital requirements.

The value of this facility headroom, currently \$70 million, is partly based on an assessment of the uninsured damage to Powerco's network assets undertaken by Marsh Risk Consulting. This analysis reviewed the catastrophic risk and expected loss from a catastrophic event, and was last assessed at \$50-70 million.

Insurance costs are allocated to Powerco's separate businesses following Powerco's allocation policies discussed earlier in this document.

– *Amendments to previously disclosed information*

In the box below, provide information about amendments to previously disclosed information disclosed in accordance with clause 2.12.1 in the last 7 years, including:

a description of each error; and

for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

**Box 16: Disclosure of amendment to previously disclosed information**

There have been no amendments to previously disclosed information made in accordance with clause 2.12.1.

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Company Name	Powerco Limited
For Year Ended	30 September 2019

– **Schedule 15: Voluntary Explanatory Notes**

*(In this Schedule, clause references are to the Gas Distribution Information Disclosure Determination 2012 – as amended and consolidated 3 April 2018.)*

1. This schedule enable GDBs to provide, should they wish to:  
additional explanatory comment to reports prepared in accordance with clauses 2.3.1,  
2.4.21, 2.4.22, 2.5.1, and 2.5.2.

information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.

Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.

Provide additional explanatory comment in the box below.

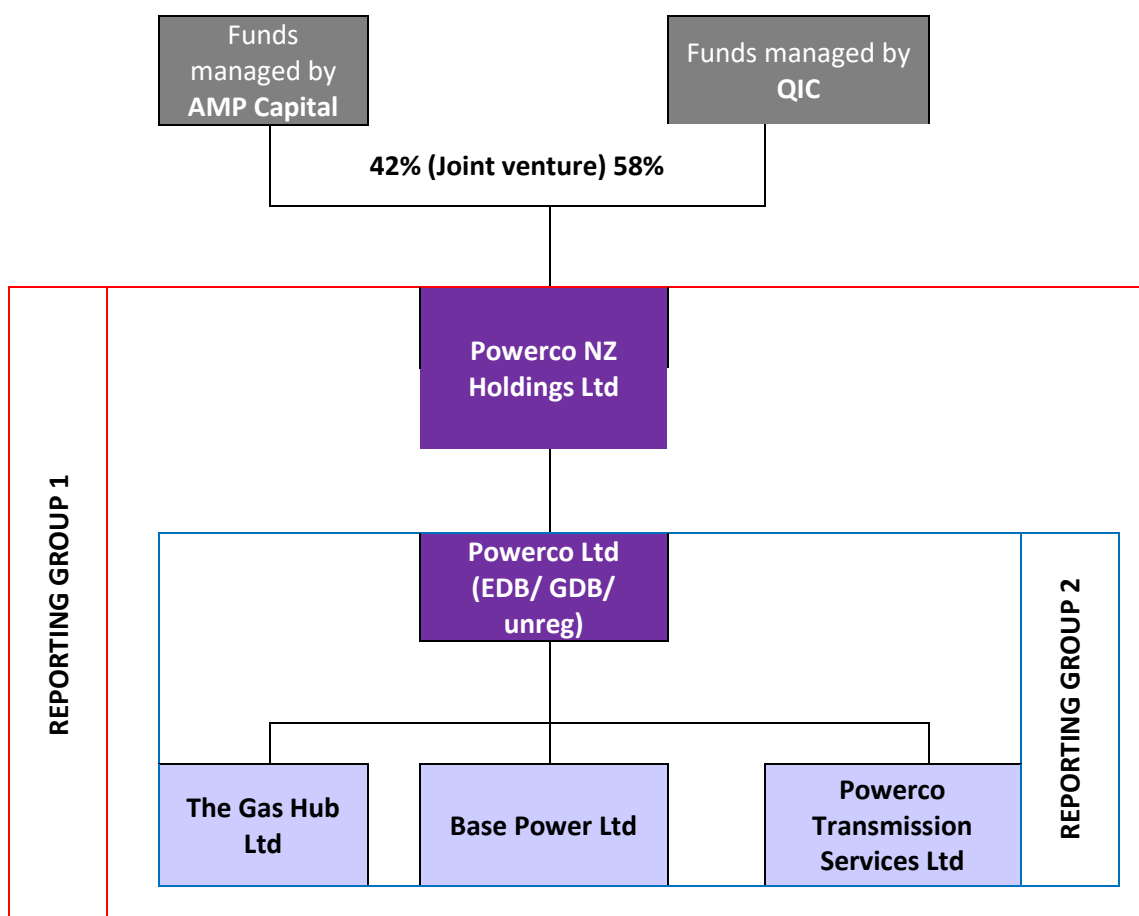
**Box 1: Voluntary explanatory comment on disclosed information**

**1. Related parties identified**

An evaluation of Powerco's Group structure and business model identified the following related parties.

a) By reference to limb a of the definition our related parties include:

**Current structure:** Joint venture between AMP and QIC for ownership of PNZHL and subsidiary companies



- i) Powerco NZ Holdings Limited does not trade. Its purpose is to form a corporate group through share ownership.
- ii) Powerco Limited provides business support services to Base Power Ltd.
- iii) The Gas Hub Limited and Powerco Transmission Limited are not active.
- iv) Base Power Limited provides remote area power supply units to the market and Powerco's Electricity Distribution business.

b) By reference to limb b of the definition our related parties include:

- i) Gas metering
- ii) Business development

---

Powerco Limited provides business support services to these 'parts' of the regulated business.

The Gas Distribution business did not purchase any assets, goods or services from any related party.

## **2. Valuation of related party transactions**

All related party transactions are valued on an equivalent arm's length basis. Powerco Limited has not adopted the consolidation approach. Depending on the type of transaction the valuation method may require the application of a:

- a) market-tested margin; or
- b) market-tested value.

Powerco applies a market-tested margin to the provision of business support services. To ensure Powerco's valuation of related party transactions is based on an objective and independent measure PwC were engaged to report the margin benchmarks observed in the market for relevant corporate services.

- i) The equivalent arm's length value of services provided to Base Power Limited is \$9k, of which \$1k is allocated to Powerco's Gas Distribution business.
- ii) The equivalent arm's length value of services provided to Gas metering is \$428k, of which \$82k is allocated to Powerco's Gas Distribution business.
- iii) The equivalent arm's length value of services provided to Business development is \$679k, of which \$96k is allocated to Powerco's Gas Distribution business.



### **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF POWERCO LIMITED AND THE COMMERCE COMMISSION**

#### **Report on the Disclosure Information prepared in accordance with the Gas Distribution Information Disclosure Determination 2012 (consolidated April 2018)**

We have conducted a reasonable assurance engagement on whether the information disclosed by Powerco Limited (the 'Company') required to be disclosed in accordance with the Gas Distribution Information Disclosure Determination 2012 (consolidated in April 2018) ('the Determination') for the disclosure year ended 30 September 2019, has been prepared, in all material respects, in accordance with the Information Disclosure Determination.

The information required to be reported by the Company, under the Information Disclosure Determination is in schedules 1 to 4, 5a to 5g, 6a and 6b, 7, the system average interruption duration index ('SAIDI') and system average interruption frequency index ('SAIFI') information disclosed in Schedule 10a(ii) and the explanatory notes in boxes 1 to 12 in Schedule 14 ('the Disclosure Information').

Further, we have conducted a reasonable assurance engagement on whether the Company's basis for valuation of related party transactions ('the Related Party Transaction Information') for the disclosure year ended 30 September 2019, has been prepared, in all material respects, in accordance with clause 2.3.6 of the Determination, and clauses 2.2.11(1)(g) and 2.2.11(5) of the Gas Distribution Services Input Methodologies Determination 2012 (consolidation 2018) ('the Input Methodologies Determination').

#### **Opinion**

This opinion has been formed on the basis of, and is subject to, the inherent limitations outlined elsewhere in this independent assurance report.

In our opinion:

- The Company has complied, in all material respects, with the Determination in preparing the Disclosure Information;
- The Related Party Transaction Information complies, in all material respects, with the Determination and the Input Methodologies Determination;
- As far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Disclosure Information and the Related Party Transaction information have been kept by the Company; and
- As far as appears from an examination of the records, the information used in the preparation of the Disclosure Information and the Related Party Transaction Information has been properly extracted from the Company's accounting and other records and has been sourced, where appropriate, from the Company's financial and non-financial systems.

#### **Basis of opinion**

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Standard on Assurance Engagements 3100 (Revised): Compliance Engagements issued by the New Zealand Auditing and Assurance Standards Board. Copies of these standards are available on the External Reporting Board's website.





These standards require that we comply with ethical requirements and plan and perform our assurance engagement to provide reasonable assurance about whether the Disclosure Information has been prepared, in all material respects, with the Determination, and about whether the Related Party Transaction Information has been prepared, in all material respects, with the Determination and the Input Methodologies Determination. Reasonable assurance is a high level of assurance.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Disclosure Information. These matters were addressed in the context of our audit of the Disclosure Information, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
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#### Accuracy and Completeness of the number and duration of gas outages

The Information Disclosure Determination defines certain quality measures in relation to the number of interruptions, faults, cause of faults and the average System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") values.

SAIDI and SAIFI is calculated using aggregate faults and interruptions information for the period through prescribed formulas and requirements per Schedule 10a(ii) of the Information Disclosure Determination.

The Company's policies and procedures require all faults to be recorded on manual switching sheets. The switching sheets contain details regarding the class and calculation of each outage. The information included on the switching sheets is then entered into an outage database.

As the Company's process relies on manual controls and processes to ensure that all faults have been entered into the outage database, completeness has been identified as a key audit matter.

Accuracy is a key audit matter because information on the frequency and duration of outages is an important measure about the reliability of the gas supply.

We have obtained an understanding of the Company's methods by which gas outages and their duration are recorded

The procedures we undertook to evaluate the accuracy and completeness of the data set included on a sample basis:

- testing the design and implementation of controls over the recording and review of outage data;
- selecting manual switching sheets and tracing key details including the number of customers, number of minutes, the class type, cause and main equipment, to the details recorded in the outage database;
- selecting faults recorded in the outage database and tracing key details including, the number of customers, number of minutes, the class type, cause and main equipment, to the information recorded on the switching sheet;
- selecting a sample of health and safety incidents reported and confirmed that they were correctly included/excluded in outage database. We also selected a sample of switching sheets to confirm that the details has been accurately reported in outage database and reported in the outage records;
- performing media searches whether gas interruptions events recorded in the media were appropriately recorded in the spreadsheet and the outage database; and
- recalculated SAIDI and SAIFI according to the methodology of the Gas Information Disclosure determination.

## Key audit matter

## How our audit addressed the key audit matter

### Classification of expenditure between operating and capital expenditure

Powerco carry out a large number of individual network system projects that can be either operational (network maintenance) or capital (asset replacement or network growth) in nature.

As described in Schedule 6a professional judgement must be exercised about whether costs incurred in bringing assets to working condition for their intended use and should be capitalised as part of the cost of the asset, or whether they should be expensed as network maintenance. In the current year, total capital expenditures were \$18 million compared to network operational expenditure of \$16 million.

Powerco's business operations are regulated and are subject to maximum allowable revenue limits set by the Commerce Commission. These revenue limits are, in part, determined by the value of Powerco's regulatory asset base which is determined by these expenditure classifications.

The classification of expenditure between operating and capital expenditure is a key audit matter due to the level of judgement involved, extent of costs incurred, and importance of the regulatory asset base to future revenue determination.

Our procedures included, amongst others:

- assessing whether Powerco's capitalisation policy was in line with NZ IFRS 16 – *Property, plant and equipment* and NZ IAS 38 – *Intangible assets*;
- examining the design and implementation of controls relating to the approval of capital expenditure; and
- testing a sample of costs to invoice or other supporting information to determine whether the expenditure was correctly classified as capital or operating expenditure.

### Responsibilities of the Board of Directors for the Disclosure Information and Related Party Transaction Information

The Board of Directors is responsible on behalf of the Company for the preparation of the Disclosure Information and Related Party Transaction Information in accordance with the Determination. The responsibility includes the design, implementation and maintenance of internal control relevant to the Company's preparation of the Disclosure Information and the Related Party Transaction Information with the Determination.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Other than in our capacity as independent auditor and the provision of other assurance services including the audit of regulatory disclosure statements, project quality assurance and trustee reporting, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of Powerco Limited.

The firm applies Professional and Ethical Standard 3 (Amended): *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* issued by



the New Zealand Auditing and Assurance Standards Board, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Our responsibility for the audit of the Disclosure Information and the Related Party Transaction Information**

Our responsibility is to express an opinion whether the Disclosure Information and the Related Party Transaction Information has been prepared, in all material respects, in accordance with the Determination and the Input Methodologies Determination. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance that the Company has complied, in all material aspects, with the Determination and the Input Methodologies Determination in relation to the preparation of the Disclosure Information and the Related Party Transaction Information.

An assurance engagement to report on the Company's preparation of the Disclosure Information and the Related Party Transaction Information in accordance with the Determination and the Input Methodologies Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements of the Determination and the Input Methodologies Determination. The procedures selected depend on our judgement, including the identification and assessment of risk of material non-compliance with the Determination and the Input Methodologies Determination.

We have performed procedures to obtain evidence about the amounts and disclosures in the Disclosure Information and the basis of valuation in the Related Party Transaction Information. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Disclosure Information and Related Party Transaction Information, whether due to fraud or error or non-compliance with the Information Disclosure Determination or the Input Methodologies Determination. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Disclosure Information and Related Party Transaction Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

#### **Inherent Limitations**

Because of the inherent limitations of a reasonable assurance engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected.

We did not examine every transaction, adjustment or event underlying the Disclosure Information or the Related Party Transaction Information nor do we guarantee complete accuracy of the Disclosure Information or the Related Party Transaction Information. Also we did not evaluate the security and controls over the electronic publication of the Disclosure Information or the Related Party Transaction Information.

The opinion expressed in this independent assurance report has been formed on the above basis.



### **Use of Report**

This independent assurance report has been prepared solely for the directors of the Company and for the Commerce Commission for the purpose of providing those parties with reasonable assurance about whether the Disclosure Information has been prepared, in all material respects, in accordance with the Determination, and about whether the Related Party Transaction Information has been prepared in all material respects with the Determination and the Input Methodologies Determination. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the Company or the Commerce Commission, or for any other purpose than that for which it was prepared.

*Deloitte Limited*

Auckland, New Zealand  
25 March 2020