



# Information disclosure for the gas transmission business

Year ending 30 September 2025



## Introduction

Firstgas is part of the Clarus group of companies which is one of New Zealand's largest energy groups with businesses that touch many aspects of the energy supply chain including Rockgas, Firstgas, Firstlight Network, First Renewables and Flexgas. Whether it's transmission, distribution, supply or storage of energy, the companies within the Clarus group service over half a million homes and businesses of all sizes around New Zealand.

Firstgas owns and operates more than 2,500 kms of high-pressure gas transmission pipelines and stations that supply natural gas from Taranaki to industrial consumers throughout the North Island. It also owns 5,000kms of gas distribution networks across parts of the North Island. Combined, Firstgas connects over 300,000 homes and businesses with natural gas through its gas transmission and distribution and high-pressure transmission systems. This essential infrastructure supports New Zealand's economy, so the group is committed to helping customers maximise value from it.

Flexgas provides energy storage services to electricity generators, offering an important source of flexibility to the electricity system and supporting high levels of intermittent wind, hydro and solar generation.

Rockgas is New Zealand's largest LPG retail supplier, providing fast and reliable service through a national network of branches and franchises.

Firstlight Network is the lines company supplying electricity to the Tairāwhiti and Wairoa region, responsible for keeping the lights on across 12,000 square kilometres of the East Coast.

We are also investing in innovative renewable energy solutions such as biomethane and hydrogen, to help New Zealand reach its net zero carbon goals by 2050. Our First Renewables business is leading this work, alongside other options that will bring renewable energy to New Zealand homes, businesses and energy-intensive industries in the future.

Clarus was previously known as Firstgas Group.

## Information disclosure

This document contains Firstgas' annual information disclosure for the gas transmission business, for the year ending on 30 September 2025, as required by the *Gas Transmission Information Disclosure Determination 2012* consolidating all amendments as of 3 July 2025 ("the Determination") issued by the Commerce Commission.

The following documents are provided with this compliance statement:

- Schedules 1-10: Financial and technical schedules
- Schedules 14-15: Mandatory and voluntary explanatory notes, including information on related party transactions
- Appendix A: Information disclosure for related parties
- PwC independent appraiser report
- PwC assurance report
- Schedule 19: Director Certification

This information disclosure was prepared on 26 February 2026.

## Further information

For further information regarding this compliance statement, please contact:

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04 979 5368

**Disclaimer**

For presentation purposes, some numbers in the information disclosure schedules have been rounded. This may cause small discrepancies or rounding inconsistencies when aggregating some of the information presented in the information disclosure schedules. These discrepancies do not affect the overall compliance calculations which are based on the more detailed information.



# GTB Information Disclosure Requirements Information Templates for Schedules 1–10

Company Name

First Gas Limited (Transmission)

Disclosure Date

31 March 2026

Disclosure Year (year ended)

30 September 2025

GTB Templates for Schedules 1–10 excluding 5f–5g  
GTB Template Version 6. Prepared 3 July 2025

**Table of Contents**

Schedule	Schedule name	Sheetname	Description
1	<a href="#">ANALYTICAL RATIOS</a>	S1.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.
2	<a href="#">REPORT ON RETURN ON INVESTMENT</a>	S2.Return on Investment	This schedule requires information on the Return on Investment (ROI) for the GTB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. GTBs 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 GTB makes this election, information supporting this calculation must be provided in 2(iii). GTBs 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.
3	<a href="#">REPORT ON REGULATORY PROFIT</a>	S3.Regulatory Profit	This schedule requires information on the calculation of regulatory profit for the GTB for the disclosure year. GTBs 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.
4	<a href="#">REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)</a>	S4.RAB Value (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. GTBs 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.
5a	<a href="#">REPORT ON REGULATORY TAX ALLOWANCE</a>	S5a.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). GTBs 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.
5b	<a href="#">REPORT ON RELATED PARTY TRANSACTIONS</a>	S5b.Related Party Transactions	This schedule provides information on the valuation of related party transactions, in accordance with clause 2.3.6 of the ID determination. This information is part of audited disclosure information (as defined in clause 1.4 of the ID determination), and so is subject to the assurance report required by clause 2.8.
5c	<a href="#">REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE</a>	S5c.TCSD 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.
5d	<a href="#">REPORT ON COST ALLOCATIONS</a>	S5d.Cost Allocations	This schedule provides information on the allocation of operational costs. GTBs 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.
5e	<a href="#">REPORT ON ASSET ALLOCATIONS</a>	S5e.Asset Allocations	This schedule requires information on the allocation of asset values. This information supports the calculation of the RAB value in Schedule 4. GTBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any changes in asset allocations. 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.
6a	<a href="#">REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR</a>	S6a.Actual Expenditure Capex	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. GTBs 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.
6b	<a href="#">REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR</a>	S6b.Actual Expenditure Opex	This schedule requires a breakdown of operational expenditure incurred in the disclosure year. GTBs 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.
7	<a href="#">COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE</a>	S7.Actual vs Forecast Exp	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. GTBs 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.
8	<a href="#">REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES</a>	S8.Billed Quantities+Revenues	This schedule requires disclosure of the delivered quantities and number of offtake points for each type of connection on the GTB's network, and the energy delivered to these offtake points, for the disclosure year. It also requires the billed quantities and associated line charge revenues for each contract type used by the GTB, for the disclosure year.
9a	<a href="#">ASSET REGISTER</a>	S9a.Asset Register	This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.
9b	<a href="#">ASSET AGE PROFILE</a>	S9b.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.
9c	<a href="#">REPORT ON PIPELINE DATA</a>	S9c.Pipeline Data	This schedule requires a summary of the key characteristics of the pipeline network.
9d	<a href="#">REPORT ON DEMAND</a>	S9d.Demand (All)	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)
10a	<a href="#">REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS</a>	S10a.Reliability	This schedule requires a summary of the key measures of network reliability (interruptions, compressor availability) for the disclosure year. GTBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates).
10b	<a href="#">REPORT ON NETWORK INTEGRITY</a>	S10b.Integrity	This schedule requires a summary of the key measures of network integrity (product control, gas escapes, RTEs) for the disclosure year.

## Disclosure Template Instructions

These templates have been prepared for use by GTBs when making disclosures under subclauses 2.3.1, 2.4.20, and 2.5.1 of the Gas Transmission Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024.

### Company Name and Dates

To prepare the templates for disclosure, the regulated proviers's company name should be entered in cell C8, the date of the last day of the current disclosure year should be entered in cell C12, and the date on which the information is disclosed should be entered in cell C10 of the CoverSheet worksheet.

The cell C12 entry (current year) is used to calculate disclosure years in the column headings that show above some of the tables and in labels adjacent to some entry cells.

Dates should be entered in day/month/year order (Example -"1 April 2024").

### Data Entry Cells and Calculated Cells

Data entered into this workbook may be entered only into the data entry cells inside excel table objects. Data entry cells are the bordered, shaded areas (light yellow cells) in each Schedule. Under no circumstances should data be entered into the workbook outside a data entry cell.

In some cases, where the information for disclosure is able to be ascertained from disclosures elsewhere in the workbook, such information is disclosed in a calculated cell.

### Validation Settings on Data Entry Cells

To maintain a consistency of format and to help guard against errors in data entry, some data entry cells test keyboard entries for validity and accept only a limited range of values. For example, entries may be limited to a list of category names, to values between 0% and 100%, or either a numeric entry or the text entry "N/A". These checks are applied to keyboard entries only and not, for example, to entries made using Excel's copy and paste facility.

### Conditional Formatting Settings on Data Entry Cells

Schedule 2 cells G65 and H65:K65 will change colour if the total cashflows do not equal the corresponding values in table 2(ii).

Schedule 4 cells M92:M98 and M100 will change colour if the RAB values do not equal the corresponding values in table 4(ii).

Schedule 9b cells AV4 to AV27 will change colour if the total assets at year end for each asset class does not equal the corresponding values in column H in Schedule 9a.

Schedule 9d cell I43 will change colour if the total intake volume in table 9d(iv) does not equal the total intake volume in table 9d(ii).

### Inserting Additional Rows and Columns

The templates for some Schedules may require additional rows to be inserted in tables marked 'include additional rows if needed' or similar. When inserting rows do so from within the table and the 'Row' column should prepopulate with the row number.

Additional rows must not be inserted directly above the first row or below the last row of a table. This is to ensure that entries made in the new row are included in the totals.

### Schedule References

The column labelled "Row " of each table can be used to reference individual rows of the schedule. It may be useful to refer to this row number when writing explanatory notes about a specific data point.

### Description of Calculation References

Calculation cell formulas contain links to other cells within the same template or elsewhere in the workbook. Key cell references are described in a column to the right of each template. These descriptions are provided to assist data entry. Cell references refer to the row of the template.

### Worksheet Completion Sequence

Calculation cells may show an incorrect value until precedent cell entries have been completed. Data entry may be assisted by completing the schedules in the following order:

1. Coversheet
2. Schedules 5a–5e
3. Schedules 6a–6b
4. Schedule 8
5. Schedule 3
6. Schedule 4
7. Schedule 2
8. Schedule 7
9. Schedules 9a-9d
10. Schedules 10a and 10b

### Cell colouring

1. Light yellow: Data entry
2. Dark yellow: Data entry - provided to Commission only
3. Light grey: Formula
4. Dark grey: Blank/ empty columns

## SCHEDULE 1: ANALYTICAL RATIOS

### 1(i): Expenditure Metrics

Section	Row	Context	Category1	Category2	Ratio of expenditure to quantity of gas delivered (\$ per TJ)	Ratio of expenditure to system length (\$ per km)
1(i): Expenditure Metrics	4	<b>Operational expenditure</b>		Total	677	25,802
1(i): Expenditure Metrics	5	Operational expenditure		Network	265	10,087
1(i): Expenditure Metrics	6	Operational expenditure		Non-network	412	15,715
1(i): Expenditure Metrics	7	<b>Expenditure on assets</b>		Total	424	16,152
1(i): Expenditure Metrics	8	Expenditure on assets		Network	374	14,244
1(i): Expenditure Metrics	9	Expenditure on assets		Non-network	50	1,908

### 1(ii): Service Intensity Measures

Section	Row	Context	Category1	Category2	Quantity of gas delivered per km of system length (TJ/km)
1(ii): Service Intensity Measures	14	Volume density			38

### 1(iii): Composition of Revenue Requirement

Section	Row	Context	Category1	Category2	\$000	% of revenue
1(iii): Composition of Revenue Requirement	19	Operational expenditure			64,816	31.19%
1(iii): Composition of Revenue Requirement	20	Pass through and recoverable costs excluding financial incentives and wash-ups			8,045	3.87%
1(iii): Composition of Revenue Requirement	21	Total depreciation			63,889	30.75%
1(iii): Composition of Revenue Requirement	22	Total revaluations			29,896	14.39%
1(iii): Composition of Revenue Requirement	23	Regulatory tax allowance			23,775	11.44%
1(iii): Composition of Revenue Requirement	24	Regulatory profit/(loss) including financial incentives and wash-ups			75,870	36.51%
1(iii): Composition of Revenue Requirement	25	<b>Total regulatory income</b>			207,783	

### 1(iv): Reliability

Section	Row	Context	Category1	Category2	Interruptions per 100km of system length
1(iv): Reliability	30	Interruption rate			0.1592

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

**2(i): Return on Investment**

Section	Row	Context	Category1	Category2	CY-2] %	CY-1] %	Current year CY] %
2(i): Return on Investment	4		<b>ROI - comparable to a post tax WACC</b>	Reflecting all revenue earned	8.32%	5.17%	6.40%
2(i): Return on Investment	5		ROI - comparable to a post tax WACC	Excluding revenue earned from financial incentives	8.52%	5.17%	6.40%
2(i): Return on Investment	6		<b>ROI - comparable to a post tax WACC</b>	Excluding revenue earned from financial incentives and wash-ups	8.32%	4.08%	5.50%
2(i): Return on Investment	7		<b>Mid-point estimate of post tax WACC</b>		6.19%	7.13%	6.35%
2(i): Return on Investment	8		Mid-point estimate of post tax WACC	25th percentile estimate	5.48%	6.42%	5.64%
2(i): Return on Investment	9		Mid-point estimate of post tax WACC	75th percentile estimate	6.90%	7.84%	7.05%
2(i): Return on Investment	10		<b>ROI - comparable to a vanilla WACC</b>	Reflecting all revenue earned	9.15%	5.95%	7.05%
2(i): Return on Investment	11		ROI - comparable to a vanilla WACC	Excluding revenue earned from financial incentives	9.15%	5.95%	7.05%
2(i): Return on Investment	12		ROI - comparable to a vanilla WACC	Excluding revenue earned from financial incentives and wash-ups	8.95%	4.87%	6.15%
2(i): Return on Investment	13		<b>WACC rate used to set regulatory price path</b>		6.14%	6.14%	6.14%
2(i): Return on Investment	14		Mid-point estimate of vanilla WACC		6.82%	7.91%	7.05%
2(i): Return on Investment	15		Mid-point estimate of vanilla WACC	25th percentile estimate	6.11%	7.21%	6.29%
2(i): Return on Investment	16		Mid-point estimate of vanilla WACC	75th percentile estimate	7.53%	8.62%	7.71%

**2(ii): Information Supporting the ROI**

Section	Row	Context	Category1	Category2	(\$000)
2(ii): Information Supporting the ROI	21		Total opening RAB value		982,916
2(ii): Information Supporting the ROI	22	plus	Opening wash-up account balance		10,513
2(ii): Information Supporting the ROI	23		<b>Opening RIV</b>		993,429
2(ii): Information Supporting the ROI	24		Opening RIV	Line charge revenue	207,655
2(ii): Information Supporting the ROI	25	plus	Opening RIV	Wash-up amount	(1,238)
2(ii): Information Supporting the ROI	26		Adjusted line charge revenue		204,417
2(ii): Information Supporting the ROI	27		Adjusted line charge revenue	Expenses cash outflow	72,860
2(ii): Information Supporting the ROI	28	plus	Adjusted line charge revenue	Assets commissioned	60,978
2(ii): Information Supporting the ROI	29	less	Adjusted line charge revenue	Asset disposals	(1,261)
2(ii): Information Supporting the ROI	30	plus	Adjusted line charge revenue	Regulatory tax allowance	23,775
2(ii): Information Supporting the ROI	31	less	Adjusted line charge revenue	Other regulated income	128
2(ii): Information Supporting the ROI	32		<b>Mid-year net cash outflows</b>		157,611
2(ii): Information Supporting the ROI	33		<b>Term credit spread differential allowance</b>		1,285
2(ii): Information Supporting the ROI	34		Closing RIV	Total closing RAB value	1,010,156
2(ii): Information Supporting the ROI	35	less	Closing RIV	Adjustment resulting from asset allocation	130
2(ii): Information Supporting the ROI	36	less	Closing RIV	Lost and found assets adjustment	-
2(ii): Information Supporting the ROI	37	plus	Closing RIV	Closing wash-up account balance	7,660
2(ii): Information Supporting the ROI	38		<b>Closing RIV</b>		1,017,686

**2(ii): Information Supporting the ROI**

Section	Row	Context	Category1	Category2	%
2(ii): Information Supporting the ROI	43		<b>ROI - comparable to a vanilla WACC</b>		7.05%
2(ii): Information Supporting the ROI	44		ROI - comparable to a vanilla WACC	Leverage (%)	4.2%
2(ii): Information Supporting the ROI	45		ROI - comparable to a vanilla WACC	Cost of debt assumption (%)	5.55%
2(ii): Information Supporting the ROI	46		ROI - comparable to a vanilla WACC	Corporate tax rate (%)	28.00%
2(ii): Information Supporting the ROI	47		<b>ROI - comparable to a post tax WACC</b>		6.40%

**2(iii): Information Supporting the Monthly ROI**

Section	Row	Context	Category1	Category2	Opening RIV	Line charge revenue	Expenses cash outflow (\$000)	Assets commissioned (\$000)	Asset disposals (\$000)	Other regulated income (\$000)	Monthly net cash outflows (\$000)
2(iii): Information Supporting the Monthly ROI	52	Opening RIV			N/A	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	53	Opening RIV		Month 1	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	54	Opening RIV		Month 2	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	55	Opening RIV		Month 3	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	56	Opening RIV		Month 4	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	57	Opening RIV		Month 5	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	58	Opening RIV		Month 6	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	59	Opening RIV		Month 7	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	60	Opening RIV		Month 8	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	61	Opening RIV		Month 9	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	62	Opening RIV		Month 10	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	63	Opening RIV		Month 11	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	64	Opening RIV		Month 12	-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	65	<b>Total</b>			-	-	-	-	-	-	-
2(iii): Information Supporting the Monthly ROI	66	Regulatory tax allowance			-	-	-	-	-	-	N/A
2(iii): Information Supporting the Monthly ROI	67	Term credit spread differential allowance			-	-	-	-	-	-	N/A
2(iii): Information Supporting the Monthly ROI	68	Closing RIV			-	-	-	-	-	-	N/A
2(iii): Information Supporting the Monthly ROI	69	Monthly ROI - comparable to a vanilla WACC			-	-	-	-	-	-	N/A
2(iii): Information Supporting the Monthly ROI	70	Monthly ROI - comparable to a post tax WACC			-	-	-	-	-	-	N/A

**2(iv): Year-end ROI rates for comparison purposes**

Section	Row	Context	Category1	Category2	Year-end ROI - comparable to a vanilla WACC
2(iv): Year-end ROI rates for comparison purposes	75	Year-end ROI - comparable to a vanilla WACC			6.23%
2(iv): Year-end ROI rates for comparison purposes	76	Year-end ROI - comparable to a vanilla WACC			5.57%

**2(v): Financial Incentives and Wash-Ups**

Section	Row	Context	Category1	Category2	Financial incentives	Impact of financial incentives on ROI
2(v): Financial Incentives and Wash-Ups	81	Financial incentives			-	-
2(v): Financial Incentives and Wash-Ups	82	Impact of financial incentives on ROI			-	0
2(v): Financial Incentives and Wash-Ups	83	Wash-up costs		Input methodology claw-back	-	-
2(v): Financial Incentives and Wash-Ups	84	Wash-up costs		CPP application recoverable costs	-	-
2(v): Financial Incentives and Wash-Ups	85	Wash-up costs		Reopener event allowance	-	-
2(v): Financial Incentives and Wash-Ups	86	Wash-up costs		Wash-up drawdown amount	12,117	12,117
2(v): Financial Incentives and Wash-Ups	87	Wash-up costs		CPP Urgent project allowance	-	-
2(v): Financial Incentives and Wash-Ups	88	Wash-up costs		Other CPP wash-ups	-	-
2(v): Financial Incentives and Wash-Ups	89	Wash-up costs			-	12,117
2(v): Financial Incentives and Wash-Ups	90	Impact of wash-up costs on ROI			-	0.90%

### SCHEDULE 3: REPORT ON REGULATORY PROFIT

#### 3(i): Regulatory Profit

Section	Row	Context	Category1	Category2	(\$000)
3(i): Regulatory Profit	4	Income		Line charge revenue	207,655
3(i): Regulatory Profit	5 <i>plus</i>	Income		Gains / (losses) on asset disposals	126
3(i): Regulatory Profit	6 <i>plus</i>	Income		Other regulated income (other than gains / (losses) on asset disposals)	2
3(i): Regulatory Profit	7	<b>Total regulatory income</b>			<b>207,783</b>
3(i): Regulatory Profit	8 <i>less</i>	Expenses		Operational expenditure	64,816
3(i): Regulatory Profit	9 <i>less</i>	Expenses		Pass-through and recoverable costs excluding financial incentives and wash-ups	8,045
3(i): Regulatory Profit	10	<b>Operating surplus/(deficit)</b>			<b>134,923</b>
3(i): Regulatory Profit	11 <i>less</i>	Operating surplus/(deficit)		Total depreciation	63,889
3(i): Regulatory Profit	12 <i>plus</i>	Operating surplus/(deficit)		Total revaluations	29,896
3(i): Regulatory Profit	13	<b>Regulatory profit/(loss) before tax</b>			<b>100,930</b>
3(i): Regulatory Profit	14 <i>less</i>	Regulatory profit/(loss) before tax		Term credit spread differential allowance	1,285
3(i): Regulatory Profit	15 <i>less</i>	Regulatory profit/(loss) before tax		Regulatory tax allowance	23,775
3(i): Regulatory Profit	16	<b>Regulatory profit / (loss) including financial incentives and wash-ups</b>			<b>75,870</b>

#### 3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups

Section	Row	Context	Category1	Category2	(\$000)
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	21	Pass through costs		Rates	1,605
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	22	Pass through costs		Commerce Act levies	949
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	23	Pass through costs		Industry Levies	42
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	24	Pass through costs		CPP specified pass-through costs	-
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	25	Recoverable costs excluding financial incentives and wash-ups		Balancing gas costs	4,310
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	26	Recoverable costs excluding financial incentives and wash-ups		Compressor fuel gas costs	1,138
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	27	Recoverable costs excluding financial incentives and wash-ups		FENZ levies	-
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	28	Recoverable costs excluding financial incentives and wash-ups		Other CPP recoverable costs excluding financial incentives and wash-ups	-
3(ii): Pass- through and Recoverable Costs excluding Financial Incentives and Wash-Ups	29	<b>Pass-through and recoverable costs excluding financial incentives and wash-ups</b>			<b>8,045</b>

#### 3(iv): Merger and Acquisition Costs

Section	Row	Context	Category1	Category2	(\$000)
3(iv): Merger and Acquisition Costs	34	Merger and acquisition expenditure			2,132

\*Provide commentary on the benefits of merger and acquisition expenditure to the gas transmission business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)

#### 3(v): Other Disclosures

Section	Row	Context	Category1	Category2	(\$000)
3(v): Other Disclosures	40	Self-insurance allowance			

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

**4(i): Regulatory Asset Base Roll Forward**

Section	Row	Context	Category1	Category2	RAB CY-4 (\$000)	RAB CY-3 (\$000)	RAB CY-2 (\$000)	RAB CY-1 (\$000)	RAB CY (\$000)
4(i): Regulatory Asset Base Roll Forward	4		<b>Total opening RAB value</b>		849,688	874,465	961,926	983,088	982,916
4(i): Regulatory Asset Base Roll Forward	5	less	<b>Total depreciation</b>		34,267	34,764	58,353	61,116	63,889
4(i): Regulatory Asset Base Roll Forward	6	plus	<b>Total revaluations</b>		41,735	63,198	54,316	21,145	29,896
4(i): Regulatory Asset Base Roll Forward	7	plus	<b>Assets commissioned</b>		18,813	59,028	25,411	40,548	60,978
4(i): Regulatory Asset Base Roll Forward	8	less	<b>Asset disposals</b>		1,634	117	86	897	(126)
4(i): Regulatory Asset Base Roll Forward	9	plus	<b>Lost and found assets adjustment</b>		-	-	-	-	-
4(i): Regulatory Asset Base Roll Forward	10	plus	<b>Adjustment resulting from asset allocation</b>		130	117	(126)	148	130
4(i): Regulatory Asset Base Roll Forward	11		<b>Total closing RAB value</b>		874,465	961,926	983,088	982,916	1,010,156

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

Section	Row	Context	Category1	Category2	Unallocated RAB* (\$000)	RAB (\$000)
4(ii): Unallocated Regulatory Asset Base	16		<b>Total opening RAB value</b>		983,674	982,916
4(ii): Unallocated Regulatory Asset Base	17	less	<b>Total depreciation</b>		64,016	63,889
4(ii): Unallocated Regulatory Asset Base	18	plus	<b>Total revaluations</b>		29,918	29,896
4(ii): Unallocated Regulatory Asset Base	19		Assets commissioned (other than below)	Not Required after DY2025	1,480	1,407
4(ii): Unallocated Regulatory Asset Base	20		Assets commissioned out of WUC	Not Required before DY2026		
4(ii): Unallocated Regulatory Asset Base	21		Assets acquired (other than below)	Not Required before DY2026		
4(ii): Unallocated Regulatory Asset Base	22		Assets acquired from a regulated supplier			
4(ii): Unallocated Regulatory Asset Base	23		Assets acquired from a related party		59,571	59,571
4(ii): Unallocated Regulatory Asset Base	24	plus	<b>Assets commissioned</b>		61,051	60,978
4(ii): Unallocated Regulatory Asset Base	25		Asset disposals (other than below)		(128)	(126)
4(ii): Unallocated Regulatory Asset Base	26		Asset disposals to a regulated supplier			
4(ii): Unallocated Regulatory Asset Base	27		Asset disposals to a related party			
4(ii): Unallocated Regulatory Asset Base	28	less	<b>Asset disposals</b>		(128)	(126)
4(ii): Unallocated Regulatory Asset Base	29	plus	<b>Lost and found assets adjustment</b>			
4(ii): Unallocated Regulatory Asset Base	30	plus	<b>Adjustment resulting from asset allocation</b>			130
4(ii): Unallocated Regulatory Asset Base	31		<b>Total closing RAB value</b>		1,010,755	1,010,156

\*The 'unallocated RAB' is the total value of those assets used wholly or partially to provide gas transmission services without any allowance being made for the allocation of costs to services provided by the supplier that are not gas transmission 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**

Section	Row	Context	Category1	Category2	Revaluation rate (%)	Unallocated RAB (\$000)	RAB (\$000)
4(iii): Calculation of Revaluation Rate and Revaluation of Assets	37		CPI <sub>t</sub>		1,319		
4(iii): Calculation of Revaluation Rate and Revaluation of Assets	38		CPI <sub>t</sub> <sup>+</sup>		1,280		
4(iii): Calculation of Revaluation Rate and Revaluation of Assets	39		Revaluation rate (%)		3.05%		
4(iii): Calculation of Revaluation Rate and Revaluation of Assets	40		Total opening RAB value			983,674	982,916
4(iii): Calculation of Revaluation Rate and Revaluation of Assets	41	less	Opening value of fully depreciated, disposed and lost assets			1,747	1,725
4(iii): Calculation of Revaluation Rate and Revaluation of Assets	42		Total opening RAB value subject to revaluation			981,927	981,191
4(iii): Calculation of Revaluation Rate and Revaluation of Assets	43		<b>Total revaluation</b>			29,918	29,896

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

Section	Row	Context	Category1	Category2	Category3	Unallocated works under construction	Allocated works under construction
4(iv): Roll Forward of Works Under Construction	48		<b>Works under construction - preceding disclosure year</b>		Not Required after DY2025	44,360	44,367
4(iv): Roll Forward of Works Under Construction	49	plus	Works under construction - current disclosure year	Capital expenditure	Not Required after DY2025	41,813	41,688
4(iv): Roll Forward of Works Under Construction	50	less	Works under construction - current disclosure year	Assets commissioned	Not Required after DY2025	61,051	60,978
4(iv): Roll Forward of Works Under Construction	51	plus	Works under construction - current disclosure year	Adjustment resulting from asset alloc	Not Required after DY2025		
4(iv): Roll Forward of Works Under Construction	52		<b>Works under construction - current disclosure year</b>		Not Required after DY2025	25,123	25,077
4(iv): Roll Forward of Works Under Construction	53		<b>Works under construction - preceding disclosure year</b>		Not Required before DY2026		
4(iv): Roll Forward of Works Under Construction	54		Works under construction - current disclosure year	WUC acquired from a regulated suppli	Not Required before DY2026		
4(iv): Roll Forward of Works Under Construction	55		Works under construction - current disclosure year	WUC acquired from a related party	Not Required before DY2026		
4(iv): Roll Forward of Works Under Construction	56		Works under construction - current disclosure year	WUC capital expenditure - other	Not Required before DY2026		
4(iv): Roll Forward of Works Under Construction	57	plus	Works under construction - current disclosure year	Total WUC capital expenditure	Not Required before DY2026	-	-
4(iv): Roll Forward of Works Under Construction	58	less	Works under construction - current disclosure year	WUC capital contributions	Not Required before DY2026		
4(iv): Roll Forward of Works Under Construction	59		Works under construction - current disclosure year	WUC other revenue	Not Required before DY2026		
4(iv): Roll Forward of Works Under Construction	60	less	Works under construction - current disclosure year	Assets commissioned out of WUC	Not Required before DY2026	-	-
4(iv): Roll Forward of Works Under Construction	61	plus	Works under construction - current disclosure year	Adjustment resulting from asset alloc	Not Required before DY2026		
4(iv): Roll Forward of Works Under Construction	62		<b>Works under construction - current disclosure year</b>		Not Required before DY2026	-	-

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

Section	Row	Context	Category1	Category2	Unallocated works under construction	Allocated works under construction
4(iv): Roll Forward of Works Under Construction	66		Highest rate of capitalised finance applied			5.50%

**4(v): Regulatory Depreciation**

Section	Row	Context	Category1	Category2	Unallocated RAB (\$000)	RAB (\$000)
4(v): Regulatory Depreciation	71		Depreciation - standard		53,990	53,990
4(v): Regulatory Depreciation	72		Depreciation - no standard life assets		10,026	9,899
4(v): Regulatory Depreciation	73		Depreciation - modified life assets		-	-
4(v): Regulatory Depreciation	74		Depreciation - alternative depreciation in accordance with CPP		-	-
4(v): Regulatory Depreciation	75		<b>Total depreciation</b>		<b>64,016</b>	<b>63,889</b>

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

Section	Row	Context	Category1   Asset or assets with changes to depreciation	Category2   Reason for non-standard depreciation (text entry)	Depreciation change for the period (RAB   (\$000 unless otherwise specified))	Closing RAB value under 'non-standard' depreciation   (\$000 unless otherwise specified)	Closing RAB value under 'standard' depreciation   (\$000 unless otherwise specified)
4(vi): Disclosure of Changes to Depreciation Profiles	80						
4(vi): Disclosure of Changes to Depreciation Profiles	81						
4(vi): Disclosure of Changes to Depreciation Profiles	82						
4(vi): Disclosure of Changes to Depreciation Profiles	83						
4(vi): Disclosure of Changes to Depreciation Profiles	84						
4(vi): Disclosure of Changes to Depreciation Profiles	85						
4(vi): Disclosure of Changes to Depreciation Profiles	86						
4(vi): Disclosure of Changes to Depreciation Profiles	87						

\*Include additional rows if needed

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

Section	Row	Context	Category1	Category2	Pipes   (\$000 unless otherwise specified)	Stations   (\$000 unless otherwise specified)	Compressors   (\$000 unless otherwise specified)	Main-lines values   (\$000 unless otherwise specified)	Special crossings   (\$000 unless otherwise specified)	Other network assets   (\$000 unless otherwise specified)	Non-network assets   (\$000 unless otherwise specified)	Total   (\$000 unless otherwise specified)
4(vii): Disclosure by Asset Category	92		<b>Total opening RAB value</b>		594,308	141,811	56,969	18,095	45,790	82,583	43,359	982,916
4(vii): Disclosure by Asset Category	93	less	Total depreciation		34,705	10,294	4,811	930	3,734	2,154	7,260	63,889
4(vii): Disclosure by Asset Category	94	plus	Total revaluations		18,108	4,298	1,729	549	1,395	2,514	1,303	29,896
4(vii): Disclosure by Asset Category	95	plus	Assets commissioned		2,137	6,542	31,748	400		14,517	5,633	60,978
4(vii): Disclosure by Asset Category	96	less	Asset disposals		-	-	-	-	-	-	(126)	(126)
4(vii): Disclosure by Asset Category	97	plus	Lost and found assets adjustment									-
4(vii): Disclosure by Asset Category	98	plus	Adjustment resulting from asset allocation								130	130.19
4(vii): Disclosure by Asset Category	99	plus	Asset category transfers									-
4(vii): Disclosure by Asset Category	100		<b>Total closing RAB value</b>		<b>579,848</b>	<b>142,356</b>	<b>85,635</b>	<b>18,114</b>	<b>43,452</b>	<b>97,460</b>	<b>43,292</b>	<b>1,010,156</b>
4(vii): Disclosure by Asset Category	101		<b>Asset Life</b>	Weighted average remaining asset life	20.9	16.2	14.1	35.2	12.8	11.9	9.3	
4(vii): Disclosure by Asset Category	102		<b>Asset Life</b>	Weighted average expected total asset life	51.5	23.0	22.7	40.0	51.8	20.0	14.0	

## SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

### 5a(i): Regulatory Tax Allowance

Section	Row	Context	Category1	Category2	(\$000)
5a(i): Regulatory Tax Allowance	4		<b>Regulatory profit / (loss) before tax</b>		100,930
5a(i): Regulatory Tax Allowance	5	plus	Total depreciation		63,889
5a(i): Regulatory Tax Allowance	6	less	Tax depreciation		26,890
5a(i): Regulatory Tax Allowance	7	plus	Permanent differences	Income not included in regulatory profit / (loss) before tax but taxable	-
5a(i): Regulatory Tax Allowance	8		Permanent differences	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	223
5a(i): Regulatory Tax Allowance	9	less	<b>Permanent differences</b>	Total revaluations	29,896
5a(i): Regulatory Tax Allowance	10		Permanent differences	Income included in regulatory profit / (loss) before tax but not taxable	-
5a(i): Regulatory Tax Allowance	11		Permanent differences	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	-
5a(i): Regulatory Tax Allowance	12		<b>Total revaluations</b>		(29,672)
5a(i): Regulatory Tax Allowance	13	plus	Temporary differences	Income not included in regulatory profit / (loss) before tax but taxable	-
5a(i): Regulatory Tax Allowance	14		Temporary differences	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	-
5a(i): Regulatory Tax Allowance	15	less	Temporary differences	Income included in regulatory profit / (loss) before tax but not taxable	-
5a(i): Regulatory Tax Allowance	16		Temporary differences	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	(445)
5a(i): Regulatory Tax Allowance	17		<b>Temporary differences</b>		445
5a(i): Regulatory Tax Allowance	18	less	Notional deductible interest		23,790
5a(i): Regulatory Tax Allowance	19		<b>Regulatory taxable income</b>		84,911
5a(i): Regulatory Tax Allowance	20	less	Utilised tax losses		-
5a(i): Regulatory Tax Allowance	21		Regulatory net taxable income		84,911
5a(i): Regulatory Tax Allowance	22		<b>Regulatory tax allowance</b>		23,775

\*Workings to be provided in Schedule 14

### 5a(i): Regulatory Tax Allowance

Section	Row	Context	Category1	Category2	%
5a(i): Regulatory Tax Allowance			Corporate tax rate (%)		28%

### 5a(ii): Disclosure of Permanent and Temporary Differences

In schedule 14, Box 5 and Box 6, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i).

### 5a(iii): Reconciliation of Tax Losses

Section	Row	Context	Category1	Category2	(\$000)
5a(iii): Reconciliation of Tax Losses	35		<b>Opening tax losses</b>		-
5a(iii): Reconciliation of Tax Losses	36	plus	Current period tax losses		-
5a(iii): Reconciliation of Tax Losses	37	less	Utilised tax losses		-
5a(iii): Reconciliation of Tax Losses	38		<b>Closing tax losses</b>		-

### 5a(iv): Regulatory Tax Asset Base Roll-Forward

Section	Row	Context	Category1	Category2	(\$000)
5a(iv): Regulatory Tax Asset Base Roll-I	43		<b>Opening sum of regulatory tax asset values</b>		230,576
5a(iv): Regulatory Tax Asset Base Roll-I	44	less	Tax depreciation		26,890
5a(iv): Regulatory Tax Asset Base Roll-I	45	plus	Regulatory tax asset value of assets commissioned		59,719
5a(iv): Regulatory Tax Asset Base Roll-I	46	less	Regulatory tax asset value of asset disposals		1,189
5a(iv): Regulatory Tax Asset Base Roll-I	47	plus	Lost and found assets adjustment		-
5a(iv): Regulatory Tax Asset Base Roll-I	48	plus	Adjustment resulting from asset allocation		117
5a(iv): Regulatory Tax Asset Base Roll-I	49	plus	Other adjustment resulting to the RAB tax value		2
5a(iv): Regulatory Tax Asset Base Roll-I	50		<b>Closing sum of regulatory tax asset values</b>		262,335

**SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS**

**5b(i): Summary—Related Party Transactions**

Section	Row	Context	Category1	Category2	(\$000)
5b(i): Summary—Related Party Transactions	4		<b>Total regulatory income</b>		50,106
5b(i): Summary—Related Party Transactions	5		<b>Market value of asset disposals</b>		
5b(i): Summary—Related Party Transactions	6		Service interruptions, incidents and emergencies		957
5b(i): Summary—Related Party Transactions	7		Routine and corrective maintenance and inspection		18,854
5b(i): Summary—Related Party Transactions	8		Asset replacement and renewal (opex)		-
5b(i): Summary—Related Party Transactions	9		Compressor fuel		-
5b(i): Summary—Related Party Transactions	10		Land management and associated activity		2,073
5b(i): Summary—Related Party Transactions	11		<b>Network opex</b>		21,884
5b(i): Summary—Related Party Transactions	12		System operations		3,173
5b(i): Summary—Related Party Transactions	13		Network support		9,047
5b(i): Summary—Related Party Transactions	14		Business support		884
5b(i): Summary—Related Party Transactions	15		<b>Operational expenditure</b>		34,987
5b(i): Summary—Related Party Transactions	16		Consumer connection		-
5b(i): Summary—Related Party Transactions	17		System growth		387
5b(i): Summary—Related Party Transactions	18		Asset replacement and renewal (capex)		33,539
5b(i): Summary—Related Party Transactions	19		Asset relocations		624
5b(i): Summary—Related Party Transactions	20		Quality of supply		243
5b(i): Summary—Related Party Transactions	21		Legislative and regulatory		-
5b(i): Summary—Related Party Transactions	22		Other reliability, safety and environment		1,591
5b(i): Summary—Related Party Transactions	23		<b>Expenditure on non-network assets</b>		1,461
5b(i): Summary—Related Party Transactions	24		<b>Expenditure on assets</b>		37,845
5b(i): Summary—Related Party Transactions	25		Cost of financing		
5b(i): Summary—Related Party Transactions	26		Value of capital contributions		
5b(i): Summary—Related Party Transactions	27		Value of vested assets		
5b(i): Summary—Related Party Transactions	28		<b>Capital expenditure</b>		37,845
5b(i): Summary—Related Party Transactions	29		<b>Total expenditure</b>		72,832
5b(i): Summary—Related Party Transactions	30		<b>Other related party transactions</b>		

**5b(iii): Total Opex and Capex Related Party Transactions**

Section	Row	Context	Category1   Name of related party	Category2   Nature of opex or capex service provided	Total value of transactions (\$000)
5b(iii): Total Opex and Capex Related Party Transactions	35	Directors		Business support	884
5b(iii): Total Opex and Capex Related Party Transactions	36	Gas Services NZ		Service interruptions, incidents and emergencies	957
5b(iii): Total Opex and Capex Related Party Transactions	37	Gas Services NZ		Routine and corrective maintenance and inspection	18,854
5b(iii): Total Opex and Capex Related Party Transactions	38	Gas Services NZ		Land management and associated activity	2,073
5b(iii): Total Opex and Capex Related Party Transactions	39	Gas Services NZ		System operations	3,173
5b(iii): Total Opex and Capex Related Party Transactions	40	Gas Services NZ		Network support	9,047
5b(iii): Total Opex and Capex Related Party Transactions	41	Gas Services NZ		System growth	387
5b(iii): Total Opex and Capex Related Party Transactions	42	Gas Services NZ		Asset replacement and renewal (capex)	33,539
5b(iii): Total Opex and Capex Related Party Transactions	43	Gas Services NZ		Asset relocations	624
5b(iii): Total Opex and Capex Related Party Transactions	44	Gas Services NZ		Expenditure on non-network assets	1,461
5b(iii): Total Opex and Capex Related Party Transactions	45	Gas Services NZ		Other reliability, safety and environment	1,591
5b(iii): Total Opex and Capex Related Party Transactions	46	Gas Services NZ		Quality of supply	243
5b(iii): Total Opex and Capex Related Party Transactions	47				
5b(iii): Total Opex and Capex Related Party Transactions	48				
5b(iii): Total Opex and Capex Related Party Transactions	49				
5b(iii): Total Opex and Capex Related Party Transactions	50				
5b(iii): Total Opex and Capex Related Party Transactions	51		<b>Total value of related party transactions</b>		72,832

\*Include additional rows if needed

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

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

Section	Row	Context	Category 1   Issuing party	Category 2   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
5c(i): Qualifying Debt (may be Commission only)	4	2021 USPP 7yr		23/03/2021	10/03/2021	7.0	2.32%	185,112	216,114	278	(106)
5c(i): Qualifying Debt (may be Commission only)	5	2021 USPP 9yr		23/03/2021	10/03/2021	9.00	2.59%	165,626	186,450	497	(147)
5c(i): Qualifying Debt (may be Commission only)	6	2021 USPP 10yr		23/03/2021	24/11/2020	10.00	2.32%	107,619	111,433	404	(108)
5c(i): Qualifying Debt (may be Commission only)	7	2021 USPP 12yr		23/03/2021	24/11/2020	12.00	2.42%	286,985	282,243	1,507	(335)
5c(i): Qualifying Debt (may be Commission only)	8	2021 USPP 15yr		23/03/2021	24/11/2020	15.00	BKBM +200bps	225,000	224,012	1,688	(300)
5c(i): Qualifying Debt (may be Commission only)	9								1,020,252	4,372	(995)

\* include additional rows if needed

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

Section	Row	Context	Category1	Category2	%
5c(ii): Attribution of Term Credit Spread Differential	15	<b>Gross term credit spread differential</b>			3,377
5c(ii): Attribution of Term Credit Spread Differential	16	Total book value of interest bearing debt leverage			1,100,252
5c(ii): Attribution of Term Credit Spread Differential	17	Leverage			42%
5c(ii): Attribution of Term Credit Spread Differential	18	Average opening and closing RAB values			996,536
5c(ii): Attribution of Term Credit Spread Differential	19	<b>Attribution Rate (%)</b>			38%
5c(ii): Attribution of Term Credit Spread Differential	20	<b>Term credit spread differential allowance</b>			1,285

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

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

Section	Row	Context	Category1	Category2	Value allocated (\$000)   Arm's length deduction	Value allocated (\$000)   Gas transmission services	Value allocated (\$000)   Non-gas transmission services	Value allocated (\$000)   Total	Value allocated (\$000)   OVABAA allocation increase
5d(i): Operating Cost Allocations	4		Service interruptions, incidents and emergencies	Directly attributable		957			
5d(i): Operating Cost Allocations	5		Service interruptions, incidents and emergencies	Not directly attributable				-	
5d(i): Operating Cost Allocations	6		<b>Total attributable to regulated service</b>			957			
5d(i): Operating Cost Allocations	7		Routine and corrective maintenance and inspection	Directly attributable		18,742			
5d(i): Operating Cost Allocations	8		Routine and corrective maintenance and inspection	Not directly attributable				-	
5d(i): Operating Cost Allocations	9		<b>Total attributable to regulated service</b>			18,742			
5d(i): Operating Cost Allocations	10		Asset replacement and renewal	Directly attributable				-	
5d(i): Operating Cost Allocations	11		Asset replacement and renewal	Not directly attributable				-	
5d(i): Operating Cost Allocations	12		<b>Total attributable to regulated service</b>					-	
5d(i): Operating Cost Allocations	13		Compressor fuel	Directly attributable		3,567			
5d(i): Operating Cost Allocations	14		Compressor fuel	Not directly attributable				-	
5d(i): Operating Cost Allocations	15		<b>Total attributable to regulated service</b>			3,567			
5d(i): Operating Cost Allocations	16		Land management and associated activity	Directly attributable		2,073			
5d(i): Operating Cost Allocations	17		Land management and associated activity	Not directly attributable				-	
5d(i): Operating Cost Allocations	18		<b>Total attributable to regulated service</b>			2,073			
5d(i): Operating Cost Allocations	19		System operations	Directly attributable		3,173			
5d(i): Operating Cost Allocations	20		System operations	Not directly attributable				-	
5d(i): Operating Cost Allocations	21		<b>Total attributable to regulated service</b>			3,173			
5d(i): Operating Cost Allocations	22		Network support	Directly attributable		7,460			
5d(i): Operating Cost Allocations	23		Network support	Not directly attributable				-	
5d(i): Operating Cost Allocations	24		<b>Total attributable to regulated service</b>			7,460			
5d(i): Operating Cost Allocations	25		Business support	Directly attributable		601			
5d(i): Operating Cost Allocations	26		Business support	Not directly attributable	11,536	28,243	3,232	43,012	
5d(i): Operating Cost Allocations	27		<b>Total attributable to regulated service</b>			28,844			
5d(i): Operating Cost Allocations	28		<b>Operating costs directly attributable</b>			36,573			
5d(i): Operating Cost Allocations	29		<b>Operating costs not directly attributable</b>		11,536	28,243	3,232	43,012	
5d(i): Operating Cost Allocations	30		<b>Operational expenditure</b>			64,816			

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

Section	Row	Context	Category1	Category2	Value allocated (\$000s)   Arm's length deduction	Value allocated (\$000s)   Gas transmission services	Value allocated (\$000s)   Non-gas transmission services	Value allocated (\$000s)   Total	Value allocated (\$000s)   OVABAA allocation increase
5d(ii): Other Cost Allocations	35	Pass through and recoverable costs	Pass through costs	Directly attributable		1,605			
5d(ii): Other Cost Allocations	36	Pass through and recoverable costs	Pass through costs	Not directly attributable		991	260	1,251	
5d(ii): Other Cost Allocations	37	Pass through and recoverable costs	<b>Pass through costs</b>	<b>Total attributable to regulated service</b>		2,596			
5d(ii): Other Cost Allocations	38	Pass through and recoverable costs	Recoverable costs	Directly attributable		5,448			
5d(ii): Other Cost Allocations	39	Pass through and recoverable costs	Recoverable costs	Not directly attributable				-	
5d(ii): Other Cost Allocations	40	Pass through and recoverable costs	<b>Recoverable costs</b>	<b>Total attributable to regulated service</b>		5,448			

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

Section	Row	Context	Category1	Category2	Cost category	Original allocator or line items	New allocator or line items	Rational for change	Original allocation   CY-1   (\$000)	New allocation   CY-1   (\$000)	Difference   CY-1   (\$000)	Original allocation   Current Year (CY)   (\$000)	New allocation   Current Year (CY)   (\$000)	Difference   Current Year (CY)   (\$000)
5d(iii): Changes in Cost Allocations* †	45		Change in cost allocation 1											
5d(iii): Changes in Cost Allocations* †	46		Change in cost allocation 2											
5d(iii): Changes in Cost Allocations* †	47		Change in cost allocation 3											

\* a change in cost allocation must be completed for each allocator or component 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 5e: REPORT ON ASSET ALLOCATIONS**

**5e(i): Regulated Service Asset Values**

Section	Row	Context	Category1	Category2	Value allocated (\$000s) Gas Transmission services
5e(i): Regulated Service Asset Values	4	Pipes		Directly attributable	579,848
5e(i): Regulated Service Asset Values	5	Pipes		Not directly attributable	
5e(i): Regulated Service Asset Values	6	<b>Total attributable to regulated service</b>			579,848
5e(i): Regulated Service Asset Values	7	Stations		Directly attributable	142,356
5e(i): Regulated Service Asset Values	8	Stations		Not directly attributable	
5e(i): Regulated Service Asset Values	9	<b>Total attributable to regulated service</b>			142,356
5e(i): Regulated Service Asset Values	10	Compressors		Directly attributable	85,636
5e(i): Regulated Service Asset Values	11	Compressors		Not directly attributable	
5e(i): Regulated Service Asset Values	12	<b>Total attributable to regulated service</b>			85,636
5e(i): Regulated Service Asset Values	13	Main-line valves		Directly attributable	18,114
5e(i): Regulated Service Asset Values	14	Main-line valves		Not directly attributable	
5e(i): Regulated Service Asset Values	15	<b>Total attributable to regulated service</b>			18,114
5e(i): Regulated Service Asset Values	16	Special crossings		Directly attributable	43,451
5e(i): Regulated Service Asset Values	17	Special crossings		Not directly attributable	
5e(i): Regulated Service Asset Values	18	<b>Total attributable to regulated service</b>			43,451
5e(i): Regulated Service Asset Values	19	Other network assets		Directly attributable	97,460
5e(i): Regulated Service Asset Values	20	Other network assets		Not directly attributable	
5e(i): Regulated Service Asset Values	21	<b>Total attributable to regulated service</b>			97,460
5e(i): Regulated Service Asset Values	22	Non-network assets		Directly attributable	31,855
5e(i): Regulated Service Asset Values	23	Non-network assets		Not directly attributable	11,437
5e(i): Regulated Service Asset Values	24	<b>Total attributable to regulated service</b>			43,292
5e(i): Regulated Service Asset Values	25	<b>Regulated service asset value directly attributable</b>			998,720
5e(i): Regulated Service Asset Values	26	<b>Regulated service asset value not directly attributable</b>			11,437
5e(i): Regulated Service Asset Values	27	<b>Total closing RAB value</b>			1,010,156

**5e(ii): Changes in Asset Allocations\* †**

Section	Row	Context	Category1	Category2	Asset category	Original allocator or line items	New allocator or line items	Rationale for change	Original allocation   CY-1   (\$000)	New allocation   CY-1   (\$000)	Difference   CY-1   (\$000)	Original allocation   Current Year (CY)   (\$000)	New allocation   Current Year (CY)   (\$000)	Difference   Current Year (CY)   (\$000)
5e(ii): Changes in Asset Allocations* †	32	Change in cost allocation 1									-			-
5e(ii): Changes in Asset Allocations* †	33	Change in cost allocation 2									-			-
5e(ii): Changes in Asset Allocations* †	34	Change in cost allocation 3									-			-

\* a change in asset allocation must be completed for each allocator or component 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**

**6a(i): Expenditure on Assets**

Section	Row	Context	Category1	Category2	Category3	(\$000)
6a(i): Expenditure on Assets	4		Network asset	Consumer connection		(17)
6a(i): Expenditure on Assets	5		Network asset	System growth		370
6a(i): Expenditure on Assets	6		Network asset	Asset replacement and renewal		32,971
6a(i): Expenditure on Assets	7		Network asset	Asset relocations		624
6a(i): Expenditure on Assets	8		Network asset	Reliability, safety and environment	Quality of supply	243
6a(i): Expenditure on Assets	9		Network asset	Reliability, safety and environment	Legislative and regulatory	53
6a(i): Expenditure on Assets	10		Network asset	Reliability, safety and environment	Other reliability, safety and environment	1,538
6a(i): Expenditure on Assets	11		<b>Total reliability, safety and environment</b>			<b>1,833</b>
6a(i): Expenditure on Assets	12		<b>Expenditure on network assets</b>			<b>35,781</b>
6a(i): Expenditure on Assets	13		Expenditure on non-network assets			4,792
6a(i): Expenditure on Assets	14		<b>Expenditure on Assets</b>			<b>40,573</b>
6a(i): Expenditure on Assets	15 plus			Capital expenditure	Cost of financing	2,283
6a(i): Expenditure on Assets	16 less			Capital expenditure	Value of capital contributions	1,169
6a(i): Expenditure on Assets	17 plus			Capital expenditure	Value of vested assets	-
6a(i): Expenditure on Assets	18		<b>Capital expenditure</b>			<b>41,688</b>

**6a(ii): Subcomponents of Expenditure on Assets(where known)**

Section	Row	Context	Category1	Category2	(\$000)
6a(ii): Subcomponents of Expenditure on Assets(where known)	23		Expenditure on subcomponents	Research and development	377

**6a(iii): Consumer Connection**

Section	Row	Context	Category1	Category2	(\$000)
6a(iii): Consumer Connection	28	Consumer types defined by GTB*	Direct Connect		(17)
6a(iii): Consumer Connection	29	Consumer types defined by GTB*			
6a(iii): Consumer Connection	30	Consumer types defined by GTB*			
6a(iii): Consumer Connection	31	Consumer types defined by GTB*			
6a(iii): Consumer Connection	32	Consumer types defined by GTB*			
6a(iii): Consumer Connection	33		<b>Consumer connection expenditure</b>		<b>(17)</b>
6a(iii): Consumer Connection	34 less		Capital contributions funding consumer connection expenditure		
6a(iii): Consumer Connection	35		<b>Consumer connection less capital contributions</b>		<b>(17)</b>

\*include additional rows if needed

**6a(iv): System Growth and Asset Replacement and Renewal**

Section	Row	Context	Category1	Category2	System Growth (\$000)	Asset Replacement and Renewal (\$000)
6a(iv): System Growth and Asset Replacement and Renewal	41		Pipes		-	8,590
6a(iv): System Growth and Asset Replacement and Renewal	42		Compressor stations		-	14,968
6a(iv): System Growth and Asset Replacement and Renewal	43		Other stations		370	2,343
6a(iv): System Growth and Asset Replacement and Renewal	44		SCADA and communications		-	5,172
6a(iv): System Growth and Asset Replacement and Renewal	45		Special crossings		-	2
6a(iv): System Growth and Asset Replacement and Renewal	46	Components of stations (where known)	Main-line valves		-	124
6a(iv): System Growth and Asset Replacement and Renewal	47	Components of stations (where known)	Heating system		-	964
6a(iv): System Growth and Asset Replacement and Renewal	48	Components of stations (where known)	Odourisation plants		-	67
6a(iv): System Growth and Asset Replacement and Renewal	49	Components of stations (where known)	Coalescers		-	-
6a(iv): System Growth and Asset Replacement and Renewal	50	Components of stations (where known)	Metering system		-	449
6a(iv): System Growth and Asset Replacement and Renewal	51	Components of stations (where known)	Cathodic protection		-	292
6a(iv): System Growth and Asset Replacement and Renewal	52	Components of stations (where known)	Chromatographs		-	0
6a(iv): System Growth and Asset Replacement and Renewal	53		<b>System growth and asset replacement and renewal expenditure</b>		<b>370</b>	<b>32,971</b>
6a(iv): System Growth and Asset Replacement and Renewal	54 less		Capital contributions funding system growth and asset replacement and renewal		8	650
6a(iv): System Growth and Asset Replacement and Renewal	55		<b>System growth and asset replacement and renewal less capital contributions</b>		<b>362</b>	<b>32,321</b>

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

Section	Row	Context	Category1	Category2	(\$000)
6a(v): Asset Relocations	60	Project or programme*	[Description of material project or programme]		
6a(v): Asset Relocations	61	Project or programme*	[Description of material project or programme]		
6a(v): Asset Relocations	62	Project or programme*	[Description of material project or programme]		
6a(v): Asset Relocations	63	Project or programme*	[Description of material project or programme]		
6a(v): Asset Relocations	64	Project or programme*	[Description of material project or programme]		
6a(v): Asset Relocations	65		All other projects or programmes - asset relocations		624
6a(v): Asset Relocations	66		<b>Asset relocations expenditure</b>		<b>624</b>
6a(v): Asset Relocations	67 less		Capital contributions funding asset relocations		512
6a(v): Asset Relocations	68		<b>Asset relocations less capital contributions</b>		<b>113</b>

\*include additional rows if needed

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

Section	Row	Context	Category1	Category2	(\$000)
6a(vi): Quality of Supply	74	Project or programme*	[Description of material project or programme]		
6a(vi): Quality of Supply	75	Project or programme*	[Description of material project or programme]		
6a(vi): Quality of Supply	76	Project or programme*	[Description of material project or programme]		
6a(vi): Quality of Supply	77	Project or programme*	[Description of material project or programme]		
6a(vi): Quality of Supply	78	Project or programme*	[Description of material project or programme]		
6a(vi): Quality of Supply	79		All other projects or programmes - Quality of supply		243
6a(vi): Quality of Supply	80		<b>Quality of supply expenditure</b>		243
6a(vi): Quality of Supply	81	less	Capital contributions funding quality of supply		-
6a(vi): Quality of Supply	82		<b>Quality of supply less capital contributions</b>		243

\*include additional rows if needed

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

Section	Row	Context	Category1	Category2	(\$000)
6a(vii): Legislative and Regulatory	88	Project or programme*	[Description of material project or programme]		
6a(vii): Legislative and Regulatory	89	Project or programme*	[Description of material project or programme]		
6a(vii): Legislative and Regulatory	90	Project or programme*	[Description of material project or programme]		
6a(vii): Legislative and Regulatory	91	Project or programme*	[Description of material project or programme]		
6a(vii): Legislative and Regulatory	92	Project or programme*	[Description of material project or programme]		
6a(vii): Legislative and Regulatory	93		All other projects or programmes - legislative and regulatory		53
6a(vii): Legislative and Regulatory	94		<b>Legislative and regulatory expenditure</b>		53
6a(vii): Legislative and Regulatory	95	less	Capital contributions funding legislative and regulatory		-
6a(vii): Legislative and Regulatory	96		<b>Legislative and regulatory less capital contributions</b>		53

\*include additional rows if needed

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

Section	Row	Context	Category1	Category2	(\$000)
6a(viii): Other Reliability, Safety and Environment	102	Project or programme*	[Description of material project or programme]		
6a(viii): Other Reliability, Safety and Environment	103	Project or programme*	[Description of material project or programme]		
6a(viii): Other Reliability, Safety and Environment	104	Project or programme*	[Description of material project or programme]		
6a(viii): Other Reliability, Safety and Environment	105	Project or programme*	[Description of material project or programme]		
6a(viii): Other Reliability, Safety and Environment	106	Project or programme*	[Description of material project or programme]		
6a(viii): Other Reliability, Safety and Environment	107		All other projects or programmes - other reliability, safety and environment		1,538
6a(viii): Other Reliability, Safety and Environment	108		<b>Other reliability, safety and environment expenditure</b>		1,538
6a(viii): Other Reliability, Safety and Environment	109	less	Capital contributions funding other reliability, safety and environment		-
6a(viii): Other Reliability, Safety and Environment	110		<b>Other reliability, safety and environment less capital contributions</b>		1,538

\*include additional rows if needed

**6a(ix):Non-Network Assets**

Section	Row	Context	Category1   Routine expenditure	Category2	(\$000)
6a(ix):Non-Network Assets	116	Project or programme*	Equipment		1,461
6a(ix):Non-Network Assets	117	Project or programme*	Vehicles		261
6a(ix):Non-Network Assets	118	Project or programme*	Building Refurbishment		881
6a(ix):Non-Network Assets	119	Project or programme*	ICT		1,930
6a(ix):Non-Network Assets	120	Project or programme*			
6a(ix):Non-Network Assets	121		All other projects or programmes - routine expenditure		258
6a(ix):Non-Network Assets	122		<b>Routine expenditure</b>		4,792

\*include additional rows if needed

**6a(ix):Non-Network Assets**

Section	Row	Context	Category1   Atypical expenditure	Category2	(\$000)
6a(ix):Non-Network Assets	127	Project or programme*			
6a(ix):Non-Network Assets	128	Project or programme*			
6a(ix):Non-Network Assets	129	Project or programme*			
6a(ix):Non-Network Assets	130	Project or programme*			
6a(ix):Non-Network Assets	131	Project or programme*			
6a(ix):Non-Network Assets	132		All other projects or programmes - atypical expenditure		-
6a(ix):Non-Network Assets	133		<b>Atypical expenditure</b>		-
6a(ix):Non-Network Assets	134		<b>Expenditure on non-network assets</b>		4,792

\*include additional rows if needed

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

### 6b(i): Operational Expenditure

Section	Row	Context	Category1	Category2	(\$000)
6b(i): Operational Expenditure	4	Network opex		Service interruptions, incidents and emergencies	957
6b(i): Operational Expenditure	5	Network opex		Routine and corrective maintenance and inspection	18,742
6b(i): Operational Expenditure	6	Network opex		Asset replacement and renewal	-
6b(i): Operational Expenditure	7	Network opex		Compressor fuel	3,567
6b(i): Operational Expenditure	8	Network opex		Land management and associated activity	2,073
6b(i): Operational Expenditure	9	<b>Network opex</b>			25,339
6b(i): Operational Expenditure	10	Non-network opex		System operations	3,173
6b(i): Operational Expenditure	11	Non-network opex		Network support	7,460
6b(i): Operational Expenditure	12	Non-network opex		Business support	28,844
6b(i): Operational Expenditure	13	<b>Non-network opex</b>			39,477
6b(i): Operational Expenditure	14	<b>Operational expenditure</b>			64,816

### 6b(ii): Subcomponents of Operational Expenditure (where known)

Section	Row	Context	Category1	Category2	(\$000)
6b(ii): Subcomponents of Operational Expenditure (where known)	19	Expenditure on subcomponents		Research and development	181
6b(ii): Subcomponents of Operational Expenditure (where known)	20	Expenditure on subcomponents		Insurance	2,598

## SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

### 7(i): Revenue

Section	Row	Context	Category1	Category2	Target (\$000) <sup>1</sup>	Actual (\$000)	% variance
7(i): Revenue	4	Line charge revenue			200,715	207,655	3%

### 7(ii): Expenditure on Assets

Section	Row	Context	Category1	Category2	Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
7(ii): Expenditure on Assets	9	Network asset		Consumer connection	359	(17)	(105%)
7(ii): Expenditure on Assets	10	Network asset		System growth	513	370	(28%)
7(ii): Expenditure on Assets	11	Network asset		Asset replacement and renewal	32,347	32,971	2%
7(ii): Expenditure on Assets	12	Network asset		Asset relocations	2,793	624	(78%)
7(ii): Expenditure on Assets	13	Reliability, safety and environment		Quality of supply	-	243	-
7(ii): Expenditure on Assets	14	Reliability, safety and environment		Legislative and regulatory	-	53	-
7(ii): Expenditure on Assets	15	Reliability, safety and environment		Other reliability, safety and environment	718	1,538	114%
7(ii): Expenditure on Assets	16	<b>Total reliability, safety and environment</b>			718	1,833	155%
7(ii): Expenditure on Assets	17	<b>Expenditure on network assets</b>			36,730	35,781	(3%)
7(ii): Expenditure on Assets	18	Expenditure on non-network assets			3,338	4,792	44%
7(ii): Expenditure on Assets	19	<b>Expenditure on assets</b>			40,068	40,573	1%

### 7(iii): Operational Expenditure

Section	Row	Context	Category1	Category2	Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
7(iii): Operational Expenditure	24	Network opex		Service interruptions, incidents and emergencies	1,342	957	(29%)
7(iii): Operational Expenditure	25	Network opex		Routine and corrective maintenance and inspection	19,831	18,742	(5%)
7(iii): Operational Expenditure	26	Network opex		Asset replacement and renewal	-	-	-
7(iii): Operational Expenditure	27	Network opex		Compressor fuel	5,696	3,567	(37%)
7(iii): Operational Expenditure	28	Network opex		Land management and associated activity	1,531	2,073	35%
7(iii): Operational Expenditure	29	<b>Network opex</b>			28,400	25,339	(11%)
7(iii): Operational Expenditure	30	Non-network opex		System operations	3,585	3,173	(11%)
7(iii): Operational Expenditure	31	Non-network opex		Network support	7,296	7,460	2%
7(iii): Operational Expenditure	32	Non-network opex		Business support	26,428	28,844	9%
7(iii): Operational Expenditure	33	<b>Non-network opex</b>			37,309	39,477	6%
7(iii): Operational Expenditure	34	<b>Operational expenditure</b>			65,709	64,816	(1%)

### 7(iv): Subcomponents of Expenditure on Assets (where known)

Section	Row	Context	Category1	Category2	Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
7(iv): Subcomponents of Operational Expenditure (where known)	39	Expenditure on subcomponents		Research and development	-	377	-

### 7(v): Subcomponents of Operational Expenditure (where known)

Section	Row	Context	Category1	Category2	Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
7(v): Subcomponents of Operational Expenditure (where known)	44	Expenditure on subcomponents		Research and development	-	181	-
7(v): Subcomponents of Operational Expenditure (where known)	45	Expenditure on subcomponents		Insurance	-	2,598	-

<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 9a: ASSET REGISTER

### 9a: Asset Register

Section	Row	Context	Category1   Asset category	Category2   Asset class	Category3   Units	Items at start of year (quantity)	Items at end of year (quantity)	Net change	Data accuracy (1-4)
9a: Asset Register	4	Pipes	Pipes	Protected steel pipes	km	2,503	2,503	-	3
9a: Asset Register	5	Pipes	Pipes	Special crossings	km	9	9	-	3
9a: Asset Register	6	Stations	Stations	Compressor stations	No.	9	9	-	3
9a: Asset Register	7	Stations	Stations	Offtake point	No.	123	125	2	3
9a: Asset Register	8	Stations	Stations	Scraper stations	No.	14	14	-	3
9a: Asset Register	9	Stations	Stations	Intake points	No.	9	9	-	3
9a: Asset Register	10	Stations	Stations	Metering stations	No.	5	5	-	3
9a: Asset Register	11	Compressors	Compressors	Compressors—turbine driven	No.	4	4	-	3
9a: Asset Register	12	Compressors	Compressors	Compressors—electric motor driven	No.	2	2	-	3
9a: Asset Register	13	Compressors	Compressors	Compressors—reciprocating engine driven	No.	14	16	2	3
9a: Asset Register	14	Main-line valves	Main-line valves	Main line valves manually operated	No.	75	75	-	3
9a: Asset Register	15	Main-line valves	Main-line valves	Main line valves remotely operated	No.	11	11	-	3
9a: Asset Register	16	Heating systems	Heating systems	Gas-fired heaters	No.	101	101	-	3
9a: Asset Register	17	Heating systems	Heating systems	Electric heaters	No.	4	4	-	3
9a: Asset Register	18	Odourisation plants	Odourisation plants	Odourisation plants	No.	27	24	(3)	3
9a: Asset Register	19	Coalescers	Coalescers	Coalescers	No.	36	37	1	3
9a: Asset Register	20	Metering systems	Metering systems	Meters—ultrasonic	No.	10	10	-	3
9a: Asset Register	21	Metering systems	Metering systems	Meters—rotary	No.	69	68	(1)	3
9a: Asset Register	22	Metering systems	Metering systems	Meters turbine	No.	81	82	1	3
9a: Asset Register	23	Metering systems	Metering systems	Meters—mass flow	No.	2	4	2	3
9a: Asset Register	24	SCADA and communications	SCADA and communications	Remote terminal units (RTU)	No.	93	92	(1)	3
9a: Asset Register	25	SCADA and communications	SCADA and communications	Communications terminals	No.	3	3	-	3
9a: Asset Register	26	Cathodic protection	Cathodic protection	Rectifier units	No.	48	48	-	3
9a: Asset Register	27	Chromatographs	Chromatographs	Chromatographs	No.	14	13	(1)	3



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

**9c(i): Transmission Pipeline Data**

Section	Row	Context	Category1	Category2	System length (km) (at year end)	Weighted average pipe diameter (mm)	Max monthly quantity entering the system (TJ per month)	Max weekly quantity entering the system (TJ per week)	Total gas conveyed (TJ per year)	Gas conveyed for Persons not involved in the GTB (TJ per year)	Number of connection points
9c(i): Transmission Pipeline Data	4		South-Kapuni-Frankley Road (SKF)		1,033	201	3,552	1,178	30,940	30,821	63
9c(i): Transmission Pipeline Data	5		Bay of Plenty (BOP)		608	140	898	216	8,687	8,654	38
9c(i): Transmission Pipeline Data	6		North (NORTH)		535	172	2,157	500	20,299	20,181	39
9c(i): Transmission Pipeline Data	7		Te Awamutu North (TAN)		11	136	70	19	452	452	3
9c(i): Transmission Pipeline Data	8		Minor (MINORS)		16	62	26	7	246	244	19
9c(i): Transmission Pipeline Data	9		Maui (MAUI)		309	644	6,569	1,669	75,931	75,708	27
9c(i): Transmission Pipeline Data	10		<b>Total</b>		<b>2,512</b>						

**9c(ii): Length by Assigned Location Class (km)**

Section	Row	Context	Category1	Category2	Sensitive Use (S)	Industrial (I)	Heavy Industrial (HI)	Common Infrastructure Corridor (CIC)	Submerged (W)	Total (km) (at year end) *	% of total
9c(ii): length by Assigned Location Class (Km)	15		Primary location class Rural (R1) land		11	11	13	322	3	2,140	85.12%
9c(ii): length by Assigned Location Class (Km)	16		Primary location class Rural Residential (R2) land		11	4	1	5	-	220	8.75%
9c(ii): length by Assigned Location Class (Km)	17		Primary location class Residential (T1) land		46	36	2	6	1	154	6.13%
9c(ii): length by Assigned Location Class (Km)	18		Primary location class High Density (T2) land		-	-	-	-	-	-	-

\* The total km is not the same as the sum of the secondary location classes as a pipeline section may only have a primary location class.

## SCHEDULE 9d: REPORT ON DEMAND

### 9d(i): New Connections

Section	Row	Context	Category1	Category2	Number of new connections
9d(i): Consumer Connections	4	Connection types defined by GTB	Distribution System		-
9d(i): Consumer Connections	5	Connection types defined by GTB	Direct Connect		-
9d(i): Consumer Connections	6	Connection types defined by GTB	Receipt Point		-
9d(i): Consumer Connections	7	Connection types defined by GTB			-
9d(i): Consumer Connections	8	Connection types defined by GTB			-
9d(i): Consumer Connections	9		<b>Connections total</b>		-

\* include additional rows if needed

### 9d(ii): Gas Volumes and Connections

Section	Row	Context	Category1	Category2	Intake volume (TJ)	Quantity of gas delivered (TJ)	Number of connection points
9d(ii): Gas Volumes and Connections	15	Connection types defined by GTB	Receipt Point		96,246	-	15
9d(ii): Gas Volumes and Connections	16	Connection types defined by GTB	Direct Connect		-	67,628	47
9d(ii): Gas Volumes and Connections	17	Connection types defined by GTB	Distribution System		-	28,094	100
9d(ii): Gas Volumes and Connections	18	Connection types defined by GTB			-	-	-
9d(ii): Gas Volumes and Connections	19		<b>Total</b>		96,246	95,722	162

\* include additional rows if needed

### 9d(iii): Gas Conveyed

Section	Row	Context	Category1	Category2	(TJ)
9d(iii): Gas Conveyed	25		Intake volume (TJ)		96,246
9d(iii): Gas Conveyed	26		Quantity of gas delivered (TJ)		95,722
9d(iii): Gas Conveyed	27		Gas used in compressor stations (TJ)		422
9d(iii): Gas Conveyed	28		Gas used in heating systems (TJ)		72
9d(iii): Gas Conveyed	29		Change in line pack (TJ)		(9)
9d(iii): Gas Conveyed	30		Vented gas (TJ)		2
9d(iii): Gas Conveyed	31		Unaccounted for gas (TJ)		37
9d(iii): Gas Conveyed	32		<b>Total gas conveyed (TJ)</b>		96,218

### 9d(iv): Unaccounted for Gas

Section	Row	Context	Category1	Category2	Gas entering the system (TJ)	Unaccounted for gas (TJ)	Unaccounted for gas (%)	Intake volume (TJ)	Interconnected system intake (TJ)	Interconnected intake systems (name)
9d(iv): Unaccounted for Gas	37		Combined UFG		96,246	37	0.04%	96,246		
9d(iv): Unaccounted for Gas	38				-	-	-	-		
9d(iv): Unaccounted for Gas	39				-	-	-	-		
9d(iv): Unaccounted for Gas	40				-	-	-	-		
9d(iv): Unaccounted for Gas	41				-	-	-	-		
9d(iv): Unaccounted for Gas	42				-	-	-	-		
9d(iv): Unaccounted for Gas	43		<b>Total</b>					96,246	-	

## SCHEDULE 9d: REPORT ON DEMAND

### 9d(i): New Connections

Section	Row	Context	Category1	Category2	Number of new connections
9d(i): Consumer Connections	4	Connection types defined by GTB	Distribution System		-
9d(i): Consumer Connections	5	Connection types defined by GTB	Direct Connect		-
9d(i): Consumer Connections	6	Connection types defined by GTB	Bi-Directional		-
9d(i): Consumer Connections	7	Connection types defined by GTB	Receipt Point		-
9d(i): Consumer Connections	8	Connection types defined by GTB			-
9d(i): Consumer Connections	9		<b>Connections total</b>		-

\* include additional rows if needed

### 9d(ii): Gas Volumes and Connections

Section	Row	Context	Category1	Category2	Intake volume (TJ)	Quantity of gas delivered (TJ)	Number of connection points
9d(ii): Gas Volumes and Connections	15	Connection types defined by GTB	Distribution System		-	28,094	101
9d(ii): Gas Volumes and Connections	16	Connection types defined by GTB	Direct Connect		-	23,482	37
9d(ii): Gas Volumes and Connections	17	Connection types defined by GTB	Bi-Directional		16,864	8,776	4
9d(ii): Gas Volumes and Connections	18	Connection types defined by GTB	Receipt Point		43,749	-	20
9d(ii): Gas Volumes and Connections	19		<b>Total</b>		60,613	60,352	162

\* include additional rows if needed

### 9d(iii): Gas Conveyed

Section	Row	Context	Category1	Category2	(TJ)
9d(iii): Gas Conveyed	25		Intake volume (TJ)		60,613
9d(iii): Gas Conveyed	26		Quantity of gas delivered (TJ)		60,351
9d(iii): Gas Conveyed	27		Gas used in compressor stations (TJ)		199
9d(iii): Gas Conveyed	28		Gas used in heating systems (TJ)		72
9d(iii): Gas Conveyed	29		Change in line pack (TJ)		-
9d(iii): Gas Conveyed	30		Vented gas (TJ)		2
9d(iii): Gas Conveyed	31		Unaccounted for gas (TJ)		(11)
9d(iii): Gas Conveyed	32		<b>Total gas conveyed (TJ)</b>		60,624

### 9d(iv): Unaccounted for Gas

Section	Row	Context	Category1	Category2	Gas entering the system (TJ)	Unaccounted for gas (TJ)	Unaccounted for gas (%)	Intake volume (TJ)	Interconnected system intake (TJ)	Interconnected intake systems (name)
9d(iv): Unaccounted for Gas	37		South-Kapuni-Frankley Road (SKF)		30,894	(48)	(0.16%)	30,894		
9d(iv): Unaccounted for Gas	38		Bay of Plenty (BOP)		8,735	48	0.55%	8,581	154	SKF, TAN
9d(iv): Unaccounted for Gas	39		North (NORTH)		20,450	(2)	(0.01%)	20,450		
9d(iv): Unaccounted for Gas	40		Te Awamutu North (TAN)		444	(9)	(2.03%)	444		
9d(iv): Unaccounted for Gas	41		Minor (MINORS)		244	(2)	(0.82%)	244		
9d(iv): Unaccounted for Gas	42				-	-	-	-		
9d(iv): Unaccounted for Gas	43		<b>Total</b>					60,613	154	

## SCHEDULE 9d: REPORT ON DEMAND

### 9d(i): New Connections

Section	Row	Context	Category1	Category2	Number of new connections
9d(i): Consumer Connections	4	Connection types defined by GTB	Intake Point (excluding Bi-directional Points)		-
9d(i): Consumer Connections	5	Connection types defined by GTB	Offtake Point (excluding Bi-directional Points and Compre		-
9d(i): Consumer Connections	6	Connection types defined by GTB	Bi-Directional Point		-
9d(i): Consumer Connections	7	Connection types defined by GTB	Compressor Station		-
9d(i): Consumer Connections	8	Connection types defined by GTB			-
9d(i): Consumer Connections	9		<b>Connections total</b>		-

\* include additional rows if needed

### 9d(ii): Gas Volumes and Connections

Section	Row	Context	Category1	Category2	Intake volume (TJ)	Quantity of gas delivered (TJ)	Number of connection points
9d(ii): Gas Volumes and Connections	15	Connection types defined by GTB	Intake Point (excluding Bi-directional Points)		72,436	-	7
9d(ii): Gas Volumes and Connections	16	Connection types defined by GTB	Offtake Point (excluding Bi-directional Points and Compre		-	68,606	18
9d(ii): Gas Volumes and Connections	17	Connection types defined by GTB	Bi-Directional Point		3,526	7,101	1
9d(ii): Gas Volumes and Connections	18	Connection types defined by GTB	Compressor Station		-	-	1
9d(ii): Gas Volumes and Connections	19		<b>Total</b>		75,962	75,707	27

\* include additional rows if needed

### 9d(iii): Gas Conveyed

Section	Row	Context	Category1	Category2	(TJ)
9d(iii): Gas Conveyed	25		Intake volume (TJ)		75,962
9d(iii): Gas Conveyed	26		Quantity of gas delivered (TJ)		75,708
9d(iii): Gas Conveyed	27		Gas used in compressor stations (TJ)		223
9d(iii): Gas Conveyed	28		Gas used in heating systems (TJ)		-
9d(iii): Gas Conveyed	29		Change in line pack (TJ)		(9)
9d(iii): Gas Conveyed	30		Vented gas (TJ)		-
9d(iii): Gas Conveyed	31		Unaccounted for gas (TJ)		40
9d(iii): Gas Conveyed	32		<b>Total gas conveyed (TJ)</b>		75,931

### 9d(iv): Unaccounted for Gas

Section	Row	Context	Category1	Category2	Gas entering the system (TJ)	Unaccounted for gas (TJ)	Unaccounted for gas (%)	Intake volume (TJ)	Interconnected system intake (TJ)	Interconnected intake systems (name)
9d(iv): Unaccounted for Gas	37		Mau Pipeline		75,962	40	0.05%	75,962		
9d(iv): Unaccounted for Gas	38				-	-	-	-		
9d(iv): Unaccounted for Gas	39				-	-	-	-		
9d(iv): Unaccounted for Gas	40				-	-	-	-		
9d(iv): Unaccounted for Gas	41				-	-	-	-		
9d(iv): Unaccounted for Gas	42				-	-	-	-		
9d(iv): Unaccounted for Gas	43		<b>Total</b>					75,962		

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

### 10a(i): Interruptions and Reliability

Section	Row	Context	Category1	Category2	Number
10a(i): Interruptions and Reliability	4		Total number of planned interruptions		1
10a(i): Interruptions and Reliability	5		<b>Service incidents and emergencies</b>	Number of incidents	380

### 10a(i): Interruptions and Reliability

Section	Row	Context	Category1   Description and cause of Interruption	Category2   Transmission systems affected	Date	Duration (hrs)
10a(i): Interruptions and Reliability	9	Unplanned interruptions in transmission systems	Curtailment Requested under MPOC by Gas Producer z 1 Receipt Point; 5 Delivery Points.		26 January 2025	7.00
10a(i): Interruptions and Reliability	10	Unplanned interruptions in transmission systems	Operational Flow Order - (OFO) Stratford 2 Delivery Poi 1 Delivery Point.		8 July 2025	1.30
10a(i): Interruptions and Reliability	11	Unplanned interruptions in transmission systems	Tauriko DP - Essential Pipe Maintenance - 31/08/2025	1 Delivery Point	31 August 2025	1.50
10a(i): Interruptions and Reliability	12	Unplanned interruptions in transmission systems	Loss of supply to customer while performing pressure r 1 Delivery Point		30 January 2025	0.17
10a(i): Interruptions and Reliability	13	Unplanned interruptions in transmission systems				
10a(i): Interruptions and Reliability	14	Unplanned interruptions in transmission systems				
10a(i): Interruptions and Reliability	15	Unplanned interruptions in transmission systems				
10a(i): Interruptions and Reliability	16	Unplanned interruptions in transmission systems				

\*Add rows as necessary

### 10a(i): Interruptions and Reliability

Section	Row	Context	Category1	Category2	Number
10a(i): Interruptions and Reliability	21		Number of interruption or curtailment events	due to insufficient capacity	-
10a(i): Interruptions and Reliability	22		Number of interruption or curtailment events	due to consumer flows exceeding ap	-
10a(i): Interruptions and Reliability	23		Number of interruption or curtailment events	caused by equipment failure	3
10a(i): Interruptions and Reliability	24		Number of interruption or curtailment events	caused by third parties	1
10a(i): Interruptions and Reliability	25		Number of interruption or curtailment events	<b>Total</b>	4

### 10a(ii): Compressor Availability

Section	Row	Context	Category1   Compressor station code/name	Category2   Compressor unit ID	Number of hours the compressor ran	Number of hours compressor was available for service	Number of instances where the compressor failed to start	Number of instances where a compressor was required but unavailable for service
10a(ii): Compressor Availability	30		Mokau 1	1	4,350	8,062	-	1
10a(ii): Compressor Availability	31		Mokau 2	2	3,748	8,391	2	1
10a(ii): Compressor Availability	32		Henderson 1	1	104	8,564	-	-
10a(ii): Compressor Availability	33		Henderson 2	2	7	8,565	-	-
10a(ii): Compressor Availability	34		Kaitoke 1	1	4,301	8,264	1	-
10a(ii): Compressor Availability	35		Kaitoke 2	2	101	8,348	-	1
10a(ii): Compressor Availability	36		Kapuni 2	2	4,493	8,411	6	-
10a(ii): Compressor Availability	37		Kapuni 3	3	4,407	8,678	10	-
10a(ii): Compressor Availability	38		Kapuni 5	5	49	1,464	1	-
10a(ii): Compressor Availability	39		Kawerau 1	1	11	5,124	4	-
10a(ii): Compressor Availability	40		Kawerau 2	2	17	8,760	2	-
10a(ii): Compressor Availability	41		Mahoenui 1	1	0	8,757	-	-
10a(ii): Compressor Availability	42		Mahoenui 2	2	1	8,649	-	-
10a(ii): Compressor Availability	43		Mahoenui 3	3	-	-	-	-
10a(ii): Compressor Availability	44		Pokuru 1	1	5,713	8,660	-	-
10a(ii): Compressor Availability	45		Pokuru 2	2	3,131	8,682	2	1
10a(ii): Compressor Availability	46		Rotowaro 3	3	4,558	8,243	1	-
10a(ii): Compressor Availability	47		Rotowaro 4	4	4,917	8,281	2	-
10a(ii): Compressor Availability	48		Rotowaro 5	5	615	8,601	-	-
10a(ii): Compressor Availability	49		Rotowaro 6	6	-	-	-	-

\*Add rows as necessary

## SCHEDULE 10b: REPORT ON NETWORK INTEGRITY

### 10b: Report on Network Integrity

Section	Row	Context	Category1	Category2	Number
10b: Report on Network Integrity	4	Product control		Number of incidents relating to pressure	1
10b: Report on Network Integrity	5	Product control		Number of incidents relating to gas specification	138
10b: Report on Network Integrity	6	Product control		Number of incidents relating to odourisation	2
10b: Report on Network Integrity	7	Response time to emergencies (RTE)		Proportion of emergencies responded to within 3 hours (%)	100%
10b: Report on Network Integrity	8	Response time to emergencies (RTE)		Average call response time (hours)	-
10b: Report on Network Integrity	9	Response time to emergencies (RTE)		Number of emergencies	1
10b: Report on Network Integrity	10	Gas leaks		Number of confirmed public reported gas escapes per system length (escapes/1000 km)	5
10b: Report on Network Integrity	11	Gas leaks		Number of confirmed gas leaks caused by a third party per system length (escapes/1000 km)	-
10b: Report on Network Integrity	12	Gas leaks		Number of gas leaks detected by the GTB	16
10b: Report on Network Integrity	13	Gas leaks		Number of gas leaks that did not result in disruption to supply	28

Company Name First Gas Limited (Transmission)

For Year Ended 30 September 2025

## **Schedule 14 Mandatory Explanatory Notes**

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

1. This schedule requires GTBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.20 and subclause 2.5.1(1)(e).
2. This schedule is mandatory—GTBs 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.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for GTBs to give additional explanation of disclosed information should they elect to do so.

### **Mandatory explanatory notes**

#### *Return on Investment (Schedule 2)*

4. 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**

In RY2025, the vanilla ROI for our gas transmission business was 7.05%. This is higher the ROI of 5.95% reported for RY2024. This increase in ROI is primarily due to an increase in line charge revenue consistent with the default price-quality path and the RY2025 CPI applied to revaluations being higher than RY2024. This was partially offset by an increase in depreciation and operational expenditure.

No items were reclassified.

#### *Regulatory Profit (Schedule 3)*

5. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-
  - 5.1 a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in Schedule 3(i)
  - 5.2 information on reclassified items in accordance with subclause 2.7.1(2).

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

There was no material items included in other regulated income for the disclosure year. No items were reclassified.

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

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

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

The benefits of the merger and acquisition expenditure incurred during the disclosure year and recognised in Schedule 3 include enhanced access to expertise and capital.

There has been no re-classification of items in the disclosure year.

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

7. 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 value of the regulated asset base (RAB) has been determined by rolling forward the combined initial RAB's of both the Non-Maui transmission system and the Maui transmission system, with adjustments made for additions, disposals, depreciation and revaluation in accordance with the applicable Input Methodologies.

The Commerce Commission's May 2022 DPP Determination and associated Input Methodology amendments required depreciation to be accelerated and specified the amount of depreciation for existing assets over the DPP period. The DPP Determination also specified the weighted average life that should be applied for existing assets. This results in a depreciation adjustment factor that is also then applied to future additions.

The adjustment factor of 65% for Transmission assets was calculated by taking the assets for RY2021 and rolling forward the depreciation until RY2026 to match the depreciation specified in the DPP Determination over the period. The adjustment factor was applied to asset categories that had a remaining life older than 20 years. The CPI factors used matched the actual for RY2022 and RY2023 and the remaining years used the rates modelled by Commerce Commission. Land and easements with no life were excluded from the calculation. This adjustment factor is then applied to the depreciation rates for additions from RY2022 onwards.

No items were reclassified.

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

8. In the box below, provide descriptions and workings of the material permanent differences included in the following items, as recorded in the asterisked categories in 5a(i) of Schedule 5a:
  - 8.1 Income not included in regulatory profit / (loss) before tax but taxable
  - 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible
  - 8.3 Income included in regulatory profit / (loss) before tax but not taxable
  - 8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax

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

Permanent differences consist of immaterial non-deductible professional and entertainment expenses.

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

9. In the box below, provide descriptions and workings of the material temporary differences included in the following items, as recorded in the asterisked categories in 5a(i) of Schedule 5a:

- 9.1 Income not included in regulatory profit / (loss) before tax but taxable
- 9.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible
- 9.3 Income included in regulatory profit / (loss) before tax but not taxable
- 9.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax

**Box 6: Temporary differences**

Temporary differences include movements in provisions and accruals.

*Cost allocation (Schedule 5d)*

- 10. 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**

### Approach to cost allocation

Firstgas (transmission) is part of Clarus. Business support functions are provided to other Clarus companies. Any shared costs are charged to the relevant related party on an arm's-length basis, as reported in schedule 5b. Further information on our related party transactions is included in the voluntary notes at the end of this disclosure.

Remaining shared costs within Firstgas are allocated applying the accounting-based allocation approach (ABAA). ABAA has been applied in accordance with the applicable Input Methodologies determination to allocate not-directly attributable costs (shared costs) between Firstgas' transmission and distribution businesses.

Causal cost allocators have been used where a cost driver has led to the cost being incurred.

Where a single causal allocator cannot be established for a shared cost, a proxy allocator has been used. The rationale behind the use of each proxy allocator is based on an analysis of the cost drivers for each cost item that is not directly attributable. The key allocator that can be used as a proxy allocator is determined by management. This is based on management's experience and knowledge, and an analysis of each of the cost areas.

Only one allocation method is used for each area.

### Treatment of costs

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

- Legal and consulting fees, which has a causal cost allocator of management's estimate of time spent for each regulated business
- Employee-related costs such as phones, stationery, travel, information technology hardware and software, and advertising for positions, which have a causal cost allocator of headcount
- General expenses such as sponsorship and professional fees for audit, tax, information and technology and treasury functions, Directors' fees and Insurance costs which have a proxy cost allocator of the RAB
- Industry professional fees, which has a proxy cost allocator of Revenue
- Levies which have a proxy allocator of RAB

There has been no reclassification of costs in the RY2025 disclosure period.

*Asset allocation (Schedule 5e)*

11. 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**  
Approach to asset cost allocation

The accounting-based allocation approach (ABAA) has been applied in accordance with the applicable Input Methodologies determination to allocate not-directly attributable shared asset values between Firstgas' transmission and distribution businesses.

Non-network assets that are not directly attributable have been allocated across all Firstgas regulated businesses based on head count. These assets comprise:

- Software
- Computer equipment
- Building equipment and assets.

Headcount is considered an appropriate causal asset allocator as employee numbers tend to drive the need for building assets, computer and office equipment and software

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

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

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

A project or programme is considered material if the estimated total project cost is equal to or exceeds \$0.5 million.

There have been no re-classified items.

Capital expenditure in RY2025

Our focus continues to be on maintaining and improving the resilience of the gas transmission system and security of supply. This focus was reflected in the work programme that was undertaken in RY2025.

Major works included:

- In-line inspection (pigging) of the transmission system. This is an ongoing programme of work, with the frequency at which individual pipelines are intelligently pigged driven by our Pipeline Integrity Management Plan. To maintain our certificate of fitness for the network, our pipeline certifier (Lloyd's) requires that we conduct pigging at specified intervals across all piggable pipelines.
- 400B pipeline EMAT pigging inspection to determine the risk of stress corrosion cracking to the pipeline.
- A continuing programme to upgrade or modify pigging facilities and/or pipelines to improve operational safety and enable equipment to better accommodate in-line inspection technology.
- Kaitoke compressor station project to install new compressors to meet the demand of the southern pipeline system, which was completed.
- SCADA project to replace the obsolete SCADA system.
- Mokau compressor station hours- and condition-based replacement of a compressor turbine core.
- 400 line Awakau Road pipeline wrinkle remediation due to land movement.
- 100 line pipeline repairs at Ratana Road and Kaitoke Stream crossing remediation due to river erosion.
- Kaitoke compressor sump remediation.
- Rotowaro compressor station upgrade.
- Equipment acquisition to support our activities, including the acquisition of new hot-tapping equipment to improve operations and reduce risk.
- Vehicles, including investments to maintain the motor vehicle fleet.
- Building refurbishment, including costs related to the relocation, refurbishment, and

development of office buildings and facilities.

Further detail on our expenditure for RY2025 and our future work programme is available in the 2024 Asset Management Plan (AMP), published on the Firstgas website:

<https://firstgas.co.nz/about-us/regulatory-information/transmission>

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

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

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

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

13.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, a including the value of the expenditure the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

**Box 10: Explanation of operational expenditure for the disclosure year**

There was no asset replacement and renewal operational expenditure this year.

No items were reclassified.

Research and development expenditure

Firstgas is committed to supporting New Zealand's transition to a net zero carbon economy. We are investigating how gas networks can support this transition, while still maintaining and improving the resilience and security of supply of the existing gas transmission network.

In RY2025, we have continued with our work programme investigating zero or low-carbon gases.

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

14. 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**

Expenditure on assets (Capex)

Overall, our capital works programme associated with expenditure on network assets was marginally higher than the RY2024 Asset Management Plan (AMP) for the RY2025 period, with expenditure on assets of \$40.6 million compared with expenditure forecast in the AMP for this period of \$40.1 million.

Planned works were largely on track through RY2025 which reflects the alignment with the forecast overall. There were however variances within the categories.

- Consumer Connection: Forecast for a new consumer connection did not materialise during the regulatory year and there was a minor write off from a previous project.
- System Growth expenditure forecast accommodates works that arise during the regulatory year. Expenditure incurred was within expected forecast variances.
- Asset replacement and renewal: Expenditure incurred was within expected forecast variances.
- Asset Relocations included 2 large projects that were delayed due to third party decisions.
- Other Reliability, Safety, and Environment is higher than forecast due to additional nonmaterial projects being started in RY2025 due to the underspend in asset relocations.
- Non-network asset expenditure was higher than forecast due to additional tools being procured for the maintenance of compressors and pipeline hot tapping equipment.

Operational expenditure

Total regulatory opex is 1% below the 2024 AMP forecast for RY2025. Material variances in expenditure categories include:

- There was a higher than forecast expenditure on Land management and associated activity due to increased work against pipeline (WAPS) costs.
- Routine and corrective maintenance and inspection was lower than forecast due to planned new inspections being replaced with a solution that is capitalised.
- Compressor Fuel expenditure was down on forecast. Expenditure is determined by the behaviour of shippers on the network and aligns with the lower than expected volumes for the year.
- Higher Business Support expenditure is mainly attributable to merger and acquisition costs.

No items were reclassified.

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

15. 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**

Our actual revenue of \$207.7 million is approximately 3% more than our target (forecast) revenue of \$200.7 million for the RY2025 disclosure period. This variance to forecast was largely driven by:

- a change in quantities between customers with different pipeline usage and
- higher capacity reservations revenue.

Further information on how we forecast target revenue is available from our transmission pricing methodology and ex-ante price setting compliance statements. These documents are available on the Firstgas website at <https://firstgas.co.nz/about-us/regulatory-information/transmission>

16. If prices or price category codes (as applicable) have been changed in a disclosure year, please explain in the box below the effect of this on the allocation of quantities and revenues between connection types or contract types (as applicable) disclosed in Schedule 9d(ii) and Schedule 8.

**Box 13: Explanatory comment relating to changed prices or price category codes**

There have been no changes to price category codes. However, prices were changed on 1 October 2024, in line with the price path calculation specified in the Default Price-Quality Path Determination for transmission services, 2022 – 2026.

The change of price does not affect the allocation of quantities between connection or contract types as disclosed in Schedule 8 and Schedule 9d(ii).

For the RY2025 disclosure period, we have continued to operate under the Maui Pipeline Operating Code (MPOC) and the Gas Transmission Code (GTC) for the Maui and Non-Maui pipelines respectively.

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

17. 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**

##### Incidents and interruptions

A total of 380 incidents were recorded on the gas transmission system during the RY2025 disclosure period, compared to 328 incidents in RY2024. Most of the incidents in this disclosure period relate to near miss events, equipment failures, gas specification excursions by gas producers, natural gas odour reported in vicinity of pipelines and unauthorised work over the pipeline. 52 of the increase between RY2024 and RY2025 related to gas specification excursions by gas producers.

In RY2025, unauthorised activities near our pipelines remained static, with 35 reported events, compared to 36 the previous year. Firstgas continues our focus on landowner and contractor communications to raise awareness of pipeline safety process requirements including contacting us for easement permits and requesting information on the location of assets before they dig.

An interruption is a subset of incidents and occurs when gas supply to a consumer stops for at least one minute. There was 1 planned interruption in this disclosure period compared to 3 in prior year. The RY2025 planned interruption related to asset maintenance and was aligned with a planned plant shutdown of the downstream user.

##### Curtailments

There were 4 curtailment events recorded in the RY2025 disclosure period, similar to the prior year. 1 curtailment was caused by a third party (gas producer operational problem). Firstgas has little control over third party caused curtailments and their number is affected by the number of production station outages, or mismatch between nominated and actual gas flows by system users. 3 curtailments were caused by equipment failure.

##### Compressor stations and performance

In Schedules 9a and 9b, we have disclosed 22 compressors situated at 9 compressor stations. In Schedule 10a, we have reported operating data for 20 compressors at 8 stations. The reason for the difference is that Schedules 9a and 9b account for all stations owned by Firstgas, whereas Schedule 10 accounts for all stations and compressors currently operational.

There were 4 instances in RY2025 when a compressor was required but unavailable for service, compared to one instance in RY2024 and 10 in RY2023.

##### Emergency events

There was 1 emergency event during this disclosure period:

##### Event 19565 – 29 May 2025

Kaimiro Mixing Station - gas leak from ground.

##### Product control

We have seen an increase in the number of product control incidents relating to gas specification, with 138 incidents recorded in RY2025 compared to 86 in RY2024. Firstgas continues its engagement with the gas producers supplying the transmission system. This includes business to business discussions over specific events and regular compliance monitoring and reporting.

*Insurance cover*

18. In the box below, provide details of any insurance cover for the assets, including-

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

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

**Box 15: Explanation of insurance cover**

Insurance cover is in place for all assets in the gas transmission system, including policies for material damage, business interruption and contract works insurance.

Insurance costs are allocated to the gas transmission business based on the businesses share of total RAB forecasts.

*Amendments to previously disclosed information*

19. 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:

19.1 a description of each error; and

19.2 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**

No amendments have been made to previously disclosed information.

Company Name First Gas Limited (Transmission)

For Year Ended 30 September 2025

## Schedule 15 Voluntary Explanatory Notes

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

1. This schedule enables GTBs to provide, should they wish to-
  - 1.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.20, 2.5.1, and 2.5.2;
  - 1.2 information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section **Error! Reference source not found.**
3. Provide additional explanatory comment in the box below.

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

Firstgas works closely with other companies in Clarus. As required under the information disclosure determination, the following pages outline Firstgas' interactions and relationships with our related parties for the 2025 disclosure year.



REGULATORY DISCLOSURE

**Gas transmission services:**

# **Appendix A - Information disclosure for related parties**

For the year ended 30 September 2025



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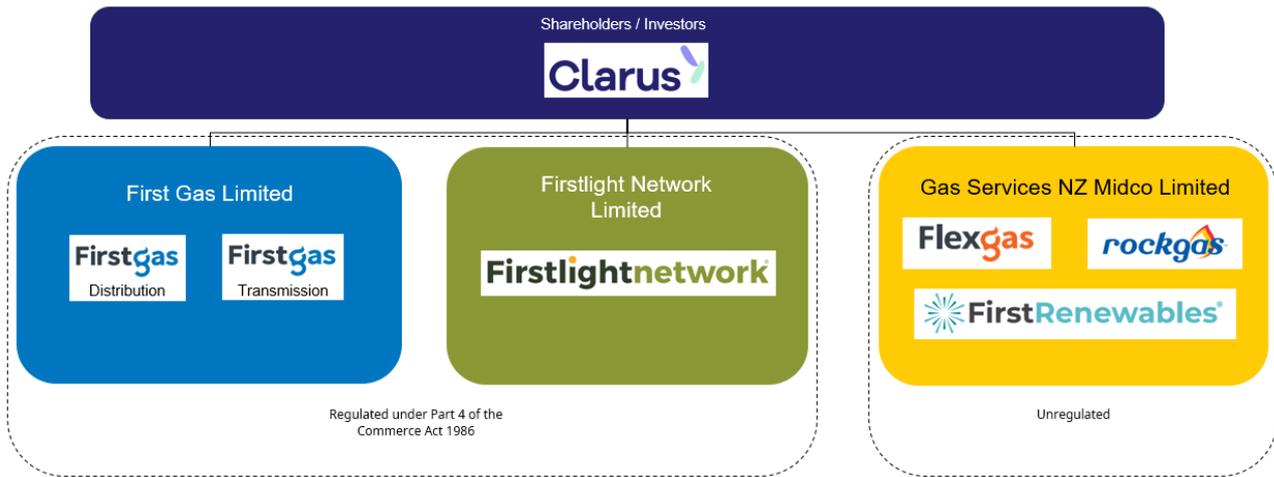
**First Gas Limited**  
March 2026

## Introduction

First Gas Limited (Firstgas) owns and operates 2,500 kilometres of gas transmission pipelines. These pipelines transport around 20 percent of New Zealand’s primary energy supply from Taranaki across the North Island. Firstgas also owns and operates more than 5,000 kilometres of gas distribution pipelines that service approximately 67,000 consumers across the regions of Northland, Waikato, Central Plateau, Bay of Plenty, Gisborne and Kāpiti Coast.

Firstgas is part of Clarus, owned by Igneo Infrastructure Partners (during the disclosure year 2025). Clarus is one of New Zealand’s largest energy groups, with brands that touch many parts of the energy supply chain – from energy transmission and distribution to retail supply and storage.

**Figure 1: Structure of Clarus for disclosure year 2025<sup>1</sup>**



<sup>1</sup> The structure of and the Clarus companies has been truncated to facilitate understanding of the related party relationship.

## Information disclosure requirements

This disclosure is made on behalf of Firstgas' transmission business. Firstgas (transmission) procures operations and maintenance (O&M) services from its related party, Gas Services New Zealand Midco Limited (GSNZ Midco). The extent of these and other purchases from the wider Clarus Group mean that Firstgas (transmission) procures more than 65% of its operating expenditure (Opex) and capital expenditure (Capex) from a related party.

Given this use of related parties, Firstgas (transmission) is subject to the full disclosure requirements for related parties under the *Gas Transmission Information Disclosure Determination 2012* consolidating all amendments as of 3 July 2025 (ID Determination) issued by the Commerce Commission.

The related party information disclosed on the following pages has been prepared in accordance with sections 2.3.8, 2.3.10, 2.3.12 and 2.3.13 of the ID Determination. It:

- Provides a summary of related party relationships and transactions
- Provides a summary of the Clarus procurement policy and describes how this policy is applied in practice by Firstgas (transmission)
- Describes policies and procedures that require consumers to purchase goods or services from related parties
- Provides representative examples of how the procurement policy has been applied for related party purchases and how arm's length terms were tested
- Provides a map of anticipated network expenditure and constraints

This disclosure has been audited as part of the annual information disclosure process.

A copy of the full procurement policy and associated guidelines has been provided to the Commerce Commission as required under section 2.3.11 of the ID Determination.

## Further information

For further information regarding this disclosure, please contact:

Regulatory Policy Manager  
First Gas Limited  
[compliance@firstgas.co.nz](mailto:compliance@firstgas.co.nz)  
04 979 5368

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## 1. Summary of Firstgas’ related party relationships and transactions

Clause 2.3.8 of the ID Determination requires that:

*“if a GTB has had related party transactions involving a procurement from a related party during that disclosure year, the GTB must publicly disclose a diagram or a description that shows the connection between the GTB and the related parties with which it has had related party transactions in the disclosure year, including for each of those related parties-*

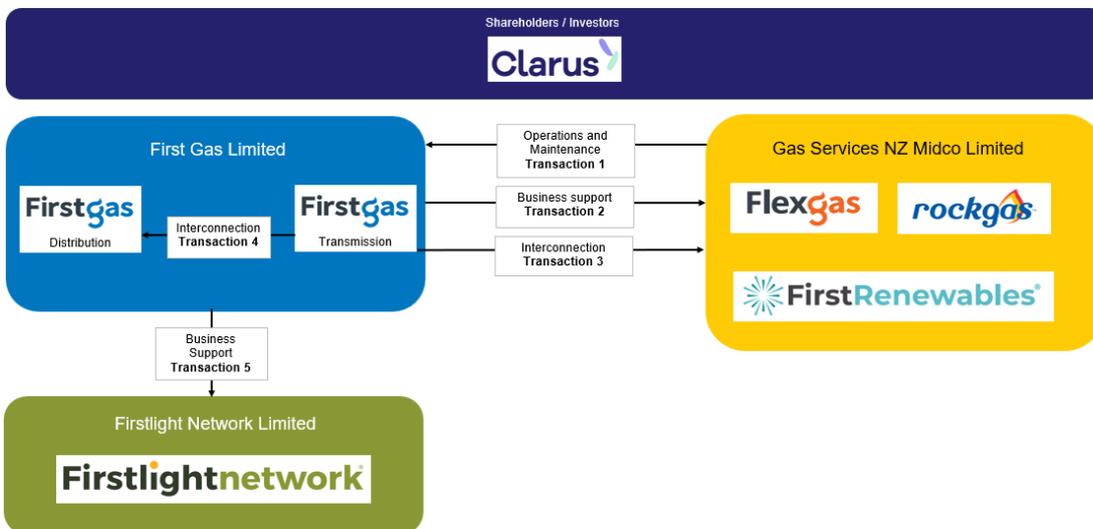
- (1) *the relationship between the GTB and the related party*
- (2) *the principal activities of the related party*
- (3) *the total annual expenditure incurred by the GTB with the related party.*

In FY2025, Firstgas (transmission):

- procured operations and maintenance (O&M) services from its related party, Gas Services New Zealand (Midco) Limited (GSNZ Midco)
- supplied interconnection services to Flexgas and Firstgas (distribution)<sup>2</sup>
- supplied business support services and seconded staff with GSNZ Midco and Firstlight under a Corporate Functions and Secondment Services Agreement (CFSA). The supply of these unregulated services was valued on an arm’s length basis.
- paid Director fees<sup>3</sup>

These related party transactions are illustrated in Figure 2<sup>4</sup>.

**Figure 2: Related party transactions in disclosure year 2025**



The following table describes the connection between Firstgas (transmission) and its related parties with which it has had transactions with during the 2025 disclosure year. A breakdown of these transactions is also provided in schedule 5b of our Information Disclosure schedules.

<sup>2</sup> The Firstgas transmission business and Firstgas distribution business are considered related parties for regulatory reporting purposes.

<sup>3</sup> For simplicity, Director fees are not disclosed in Figure 2.

<sup>4</sup> Given the de minimis level of sales to third parties by specialist services Firstgas applies a cost-based approach to allocating costs to the provision of regulated and unregulated businesses.

**Table 1: The nature and extent of related party transactions in disclosure year 2025**

Related Party	Nature of relationship	Principle activities of the related party	FY2025 expenditure/revenue between Firstgas (transmission) and its related party <sup>5</sup>
GSNZ Midco <b>Transaction 1</b>	Firstgas (transmission) and GSNZ Midco have the same ultimate shareholders	GSNZ Midco supplies operations and maintenance (O&M) services to Firstgas (transmission) Services are provided principally to Firstgas under an O&M agreement between Firstgas and GSNZ Midco. Costs are directly attributable to Firstgas (transmission).	Network Capex \$36.4 million Non-Network Capex \$1.5 million Network Opex \$21.9 million System operations Opex \$3.2 million and Network support Opex \$9.0 million
GSNZ Midco <b>Transaction 2</b>	Firstgas (transmission) and GSNZ Midco have the same ultimate shareholders	Firstgas supplies corporate function services to Rockgas and Flexgas and corporate function services and second staff to GSNZ Midco under a Corporate Functions and Secondment Services Agreement (the CFSA).	Unregulated income of \$47.3 million is included in Schedule 5b for the provision of corporate function services. This unregulated income is included in <i>total regulatory income</i> in schedule 5b (and is not included in Schedule 2 or Schedule 3).
GSNZ Midco subsidiaries Flexgas and First renewables <b>Transaction 3</b>	Firstgas (transmission), GSNZ Midco, Flexgas and First renewables have the same ultimate shareholders	Flexgas provides gas storage facilities to contracted third parties. First renewables supplies renewable gas	Revenue received of \$0.07 million for interconnection fees. Flexgas' gas storage facility at Ahuroa and First renewables connects to the gas transmission network.
Firstgas (distribution) <b>Transaction 4</b>	Firstgas (transmission) and Firstgas (distribution) are regulated businesses both owned by Firstgas	Firstgas (distribution) provides gas distribution services across the central North Island.	Revenue received of \$0.6 million for interconnection fees to connect Firstgas (distribution) assets to the gas transmission network.
Firstlight <b>Transaction 5</b>	Firstgas (transmission) and Firstlight have the same ultimate shareholders	Firstlight is the electricity lines company for Tairāwhiti and Wairoa.	Unregulated income of \$2.2 million is included in Schedule 5b for the provision of corporate function services. This unregulated income is included in <i>total regulatory income</i> in schedule 5b (and is not included in Schedule 2 or Schedule 3).
Firstgas Directors	Directors of Firstgas	Governance of Firstgas	Director fees of \$0.9m is recognised as business support costs

<sup>5</sup> Costs directly attributable to the provision of the unregulated services are removed from the Firstgas regulated accounts. This reduces the level of business support costs remaining that are subsequently allocated to the regulated transmission and distribution businesses.

## Gas Services (Midco) New Zealand Limited

GSNZ Midco and Firstgas are part of the wider Clarus Group and have the same ultimate shareholders. GSNZ Midco owns Gas Services, a contracting company providing operations and maintenance services. GSNZ Midco also owns

- Flexgas the operator the gas storage facility at Ahuroa;
- Rockgas a supplier of LPG; and
- First renewables a supplier of renewable gas

In the 2025 disclosure year, GSNZ Midco provided 93% of the Firstgas (transmission) total Capex and 53% of all Operating Expenditure (Opex) under an Operations and Maintenance agreement (O&M agreement).

Services provided under the O&M agreement include:

- Management of the gas transmission business operations
- Asset management
- Health, safety and environment management
- Land and planning management
- Design and engineering services
- Scheduling and completing field works
- Incident and emergency response
- Gas control services
- Provision of non-network assets such as plant and equipment (if required).

Firstgas provides business support services (executive management, finance, HR, IT, and procurement services) to GSNZ Midco under the CFSA.

### Operations and Maintenance (O&M) Agreement

Firstgas procures almost all its network capital expenditure, most of its network Opex, and all its system operations and network support (SONS) expenditure from GSNZ Midco. These services are provided by Gas Services in accordance with the terms and conditions of the O&M agreement between Firstgas and GSNZ Midco.

While Firstgas owns the network and non-network assets and provides the gas transmission services across the North Island, under the O&M agreement GSNZ Midco manages the operation of the assets, carries out an agreed Capital and Maintenance works programme, responds to incidents and emergencies, and provides system operations and network support services to Firstgas.

When Firstgas' shareholders purchased the gas transmission and distribution businesses in 2016, they wanted to blend specific gas pipeline expertise within the company with fresh thinking from other organisations. The goal was to ensure a continuing development of best practice, efficiency improvements and cost control. A Joint Venture (JV) structure was adopted between GSNZ Midco<sup>6</sup> and Australian gas pipeline services provider OSD (the Gas Services JV) to provide O&M services to Firstgas under an O&M agreement.

The O&M agreement was negotiated an arm's length basis with an independent party (OSD). While the Gas Services JV was still considered a related party (due to the involvement of GSNZ Midco), the role of OSD as operator of the Gas Services JV overcame many of the usual concerns about the discipline on related parties to negotiate balanced arrangements.

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<sup>6</sup> Gas Services New Zealand Limited is the owner of Gas Services New Zealand (Midco) Limited

The O&M agreement has allowed Firstgas to access a broader range of experience and capability for operating our gas pipeline businesses, drawing on the expertise of staff within Firstgas with the international expertise of OSD (particularly in adopting best practices from Australia).

In 2018, GSNZ Midco released OSD from the joint venture. This decision was made to reflect that Firstgas had emerged from the transition phase and significant improvements had been made in project delivery and putting robust processes in place. While this brought an end to the involvement of an independent party in delivering O&M services for Firstgas, the O&M service contract has remained in place (incorporating amendments to reflect the release of OSD).

Costs incurred under the O&M agreement are directly attributable to either the gas transmission or the gas distribution business.

## 2. Summary of Firstgas' procurement policy

Clause 2.3.10 of the ID Determination requires that:

*“if a GTB has had related party transactions involving a procurement from a related party during that disclosure year, the GTB must publicly disclose:*

- (1) *a summary of its current policy in respect of the procurement of assets or goods or services from any related party; or*
- (2) *a summary of alternative documentation which is equivalent to a procurement policy in respect of the procurement of assets or goods or services from any related party.*

Pursuant to clause 2.3.10(2), this section provides a summary of our procurement policy and guidelines.<sup>7</sup>

Firstgas operates 2,500 kilometres of gas transmission pipelines (including the Maui pipeline), and more than 4,900 kilometres of gas distribution pipelines across the North Island. We require specialist personnel, contractors, and materials to operate and manage this extensive network in a safe and reliable manner.

To maximise our cost efficiency while managing our networks, Clarus has an overarching procurement policy. This policy requires that *“Those acting on behalf of Clarus will procure goods and services in a professional and transparent manner doing so using a consistent, effective, fair and ethical approach.”* This policy applies to all employees, consultants and contractors working for any Clarus<sup>8</sup> entity who engage with external providers for the Procurement of Goods or Services.

In this section, we summarise the procurement principles that underpin the procurement policy and the procurement methods employed by Clarus. Procurement of goods and services made by GSNZ Midco under the O&M agreement must abide by the Clarus procurement policy.

### Procurement principles

Anyone procuring goods and services for Firstgas must be familiar with and apply the following procurement principles:

- |   |   |
|---|---|
| Be professional and ethical in the sourcing of goods and services | <ul style="list-style-type: none"> <li>- Clarus has long standing relationships and dealings with many valued suppliers, this has been forged over time and you are to ensure your actions should do nothing to compromise the company's reputation.</li> <li>- Priority will be given to those suppliers that share the same or similar values to Clarus, especially relating to the ethical sourcing of materials and mitigation against illegal labour practices.</li> <li>- Be accountable, transparent and reasonable.</li> <li>- Stay impartial – identify and manage conflicts of interest.</li> <li>- Encourage e-business (Tenders via email)</li> </ul> |
| Have an open and fair approach                                    | <ul style="list-style-type: none"> <li>- Create competition and encourage capable suppliers to respond ensuring they are aware of and understand their obligations within the Commerce Act 1986.</li> <li>- Treat all suppliers equally.</li> </ul>   |

<sup>7</sup> Document 08843 Clarus procurement policy

<sup>8</sup> Firstgas Limited, Rockgas Limited, Flexgas Limited, First Renewables Limited, Firstlight Network Limited, Gas Services NZ Limited and any other related companies.

- Ensure the best results for Clarus and the supplier are front of mind, value should be considered but not the dominating factor.
  - Be clear on how you will assess the supplier and what it is they will be measured on.
  - Provide constructive positive feedback with the unsuccessful suppliers for the encouragement towards continuous improvement.
- Be consistent and timeous
- Identify what you need, what you want to achieve and how this will be delivered.
  - Choose the right process – proportional to size, complexity, value and risk.
  - Be realistic on the approach. Is it time valuable for the value or risk?
- Achieve the best and just results
- Set up a team with the right mix of skills and experience.
  - Be innovative and open to change.
  - Understand the market and what is achievable.
  - Have clear and precise performance measures, monitor and manage ensuring the desired results are achieved.
  - Nurture the supplier relationship to make ongoing savings and improvements.

These principles all contribute to producing efficient and effective infrastructure for the long-term benefit of our business and our customers. While we seek competitive outcomes, we believe consumers equally value least-cost over the lifetime of the asset and Firstgas always places the health and safety of our employees and contractors above other criteria. For example, we may not select the lowest price quote or tender if the supplier cannot meet our safety and quality standards or if the life-cycle cost of the asset is higher than other options.

### The competitive process

While Clarus encourages competition amongst suppliers through our procurement process, to some extent this is governed by the value of the goods / services to be supplied and the availability of suppliers to meet our needs. This includes being suitably qualified to work on the gas networks.

Low-cost purchases will be supported, at a minimum, with quotations from several suppliers<sup>9</sup>. High value works will be supported by an open competitive process such as a request for proposal or invitation to tender where possible. This process is undertaken by GSNZ Midco to meet the requirements under its O&M agreement with Firstgas.

The Policy recognises that in some instances sole sourcing may be the only procurement option available. “Sole sourcing” refers to where a competitive procurement process, such as a tender or quote requests, cannot be used or there would be no benefit from going through a competitive process. This will generally be because only one supplier, to the best of our knowledge and belief, can deliver the required good(s) and/or service(s). In the relatively specialised field of gas transmission operations and maintenance, this is not an uncommon situation.

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<sup>9</sup> If the purchase is less than \$10,000 only one quote needs be obtained.

Other typical reasons for selecting sole sourcing include:

- **Availability / workload within pool of approved suppliers:** Particularly with professional services where we have already negotiated rates and have a pool of 3 – 5 suppliers. To ensure that work is allocated to avoid resource conflict, it may be acceptable to sole source smaller projects
- **Exclusivity:** Where Firstgas is already committed to an exclusive contract for the procurement of such goods or services for a set time period (for example the O&M Agreement with GSNZ Midco)
- **OEM / warranty arrangement:** Where sole source is required contractually.

The sole sourcing procurement option requires formal justification and approval in line with delegated authorities.

#### Monitoring and compliance

The Clarus procurement team is responsible for monitoring compliance with the procurement policy for Firstgas and reporting any breaches of this policy to the Executive. The procurement team will undertake reviews of Firstgas' procurement activity especially around the compliance with the policy and the application of procurement processes. Reviews may include review of the procurement process undertaken by GSNZ Midco acting on the behalf of Firstgas under the O&M agreement.

Failure to comply with the provisions of the procurement policy is a breach of an employee's Code of Conduct & Performance & Conduct Policy. Any instances of reported non-compliance will be investigated and may lead to disciplinary action.

Clarus has a whistle blower policy that provides an avenue for employees to raise concerns about misconduct or wrongdoing. Misconduct or wrongdoing includes failure to abide by the procurement policy and the whistle blower policy enables anyone to report identified breaches of the procurement policy.

### 3. Application of the procurement policy

Clause 2.3.12 of the ID Determination requires that:

*“if a GTB has had related party transactions involving a procurement from a related party during that disclosure year, the GTB must publicly disclose-*

- (1) a description of how the GTB applies its current policy for the procurement of assets or goods or services from a related party in practice;*
- (2) a description of any policies or procedures of the GTB that require or have the effect of requiring a consumer to purchase assets or goods or services from a related party that are related to the supply of the gas transmission services;*
- (3) subject to subclause (5), at least one representative example transaction from the disclosure year of how the current policy for the procurement of assets or goods or services from a related party is applied in practice;*
- (4) for each representative example transaction specified in accordance with subclause (3), how and when the GTB last tested the arm’s-length terms of those transactions; and*
- (5) separate representative example transactions where the GTB has applied the current policy for the procurement of assets or goods or services from a related party significantly differently between expenditure categories.*

Pursuant to clause 2.3.12 (1), the following section describes how Firstgas (transmission) has applied the Clarus procurement policy in respect of the procurement of goods or services from a related party.

In the 2025 disclosure period, Firstgas (transmission) has procured goods and services from

- GSNZ Midco under the O&M agreement.
- Director services from Firstgas Directors

Firstgas has contracted GSNZ Midco as the sole provider of operations and maintenance services. GSNZ Midco acts on behalf of Firstgas when project managing and purchasing required goods and services while carrying out its responsibilities under the O&M agreement.

The section considers the procurement of goods and services under the O&M contract.

#### 3.1 Purchase of Opex and Capex services from our related party GSNZ Midco

The procurement policy puts emphasis on making decisions to achieve the best outcomes for Firstgas and its customers whilst keeping our staff, contractors, and assets free from harm. We manage long-life assets and require specialist personnel, contractors, and materials to operate and manage this extensive network in a safe and reliable manner.

Under the O&M agreement, Firstgas has contracted GSNZ Midco to manage the operational functions, maintain the network assets, implement and feed into the Asset Management Plan (AMP), and provide system operations and network support functions. From time to time, Firstgas may also procure non-network assets from GSNZ Midco. These assets are provided under the service agreement as they relate to the ongoing maintenance of the transmission network or management of the assets on the transmission network. GSNZ Midco acts on behalf of Firstgas when project managing and purchasing required goods and services in the course of carrying out its responsibilities under the O&M agreement.

As discussed above, our first step in ensuring we are achieving the best for our customers and businesses was to enter into an Operations and Maintenance (O&M) agreement.

The O&M agreement (first with the GSNZ Joint Venture and now with GSNZ Midco) provides a range of expertise and experience guiding and supporting our transmission business. This expertise and experience

is vital in maintaining and expanding the network and also in the planning process both annually and long-term.

Provisions within the O&M agreement align with Firstgas procurement principles to ensure on-going value of the agreement to our customers. These include:

- Planning to ensure O&M works plans align with Firstgas requirements efficiently and in a cost-effective manner. This may include benchmarking of costs to ensure the O&M agreement continues to meet efficiency targets and is compliant with the related party rules for regulated businesses
- Service level agreements including a range of key performance indicators that are linked to payments
- Provisions around meeting stringent safety standards.

The O&M agreement and independent appraiser report has been provided to our auditors to confirm the terms are consistent with an arm's length transaction and to facilitate the audit of this section of our information disclosure.

The annual process for the O&M agreement includes:

- Planning
- Challenge and benchmarking process
- Execution of works including monitoring and reporting
- Completion of works

At the end of each year, Firstgas conducts an annual review of the process.

## **Planning**

Planning is an important part of the procurement process. It determines the anticipated work plan for the year and highlights resource requirements, whether they be personnel or materials.

Each year Firstgas management work with the Chief Operations Officer (COO) of GSNZ Midco to develop and update the long-term Asset Management Plan (AMP). The AMP provides the asset management framework for Firstgas' transmission network and includes guidance on the expected annual works plan. The AMP is reviewed and approved by Firstgas management and Board of Directors.

The AMP is part of the long-term planning for the transmission network. It supports the Firstgas business plan and the operations and maintenance (O&M) plan. GSNZ Midco provides Firstgas with the long-term O&M plan to meet the network development and maintenance section of the business plan. The O&M plan includes indicative resourcing and costings and works plans. This must be agreed by both parties and the O&M agreement outlines the resolution process.

The COO of GSNZ Midco provides a budget to Firstgas to complete the annual works plan as required under the O&M agreement.

## **Challenge and benchmarking process**

While GSNZ Midco is a related party of Firstgas, the O&M agreement is a commercial arrangement structured as if it was between two separate legal entities, with different ownership interests, and operating on an arm's length basis. Each party acknowledges that a key objective of Firstgas in appointing GSNZ Midco to deliver the O&M is to ensure value for money and continuous improvement in delivery and value.

In practice, this means that Firstgas may accept in full or challenge any part of the budget provided by GSNZ Midco. Firstgas may subject all or part of the annual budget to a benchmarking procedure undertaken by an independent expert.

### The Benchmark:

- Compares the O&M Services and Service Fee, including the component parts of the Service Fee, with the services, charges and margins being obtained under other similar service contracts in New Zealand and / or good international market services, charges and margins for third parties
- Assess, in light of this comparison, whether:
  - The scope of the O&M Services being provided is necessary to meet the Service Standards and
  - The Service Fee, including the component parts of the Service Fee, is market competitive and otherwise meets the Information Disclosure Determination requirements.

To confirm there has been no material decrease in the five-year average margin on costs applied under the O&M agreement we had an independent expert confirm the margin on costs under the O&M agreement remain aligned with comparative third-party service providers in September 2025<sup>10</sup>. To support the conclusion that our related party transactions are no more than would be incurred under an arm's-length basis we updated our benchmarking of costs against other industry participants at that time, where more information has been available.

Under the O&M agreement, we anticipate that prices charged by GSNZ Midco will not change significantly from year to year (unless there is strong evidence that input costs have permanently changed). This is consistent with a competitive market where companies with long-term contracts in place (such as the O&M agreement and CFSA) tend to set prices for longer terms. This gives service providers greater certainty to invest in staff and equipment required to fulfil the contract terms over the duration of the contract. When the margins earned by GSNZ Midco under the O&M agreement were reviewed in FY2025 Firstgas engaged independent experts to:

- Confirm the margin charged by GSNZ Midco under the O&M agreement was within the range of providers of similar services
- Cross-checked that GSNZ Midco costs remain efficient and consistent with the input prices Firstgas would have paid in an arm's length transaction by completing benchmarking against others in the industry.

Whilst we do not anticipate GSNZ Midco would need to significantly change prices within the contract period, we recognise that the onus remains on Firstgas to ensure that costs from related party transactions remain consistent with input prices that we would have paid in an arm's length transaction. The Commission has noted that there is some risk that long-term contracts can become out of date with current market practices and prices and Firstgas has actively considered this risk through our benchmarking process this year.

For FY2025, our O&M agreement remains aligned with or below current market practices and prices. This was tested in September 2025 when we engaged an independent expert to provide:

- a detailed margin benchmarking analysis for key related party services, including operations, maintenance, and corporate support functions
- a summary of profit margins earned by a peer group of comparable, unrelated companies operating in competitive markets.

The independent expert identified that, in comparison to previous benchmarking studies, there has been an increase in the profitability of gas utilities companies and a decline in the profitability of engineering consultancy, financial advisory, HR, IT and marketing firms. The detailed evidence from the report showed a range of outcomes across the engineering consultancy, financial advisory, HR, IT and marketing. Overall, the

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<sup>10</sup> As noted above, prices for the work procured under the O&M Agreement is agreed on or before the beginning of the financial year. Our financial year begins on 1 October.

margins for the FY2025 disclosure year within the O&M agreement remained aligned with or below the market.

The new benchmarked margin information was used to renew the O&M agreement which will take effect for the FY2026 disclosure year.

### **Execution of works including monitoring and reporting**

Once the O&M budget has been agreed, GSNZ Midco undertake responsibility to complete the works to the service level required. Significant large-scale projects are managed by the GSNZ Midco projects team. Projects of this nature often require additional resources and expertise. GSNZ Midco will source services and materials as required and in line with the Firstgas procurement policy.

The COO of GSNZ Midco reports monthly to Firstgas on progress against the works plan and budget for services provided under the O&M agreement. From time-to-time works may be required by Firstgas that are outside of the budgeted plan. Any change to the annual work plan is negotiated between GSNZ Midco and Firstgas. Any additional remedial works GSNZ Midco recommend are either included in the current year's workplan, with agreement from Firstgas or included in the annual works budget for following years.

The costs GSNZ Midco incurs undertaking the responsibilities of the O&M agreement are charged to Firstgas monthly and include a commercial mark up to enable a modest commercial profit. As discussed above, benchmarking undertaken and reviewed for the FY2025 disclosures has confirmed the mark-up applied is aligned or less than those of providers of similar services within Australasia, the United Kingdom and United States.

### **Completion of works**

The completion of works is managed within GSNZ Midco. GSNZ Midco will process any project close out documentation and update maintenance records within Firstgas information systems. If the project was a Capex project, Firstgas will capitalise the project once GSNZ Midco notifies that the assets have been commissioned.

#### **4. Policies that require consumers to purchase goods or services from Firstgas' related parties**

Section 2.3.12 of the ID Determination requires that:

*within 6 months after the end of each disclosure year, if a GTB has had related party transactions involving a procurement from a related party during that disclosure year, the GTB must publicly disclose-*

- (2) *a description of any policies or procedures of the GTB that require or have the effect of requiring a consumer to purchase assets or goods or services from a related party that are related to the supply of the gas transmission services;*

To work on or near Firstgas' transmission network, a contractor must be deemed competent and authorised to complete the work undertaken to meet operating standard requirements. This is very specialised work, and we require any work up to the delivery point on the transmission network be completed by Gas Services (a part of GSNZ Midco).

Customers that contribute to the cost of new developments or upgrades on our network are therefore required to use Gas Services to complete the works. Our capital contribution policy is available at <https://firstgas.co.nz/about-us/regulatory/transmission/>.

## 5. Representative examples of how the procurement policy is applied

### 5.1 Regulatory requirements

Section 2.3.12 of the ID Determination for our GTB specify that:

*within 6 months after the end of each **disclosure year**, if a **GTB** has had **related party transactions** involving a procurement from a **related party** during that **disclosure year**, the **GTB** must **publicly disclose**-*

- (3) subject to subclause (5), at least one representative example transaction from the **disclosure year** of how the current policy for the procurement of assets or goods or services from a **related party** is applied in practice;*
- (4) for each representative example transaction specified in accordance with subclause (3), how and when the **GTB** last tested the arm's-length terms of those transactions; and*
- (5) separate representative example transactions where the **GTB** has applied the current policy for the procurement of assets or goods or services from a **related party** significantly differently between expenditure categories.*

### 5.2 Representative examples

Firstgas sources a range of services from GSNZ Midco to manage the network operations and complete the work plan each year. GSNZ Midco applies the Clarus procurement policy for all expenditure under the O&M agreement. This is summarised in the table below followed by a separate representative example of the procurement process.

All agreements, methodologies and models, and reports from external parties have been provided to our auditors to facilitate their review of our related party transactions in FY2025 and this disclosure.

**Table 2: Representative example transactions of costs in Schedule 5b**

Expenditure category	Representative example	Procurement method	How and when were the arm's length terms last tested
<p>All network Capex categories</p> <p>All network Opex categories excluding the purchase of fuel gas</p> <p>System operations and network support</p> <p>Non-network assets</p>	<p>Network Opex and Capex and system operations and network support across the network.</p> <p>We provide an example below of procurement undertaken by GSNZ Midco on our behalf under the O&amp;M agreement</p>	<p>Direct procurement from a 'sole supplier' under the existing O&amp;M agreement.</p>	<p>The arm's length terms were tested as part of a benchmarking process that was undertaken during the 2022 disclosure year.</p> <p>In FY2022 Firstgas engaged an independent expert to benchmark:</p> <ul style="list-style-type: none"> <li>• The margins applied to the costs of O&amp;M services provided by GSNZ Midco to Firstgas</li> <li>• Total service costs against comparable businesses.</li> </ul> <p>The margin benchmarking compared services supplied by GSNZ Midco to companies providing similar services across the United Kingdom, United States, Australia, and New Zealand. Total costs were compared to similar companies in Australia.</p> <p>Additional margin benchmarking was undertaken in September 2025 for the renewal of the O&amp;M services agreement, which took effect in FY2026. The FY2025 margin benchmarking identified that margins were aligned with or below the margins effective during FY2025.</p> <p>Benchmarking performed in FY2025 against comparable businesses indicated that Firstgas costs are aligned with our peers and the wider market. This demonstrates that the cost of the underlying service is consistent with the input price that Firstgas would have paid in an arm's length transaction. The O&amp;M agreement was renewed in September 2025. The renewal took effect in FY2026.</p> <p>Benchmarking was undertaken with the permission of GSNZ Midco. Benchmarking is allowed for under the O&amp;M agreement.</p> <p>Terms of the O&amp;M agreement, advice from the independent expert and benchmarking results were provided to our auditors as part of their review of the related party valuation requirements.</p>

### 5.3 Examples of procurement undertaken by GSNZ Midco on our behalf

Firstgas procures a range of services from GSNZ Midco. These services may have different characteristics and involve different procurement choices within the policy to suit the work undertaken. The process will remain consistent with the project management and reporting requirements within GSNZ Midco, and with monthly reporting against the budget and works plan provided to the Firstgas executive team.

The following example of a project or works undertaken by GSNZ Midco for Firstgas illustrate the procurement process.

#### Major projects

All projects are managed by GSNZ Midco. The project delivery manager is responsible for delivering project work from the project approval and front-end engineering design (FEED) phase through to the final delivered and commissioned project.

GSNZ Midco will develop the initial FEED including the scope and expected cost of the project for approval by the Chief Operating Officer (COO). Projects outside of the budget or with significant cost may require further approval from Firstgas' Chief Executive and Board.<sup>11</sup>

Major projects are often long-term in nature, complex in design and may require more extensive procurement requirements. Due to the typically large amount of dedicated and varied resources required, segments of the project may be subcontracted by GSNZ Midco. Larger projects generally are more expensive and may require more extensive procurement processes under the Clarus procurement policy. For example, there may be several tenders of work for different stages or requirements of the project.

A GSNZ Midco project manager will be assigned to oversee the project, manage the flow of work, work orders and purchase orders used to track expenditure. The project manager will also ensure suppliers are paid in the timeframe specified in any procurement contract for materials or services. Progress is reported to GSNZ Midco management. Progress on major projects may be reported to Firstgas at established intervals.

A formal project close-out process occurs on completion of the project.

We have provided the Kaitoke Compression Upgrade project as an example to illustrate the delivery of major projects by GSNZ Midco under the O&M contract

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<sup>11</sup> Firstgas has a Delegations of Authority policy that outlines approval levels.

### Example 1: Kaitoke Compression Upgrade

<b>Project name:</b>	Kaitoke Compression Upgrade
<b>Project date</b>	The scope was issued in April 2022 with the works planned for completion in April 2025
<b>Project or work order number:</b>	P11327
<b>Project expenditure</b>	\$32.8 million
<b>Project cost type</b>	Asset Replacement and Renewal Capex
<b>Project managed by:</b>	GSNZ Midco acting on behalf of Firstgas under the O&M agreement
<b>Subcontractors:</b>	Verbrec (design), Energy Works (mechanical contractor), Entec (I&E contractor), Enerflex (compressor package supplier)

#### Planning:

Firstgas (FGL) have developed a high-level compression strategy, which seeks to implement high value opportunities to replace or supplement existing transmission compressors with state-of-art reciprocating units. The goals of this high-level strategy are to:

- Improve network reliability
- Improve network availability
- Improve network flexibility (turn down)
- Reduce operating costs
- Avoid or reduce OPEX/CAPEX expenditure on existing fleet
- Renew the compressor fleet before a potential major failure
- Respond to future demand changes.

This project is to install a new gas driven compressor at Kaitoke, as part of the implementation of the overall compression strategy.

The project was approved by the Firstgas board December 2022.



**Completion of works:**

The scope was completed by GSNZ Midco which defined the front end engineering design (FEED) requirements. An RFP processes was used to select Verbrec to undertake FEED (completed) and detailed design (ongoing).

At the end of FEED the compressor package was tendered to two parties and Enerflex were successful.

Energyworks Limited (Energyworks) was selected to complete the civil and mechanical works via a negotiated sole source process. Energyworks is the preferred supplier of mechanical services to Firstgas. In parallel Entec was selected, again via a negotiated sole source process, to undertake the instrument and electrical works.

**Market testing:**

GSNZ Midco elected to procure the civil and remedial works and the instrument and electrical works via the sole sourcing option permitted under Firstgas' procurement policy. This option was taken rather than a more extensive tender process as the compressed timing to meet the developers needs did not allow for an extensive procurement process.

Sole sourcing means we select contractors and consultants from Firstgas' list of preferred suppliers for the work required. These suppliers have done extensive work for Firstgas previously and usually will have a Master Services Agreement in place that outlines terms and expectations around rates.

An RFP process took place for the Detailed design and the Compressors

RFP for Front end engineering design (FEED)

The RFP was issued to two companies with experience in the technical design of similar remediation works. GSNZ Midco and Firstgas have found both firms to be very efficient and professional, providing sound advice and considered options.

Verbrec were selected to complete the detailed design, largely due to delivering efficient outcomes at a competitive price. Verbrec (Logicamms) was approached and a quote requested in line with the scope of work. The quote provided was aligned with expected costs.

RFP for Compressor Package

At the end of FEED, an RFP was issued to two companies with extensive experience. After a competitive process, Enerflex were successful as they provided both cost benefits and a quicker delivery time.

Sole sourcing of civil and remedial works

The civil works and remedial works included:

- Earthworks, ground improvement and basecourse construction
- Perimeter fencing
- Concrete works including vehicle crossing
- Yard surfacing

Energy Works was selected to complete the civil and remedial works. Energy works is one of Firstgas' preferred suppliers for civil works. Energy Works provides specialist piping and equipment services to the industrial sector and has worked extensively on Firstgas' network completing minor to complex works.

Energy Works agreed the timing for the work. Energy Works submitted quotes for each section of the work in line with the scope of works for the project and the existing Master Services Agreement in place with Firstgas.

Sole sourcing of instrument and electrical works

Entec was selected to complete the instrument and electrical (I&E) works. Entec are a preferred supplier of I&E works have an in depth knowledge of the Transmission system and offered further discounts to their contracted rates for the works. In addition to this, Entec have extensive experience for large projects on the Transmission system which made it prudent to utilise them to complete the works on time.

**Outcomes:**

The main assets for the project were commissioned during FY2025.

## 6. Map of anticipated network expenditure and constraints

Section 2.3.13 of the ID Determination requires that:

*within 6 months after the end of each disclosure year, where a GTB has had related party transactions involving a procurement from a related party during that disclosure year, the GTB must publicly disclose a map of its gas transmission service territory, which includes-*

*(1) subject to clause 2.3.15, a brief explanatory description of the 10 largest forecast operational expenditure projects in the AMP planning period and the likely timing, value and location of the projects;*

*(2) subject to clause 2.3.15<sup>12</sup>, a brief explanatory description of the 10 largest forecast capital expenditure projects in the AMP planning period and the likely timing, value and location of the projects;*

*(3) subject to clause 2.3.16, a brief explanatory description of possible future network or equipment constraints and their location, where the responses to the constraints would involve one of the 10 largest future operational expenditure projects in the AMP planning period; and*

*(4) subject to clause 2.3.16, a brief explanatory description of possible future network or equipment constraints and their location, where the responses to the constraints would involve one of the 10 largest future capital expenditure projects in the AMP planning period.*

Section 2.3.14 further specifies the map must:

*(1) identify whether the forecast or possible operational expenditure or capital expenditure is-*

*(a) already subject to a contract and, if so, whether that contract is with a related party;*

*(b) forecast to require the supply of assets or goods or services by a related party; or*

*(c) currently not indicated for supply by a related party; and*

*(2) be consistent with the AMP information specified in-*

*(a) clause 14.4.4 of Attachment A on network or equipment constraints; and*

*(b) clause 14.6 of Attachment A on the network development programme.*

The largest Opex activities and Capex projects in the AMP planning period are provided below. Further information is available in the annual AMP or AMP update available on the Firstgas website.<sup>13</sup>

### Largest Opex activities

Figure 3 sets out the location of the largest ten activities in the AMP planning period (FY2026-FY2035), with greater detail in Table 3. All network Opex, except for the purchase of compressor fuel, is forecast to be completed by our related party, Gas Services New Zealand Midco Limited (GSNZ Midco) under the Operations and Management (O&M) agreement between Firstgas and GSNZ Midco. GSNZ Midco manages

<sup>12</sup> Sections 2.3.15 and 2.3.16 of the ID Determination recognises that there may be less than 10 forecast Opex or Capex projects in the AMP planning period. If this occurs, all projects must be included.

<sup>13</sup> <https://firstgas.co.nz/about-us/regulatory/transmission/>

a number of third-party contractors to deliver this network Opex. All activities are network related works, and none are a result of future network or equipment constraints.

**Figure 3: Largest Opex projects in the AMP planning period (2026-2035)**



**Table 3: Description of the largest Opex projects in the AMP planning period**

Activity	Description	Region	Cost (constant \$)	Period
Defect Excavation	Pipeline coatings are the primary protection against corrosion. Each year several defects are excavated to carry our coating remediations	Network wide	\$30.7m	FY2026 - FY2035
Aerial Surveillance	Aerial surveillance is a key activity to detect changes in environment through which pipelines traverse. It is also used as a method to monitor any third-party interference along the easement corridor.	Network wide	\$13.3m	FY2026 - FY2035
Compressor Maintenance, Kapuni Gas Treatment plant	Ongoing Maintenance requirements to ensure reliability. KGTP compressors are strategic for the 100 and 200 pipelines	Taranaki	\$12.3m	FY2026 - FY2035
Geohazard Management	Ongoing maintenance costs associated with identifying, assessing, and monitoring geotechnical issues on the transmission system	Network wide	\$8.8m	FY2026 - FY2035
Pipeline locations and permitting	Permitting and locations of pipeline works	Network wide	\$8.5m	FY2026 - FY2035
Rotowaro Compressor Station maintenance STN 4002907	Ongoing maintenance requirements to ensure reliability. Rotowaro compressor station is a strategic compressor station for the northern system.	Waikato	\$5.2m	FY2026 - FY2035
Coating Remedials	Pipeline coating maintenance programme	Network wide	\$5.1m	FY2026 - FY2035
Odorant systems maintenance	Maintenance costs associated with odorant systems	Network wide	\$3.7m	FY2026 - FY2035
Mokau Compressor station maintenance STN 4001143	Ongoing maintenance is required on our assets to ensure reliability. Mokau compressor station is a strategic compressor site to the 400 pipeline	Taranaki	\$3.0m	FY2026 - FY2035
Business Support	OATIS re-platforming and integration: Our existing OATIS software system requires re-platforming due to obsolescence; this change drives ongoing costs to manage the network.	Bell Block	\$2.2m	FY2026 - FY2035

### Largest Capex projects

The high-level heat map provided in Figure 4 shows the largest Capex projects we have planned for the next ten years (FY2026 to FY2035) with greater detail in Table 4. The identified projects are all network Capex. Network Capex is forecast to be completed by our related party, Gas Services New Zealand Midco Limited (GSNZ Midco) under an operations and management (O&M) agreement between Firstgas and GSNZ Midco. GSNZ Midco manages several third-party contractors to deliver this network Capex.

Table 4 depicts our anticipated significant planned expenditure during the planning period. It is a snapshot in time, with the information we have available, and may change. As we progress into the ten-year plan, we will develop the activities according to our processes to develop more accurate forecasts and delivery schedules. Where the identified projects include some reinforcement work, there may be possible future network or equipment constraints.

**Figure 4: Largest Capex projects in the AMP planning period (2026-2035)**



**Table 4: Description of the largest Capex projects in the AMP planning period**

Activity	Description	Region	Total Cost	Period
Pipeline	Pipeline inline inspections (pigging)	Network-wide, covering major transmission pipelines across the North Island.	\$38.1m	FY2026 - FY2035
Pipeline	Mangapukatea realignment	Coastal erosion site at Mangapukatea cliffs, near the North Taranaki coast.	\$17.0m	FY2026 - FY2035
Compressor	Rotowaro compressor unit right-sizing	Rotowaro	\$15.0m	FY2026 - FY2035
Compressor	Routine compressor refurbishments	Mokau, Rotowaro, Kaitoke, Pokuru	\$12.0m	FY2026 - FY2035
SCADA & Comms	Remote terminal unit and flow computer replacement	Network wide	\$8.2m	FY2026 - FY2035
Pipeline	Awakau road pipeline repair	Awakau Road, Mokau area, North Taranaki (near SH3 and Mokau River)	\$7.8	FY2026 - FY2035
Compressor	Southern network reinforcement	100 line	\$5.0m	FY2026 - FY2035
SCADA & Comms	SCADA master system update (FY33/34)	Bell Block	\$5.0m	FY2026 - FY2035
Station components	Main line valve remediation and refurbishment	Across major compressor and scraper stations – typically Horotiu, Rotowaro, and Kapuni sites where main isolation valves are installed.	\$4.7m	FY2026 - FY2035
Non-network capex	OATIS system re-platforming and renewal	Bell Block	\$3.5m	FY2026 - FY2035



## Certification for Year-end Disclosures

### Clause 2.9.3

We, Fiona Ann Oliver and Mark Adrian Ratcliffe, being directors of First Gas 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, 2.4.20, 2.5.1 and 2.7.1 of the *Gas Transmission Information Disclosure Determination 2012* in all material respects complies with that determination
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from the First Gas Limited's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained and
- c) In respect of information concerning assets, costs and revenues valued or disclosed in accordance with clause 2.3.6 of the *Gas Transmission Information Disclosure Determination 2012* and clauses 2.2.11(1)(g) and 2.2.11(5) of the *Gas Transmission 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 Transmission 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 Transmission 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 Transmission Information Disclosure Determination 2012*.

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Director: Fiona Ann Oliver

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Director: Mark Adrian Ratcliffe

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26 Feb, 2026 8:21:48 PM GMT+13

Date:

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26 Feb, 2026 8:14:30 PM GMT+13

Date:



# Independent Assurance Report

To the Directors of First Gas Limited and the Commerce Commission

## Assurance report on related party transactions pursuant to Gas Transmission Information Disclosure Determination 2012 (as amended)

### Our opinion

We have undertaken a reasonable assurance engagement in respect of the compliance of First Gas Limited (the Company) with the related party requirements, as set out in the Gas Transmission Information Disclosure Determination 2012, including all amendments, (the Determination) for the disclosure year ended 30 September 2025 where we are required to report on:

- Whether the Company's basis for valuation of related party transactions, has complied, in all material respects, with clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the Gas Transmission Services Input Methodologies Determination 2012 (the IM Determination); and
- Whether the steps taken by the Company, as specified under the "Summary of steps and analysis undertaken by the Company to test compliance" are considered to be, in all material respects, reasonable in the circumstances.

In our opinion, in all material respects:

- The basis for valuation of related party transactions for the disclosure year ended 30 September 2025 complies with the Determination and the IM Determination; and
- The steps taken by the Company, as specified under the "Summary of steps and analysis undertaken by the Company to test compliance" are considered to be reasonable in the circumstances.

### Basis for opinion

We have conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* (SAE 3100 (Revised)), issued by the New Zealand Auditing and Assurance Standards Board.

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

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## Our approach

### Materiality

Our assurance engagement is designed to obtain reasonable assurance about the Company's qualitative and quantitative compliance, in all material respects, with the Determination IM Determination.

Quantitative materiality level was determined as 2% of total related party transactions. Qualitative factors were also considered when assessing the arm's length valuation rules on related party transactions.

The scope of our assurance engagement was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our assurance engagement, the nature, timing and extent of our assurance procedures and to evaluate the effect of misstatements, both individually and in aggregate on the related party information as a whole.

### Key assumptions we made in carrying out our procedures

In carrying out our procedures as the independent appraiser for the disclosure year ended 30 September 2025, we have relied on the Company's internal control environment relating to the identification of related party transactions and the valuation of related party transactions, that we obtained an understanding of during our audit of the First Gas Midco Limited (immediate parent of First Gas Limited) financial statements for the period ended 30 September 2025.

### How we assessed the Company's related party transactions

We obtained the Company's assessment of their compliance with the relevant related party valuation requirements in the Determination and IM Determination and performed the procedures set out below.

#### Steps and analysis undertaken in testing compliance

##### Step 1) Identifying related party relationships and transactions

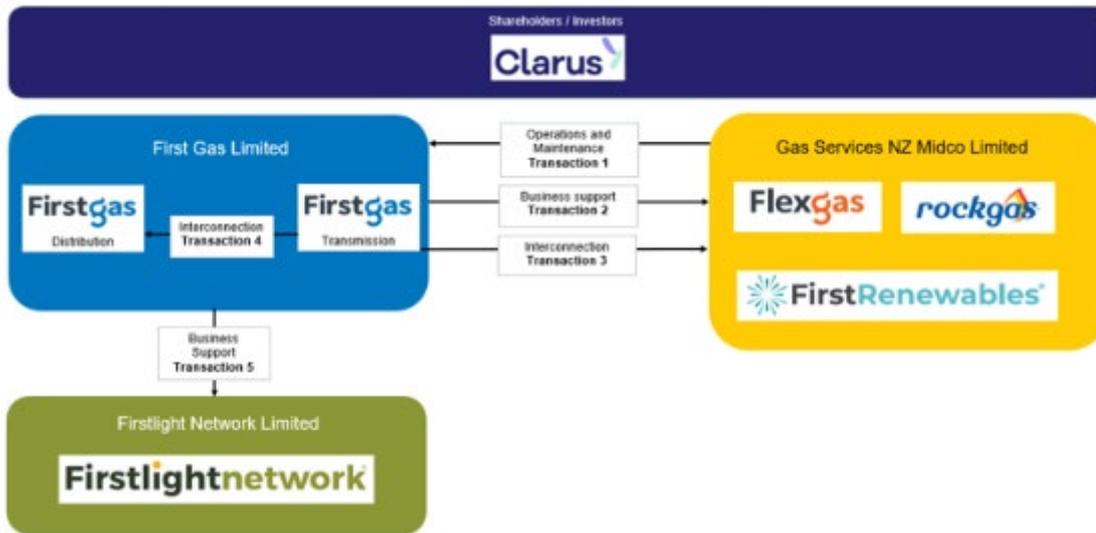
*Summary of steps undertaken by the Company to demonstrate compliance*

The Company identified all related party relationships and transaction flows in accordance with the Determination and disclosed these in Appendix A - Information disclosure for related parties, as prepared and published under the Determination.

In disclosure year 2025, Firstgas (transmission):

- Procured operations and maintenance (O&M) services from its related party, Gas Services NZ Midco Limited (GSNZ Midco) under an Operation & Maintenance Services Agreement (Transaction 1 - \$72m).
- Provided unregulated business support services involving seconded staff across the Clarus Group including to GSNZ Midco (Transaction 2 - \$47.3m) and to Firstlight Network Limited (Firstlight) to assist in providing corporate function services across the group (Transaction 5 - \$2.2m).
- Supplied interconnection services to Flexgas Limited (Transaction 3 - \$0.02m), Firstgas (distribution) (Transaction 4 - \$0.6m) and First Renewables Limited (Transaction 3 - \$0.05m).
- Paid director fees (Transaction 6 - \$0.9m)

A summary of the related party relationships and transaction flows, excluding director fees, is shown below:



### *Our procedures undertaken*

We have tested the completeness and accuracy of the related party relationships and transactions by:

- Agreeing the disclosures within Schedule 5(b) to the underlying financial records for the year ended 30 September 2025, investigating any material differences and determining whether any such differences are justified; and
- Applying our understanding of the business structure against the related party definition in IM Determination clause 1.1.4(2)(b) to assess management’s identification of any “unregulated parts” of the entity.

We selected related party transaction flows 1 (operations and maintenance expenditure), 2 and 5 (corporate function services and secondment income) and 4 (interconnection service income) on the basis of materiality and assessed the supporting information provided by the Company to demonstrate the independent and objective measure used for those transactions and services, to determine whether the related party transactions have been valued in accordance with the related party valuation requirements in the Determination and the IM Determination.

## **Step 2) Outlining the relationship with each related party and the intent behind the key related party contracts**

### *Summary of steps undertaken by the Company to demonstrate compliance*

Clarus is one of New Zealand’s largest energy groups, with brands that touch many parts of the energy supply chain – from energy transmission and distribution to retail supply and storage. First Gas, GSNZ Midco and Firstlight are part of the wider Clarus Group and have the same ultimate shareholders.

GSNZ Midco provides services under an Operation & Maintenance Services Agreement (O&M Agreement).

Under the terms of the agreement, GSNZ Midco manages the operation of the assets, carries out an agreed Capital and Maintenance works programme, responds to incidents and emergencies, and provides system operations and network support services to First Gas (transmission). In the 2025 disclosure year, GSNZ Midco provided 93% of the First Gas (transmission) total expenditure on assets and 53% of all operating expenditure under the terms of the agreement.

Part of the policy intent of the new related party rules is to address concerns that related parties may be inefficient which may cause the Company to overcharge consumers. The O&M Agreement specifies the outcomes that GSNZ Midco is expected to deliver and the consequences of failing to deliver. All work within the scope of the O&M Agreement is procured from GSNZ Midco, which then tenders out elements of the work as required to either GSNZ Midco or third parties.

In addition, First Gas provides corporate function services and seconds staff to support the operations of GSNZ Midco (and its subsidiaries Flexgas and Rockgas) and to Firstlight. These services are provided under a Corporate Functions and Secondment Services Agreement (CFSA) with GSNZ Midco and a Secondment Services Agreement (Corporate Function Services) with Firstlight. First Gas provides the corporate function services to all entities across the Clarus Group. First Gas is the primary employer of staff performing corporate functions that work across the Clarus Group to support services for accounting, employment terms and conditions, remuneration and benefits, and performance planning and management. The shared service model allows the group to benefit from economies of scale and obtain benefits from increased staff utilisation and experience across the group. The CFSA puts a process in place for GSNZ Midco to review performance and communicate any concerns back to First Gas. First Gas is obligated to respond to concerns by identifying performance improvements and providing an implementation plan for the related party's comment.

Finally, First Gas (transmission) has entered multiple Interconnection Agreement for Delivery Points (Interconnection Agreement) to connect First Gas (distribution) assets to the gas transmission network and charge interconnection fees. All agreements with related parties are designed to be similar to a commercially negotiated agreement between independent third parties.

#### *Our procedures undertaken*

The background information provided by First Gas is in line with our understanding of the intent behind the group structure and agreements entered between Firstlight, GSNZ Midco, First Gas (distribution) and First Gas (transmission).

- We obtained the final O&M Agreement, CSFA, Secondment Service and Interconnection Agreements. The agreements were effective for the entire disclosure period and terms are consistent with the understanding obtained from management.
- We note from our procedures performed that GSNZ carried out an agreed Capital and Maintenance works programme resulting in 93% of total expenditure on assets and 53% of the total operating expenditure being with GSNZ Midco.
- We compared the Interconnection Agreements entered with First Gas (distribution) to an Interconnection Agreement entered with an external third party and confirmed terms are not inconsistent.

### **Step 3) Assessing compliance with the definition of an arm's length transaction (in accordance with ISA (NZ) 550)**

#### **Summary of steps undertaken by the Company to demonstrate compliance**

##### *Regulated expenditure*

The Company continued to apply margins to the costs of O&M services provided by GSNZ Midco based on independent third party benchmarking that was performed during disclosure year 2022.

To confirm there had not been a material decrease in the five-year average margin on costs applied under the O&M agreement, and to demonstrate compliance with the definition of arm's length, including the 'willing buyer and willing seller' criteria, the Company had an independent expert perform additional margin benchmarking in September 2025. The purpose of the benchmarking was to confirm the margin on costs under the O&M agreement remain aligned with comparative third-party service providers.

The benchmarking obtained from independent experts confirmed the margin charged by GSNZ Midco under the O&M agreement during RY25 remained aligned with, or below the market based on providers of similar services.

To ensure that the Company's costs are efficient and consistent with the input prices First Gas would pay in an arm's length transaction, First Gas completed benchmarking of capital expenditure and operating expenditure against others in the industry in the current year. Benchmarking performed included:

- Capex as a proportion of RAB
- Opex as a proportion of RAB
- Opex per energy delivered (\$/TJ)
- Business support opex as a proportion of RAB

Benchmarking against comparable businesses in New Zealand and Australia, has demonstrated that the cost incurred within First Gas's regulated business including related party expenditure, is comparable with others in a similar industry.

#### *Unregulated revenue*

The margin applied to unregulated services provided by First Gas to GSNZ Midco and Firstlight under the CFSA, is consistent with the margin applied for similar services across the Clarus group. The secondment services margin was determined based on independent advice received in 2020 and the margins applied to the corporate function services were benchmarked by an independent third party in 2022. The Company considers the margins to remain relevant to disclosure year 2025 due to the long-term nature of the contracts. The additional margin benchmarking completed in September 2025 confirmed that the margin charged for corporate services during RY25 remained aligned with the market based on providers of similar services.

#### *Regulated revenue*

First Gas applies standardised interconnection agreements to all parties connecting to the transmission network. There is a consistent methodology that is applied to all parties to establish interconnection fees under an interconnection agreement, taking into account the interconnection policy in place and the specific details of each site seeking to be connected to the gas transmission network.

#### *Overall*

First Gas considers that the related party structure is a benefit to customers, as it allows the Company to provide reliable and specialised services at a cost that is no more than would be incurred from a third party. Additionally, by providing corporate functions at a centralised level across the Clarus Group at an arm's length rate, the shared services model allows corporate activity to be streamlined, reducing the Group's overall costs to serve and encourages efficiency. Lower costs to serve are in the longer-term interests of consumers.

#### *Our procedures undertaken*

We have considered the following in our assessment over the arm's length definition:

- We have considered the business and group structure and read the key terms and conditions within the O&M agreement and CFSA with GSNZ Midco, the Secondment Services Agreement with Firstlight and the Interconnection Agreements First Gas (distribution). No terms identified that indicate the arrangements would not meet the definition of arms' length.
- We obtained the margin and benchmarking reports prepared by management's experts in prior periods, and considered whether there had been any significant changes to the group, industry or environment since the reports were prepared that would indicate the margins are no longer materially in line with arm's length transactions.

- In addition, we obtained the updated margin benchmarking prepared by management’s experts and compared the margins determined in September 2025 against the margins determined in prior periods that continued to be applied in RY25. Based on the evidence provided, the margins applied are considered consistent with comparable entities indicating that the parties are acting consistent with the principle of willing buyer and willing seller who are unrelated and acting in their own best interests.

#### **Step 4) Obtaining independent and objective measures to support the arm’s length principle**

##### **Summary of steps undertaken by the Company to demonstrate compliance**

As outlined in step 3 above, in prior periods the company utilised an independent third party to perform benchmarking and comparable pricing, determining margins that have continued to be applied in 2025. Updated benchmarking completed in September 2025 corroborated that the margins applied remained materially reasonable. The margins applied ensured the value of goods or services acquired from a related party are not greater than if it had been acquired under the terms of an arm’s length transaction with an unrelated party, and the supply to a related party are not valued at an amount less than if it had been sold or supplied under the terms of an arm’s-length transaction with an unrelated party.

A summary of benchmarking and comparable pricing exercise undertaken for each related party transaction flow selected for testing is summarised below:

RPT Category	Description	Arm's-length valuation approach	Test for Independent and objective measures
<b>Transaction 1</b>	First Gas acquires operations and maintenance services from GSNZ Midco.	Comparable pricing by applying a margin to the cost of goods sold (i.e., a cost-plus approach) results in prices charged that are substantially the same as the prices paid for similar services by peers.	For RY2025, Firstlight have: <ul style="list-style-type: none"> <li>• Been charged an EBIT margin that is within the range of applicable margins, for each service received.</li> <li>• Confirmed margins applied are based on independent advice received in 2022 relevant to the Clarus Group.</li> </ul>
<b>Transaction 2 and 5</b>	First Gas supplies corporate function services and secondment of staff to GSNZ Midco. Rockgas and Flexgas, as subsidiaries of GSNZ Midco, also receive corporate function services from Firstgas.  First Gas supplies corporate function services and secondment of staff to Firstlight Network Limited.	Applying a margin to the cost of unregulated secondment services provided based on independent advice received.	<ul style="list-style-type: none"> <li>• Used benchmarking to confirm that costs are comparable with peers.</li> <li>• Applied a margin to all direct labour costs incurred based on advice received from an independent advisor in 2020. First Gas considers this margin to remain relevant and comparable with services within the industry.</li> <li>• Obtained updated margin benchmarking in September 2025 to corroborate that the margins applied throughout the disclosure year, remained aligned with the market.</li> </ul>
<b>Transaction 4</b>	First Gas transmission supplies interconnection services to First Gas distribution.	Comparable pricing using the rates paid via standard connections agreement for interconnection to Firstgas gas transmission pipeline to demonstrate that terms and conditions and pricing approach are consistent across consumers,	Firstgas have compared the rates paid by Firstgas and its related parties under their connection agreement to independent third parties using market reference rates.  Confirmed that the value at which the services are provided to Firstgas Distribution are on the same basis as that used for all other unrelated interconnected parties entering such agreements in the same period.

#### *Our procedures undertaken*

Our procedures were tailored based on the identified related party transaction flows, including consideration of the materiality of each transaction flow, and aligned to the method management had applied to evidence that the related party transactions are at an arms' length value. We have addressed our procedures below:

- Obtained and understood the O&M agreement and CFSA with GSNZ Midco, the SSA with Firstlight and the Interconnection Agreements with First Gas (distribution).
- On a sample basis, tested compliance with the procurement policy/process as disclosed in Appendix A to the Information Disclosure Schedules.
- Obtained the margin and benchmarking reports prepared by management's experts and external advice received prior to the disclosure year supporting the Clarus Group structure and margins applied to related party transactions across the Group throughout RY25.
- Obtained the updated margin benchmarking report prepared by management's expert in September 2025.
- Confirmed that the management's expert qualification and experience was adequate to perform the benchmarking and the experts were independent from Clarus Group.
- Considered the appropriateness of the comparable entities used within the benchmarking.

- On a sample basis for O&M and on an overall basis for the CFSA and SSA, tested that the margins applied to each distinct service provided and/or received are materially in line with the independent expert margins obtained.
- Recalculated the margins determined by the independent expert based on external data.
- Benchmarked current and prior year costs against comparable businesses to confirm that costs incurred are consistent with others in the industry.
- Obtained and compared the terms of the Interconnection Agreement entered with First Gas (distribution) to the terms of an Interconnection Agreement entered with an external third party.
- Obtained and compared the interconnection fee pricing models for First Gas (distribution) and an external third party.

## Director's responsibilities

The Directors are responsible on behalf of the Company for:

- The identification of related parties and related party transactions during the disclosure year ended 30 September 2025;
- Compliance with the Determination and the valuation of related party transactions in accordance with the Determination and the IM Determination; and
- The identification of risks that may threaten compliance with the Determination and IM Determination, controls that would mitigate those risks, and monitoring the Company's ongoing compliance.

## Our independence and quality management

We have complied with the Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* or other professional requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Company. Other than in our capacity as auditors and providers of other related assurance services we have no relationship with, or interests in, the Company.

## Assurance practitioner's responsibilities

Our responsibility is to prepare an independent appraiser report in accordance with clause 2.8.4 of the Determination. In preparing the report we are required to express an opinion on whether, for the disclosure year ended 30 September 2025, the basis for valuation of related party transactions complies, in all material respects, with clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the IM Determination, and whether the steps taken by the Company to test whether it complies, are considered to be, in all material respects, reasonable in the circumstances.

Our engagement has been conducted in accordance with SAE 3100 (Revised) that requires that we plan and perform our procedures to obtain reasonable assurance about whether the Company has complied, in all material respects, with the Determination and IM Determination.

An assurance engagement to report on the Company's compliance with clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the IM Determination, involves performing procedures to obtain evidence about the compliance activity and controls implemented. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance.

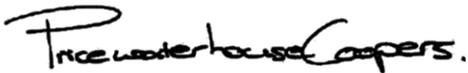
## Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement for the disclosure year ended 30 September 2025 does not provide assurance on whether compliance with clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the IM Determination will continue in the future.

## Use of report

This report has been prepared for the Directors and the Commerce Commission in accordance with clause 2.8.4 of the Determination and is provided solely to assist you in establishing that compliance requirements have been met.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors of the Company, as a body, and the Commerce Commission or for any purpose other than that for which it was prepared.

A handwritten signature in black ink that reads "PricewaterhouseCoopers." The signature is written in a cursive, flowing style.

PricewaterhouseCoopers  
11 March 2026

Christchurch



# Independent Assurance Report

To the Directors of First Gas Limited and the Commerce Commission

## Assurance report pursuant to the Gas Transmission Information Disclosure Determination 2012

We have undertaken a reasonable assurance engagement in respect of the compliance of First Gas Limited the Company with the Gas Transmission Information Disclosure Determination 2012, including all amendments, (the “Determination”) for the disclosure year ended 30 September 2025 where we are required to opine on:

- whether the Company has complied, in all material respects, with the Determination, in preparing the information disclosed under schedules 1 to 4, 5a to 5g, 6a and 6b, 7, the related party transactions information disclosed in Appendix A, and the explanatory notes disclosed in boxes 1 to 11 in Schedule 14 (the “Disclosure Information”); and
- whether the Company’s basis for valuation of related party transactions (“valuation of related party transactions”), has complied, in all material respects, with clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the Gas Transmission Services Input Methodologies Determination 2012 (the “IM Determination”).

### Opinion

In our opinion, in all material respects;

- as far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Disclosure Information have been kept by the Company;
- as far as appears from an examination, the information used in the preparation of the Disclosure 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;
- the Disclosure Information complies with the Determination; and
- the basis for valuation of related party transactions complies with the Determination and the IM Determination.

## Basis for Opinion

We have conducted our engagement in accordance with the Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* (SAE 3100 (Revised)), issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE (NZ) 3100 (Revised) requires that we comply with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

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

## Our Assurance Approach

### Overview

Our assurance engagement is designed to obtain reasonable assurance about the Company's compliance, in all material respects, with the Determination and IM Determination.

Quantitative materiality levels are determined for testing purposes within individual schedules included in the Disclosure Information based on the nature of the information set out in the schedules. These thresholds are determined based on our assessment of errors that could have a material impact on key measures within the Disclosure Information:

- Financial information – any impact resulting in +/-100 basis points of the Return of Investment (ROI)
- Related party transactions –2% of total related party transactions.

When assessing overall material compliance with the Determination, qualitative factors are considered such as the combined impact on ROI and other key measures as well as assessing the arm's length valuation rules on related party transactions, which may impact on users assessment on whether the purpose of Part 4 of the Commerce Act 1986 has been met.

We have determined that there are three key assurance matters:

- Regulatory Asset Base
- Cost and Asset Allocation
- Related Party Transactions

### Materiality

The scope of our assurance engagement was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our assurance engagement, the nature, timing and extent of our assurance procedures and to evaluate the effect of misstatements, both individually and in aggregate on the Disclosure Information as a whole.

### Scope

Our procedures included analytical procedures, evaluating the appropriateness of assumptions used and whether they have been consistently applied, agreement of the Disclosure Information to, or reconciling with, source systems and underlying records, an assessment of the significant judgements made by the Company in the preparation of the Disclosure Information and valuing the related party transactions, and evaluation of the overall adequacy of the presentation of supporting information and explanations.

These procedures have been undertaken to form an opinion as to whether the Company has complied, in all material respects, with the Determination in the preparation of the Disclosure Information for the year ended 30 September 2025, and whether the basis for valuation of related party transactions complies, in all material respects, with the Determination and the IM Determination.

## Key Assurance Matters

Key assurance matters are those matters that, in our professional judgement, were of most significance in carrying out the assurance engagement during the current disclosure year. These matters were addressed in the context of our assurance engagement as a whole, and in forming our opinion. We do not provide a separate opinion on these matters.

Key Assurance Matter	How our procedures addressed the key assurance matter
<p><b>Regulatory Asset Base</b></p> <p>The Regulatory Asset Base (RAB), as set out in Schedule 4, reflects the value of the Company's gas transmission assets. These are valued using an indexed historic cost methodology prescribed by the Determination. It is a measure which is used widely and is key to measuring the Company's return on investment and therefore important when monitoring financial performance.</p> <p>The RAB inputs, as set out in the IM Determination, are similar to those used in the measurement of fixed assets in the financial statements, however, there are a number of different requirements and complexities which require careful consideration.</p> <p>Due to the importance of the RAB within the regulatory regime, the incentives to overstate the RAB value, and complexities within the regulations, we have considered it to be a key assurance matter.</p>	<p>We have obtained an understanding of the compliance requirements relevant to the RAB as set out in the Determination and the IM Determination. Our procedures over the regulatory asset base included the following:</p> <p><b>Assets commissioned</b></p> <ul style="list-style-type: none"> <li>• We considered the nature of the assets commissioned during the period, as per the regulatory fixed asset register, to identify any specific cost or asset type exclusions, as set out in the Determination, which are required to be removed from the RAB;</li> <li>• We reconciled the assets commissioned, as per the regulatory fixed asset register, to the asset additions per the audited accounting records and investigated any material reconciling items; and</li> <li>• We tested a sample of assets commissioned during the disclosure period for appropriate asset category classification.</li> </ul> <p><b>Depreciation</b></p> <ul style="list-style-type: none"> <li>• For assets with no standard asset lives we assessed the reasonableness of the lives used by reference to the accounting depreciation rates used in preparing the underlying financial records;</li> <li>• We compared the system formula utilised to calculate regulatory depreciation expense with IM Determination clause 2.2.5;</li> <li>• We reperformed the regulatory depreciation calculation for a sample of assets; and</li> <li>• We compared the standard asset lives by asset category to those set out in the IM Determination.</li> </ul> <p><b>Revaluation</b></p> <ul style="list-style-type: none"> <li>• We recalculated the revaluation rate set out in the IM Determination using the relevant Consumer Price Index indices taken from the Statistics New Zealand website; and</li> <li>• We tested the mathematical accuracy of the revaluation calculation performed by management.</li> </ul>

## Key Assurance Matter

## How our procedures addressed the key assurance matter

### Cost and Asset Allocation

The Determination relates to information concerning the supply of gas transmission services. The Company operates both distribution and transmission businesses and also provides other unregulated services.

As set out in schedules 5d, 5e, 5f and 5g, costs and asset values that relate to gas transmission services regulated under the Determination should comprise:

- All of the costs directly attributable to the regulated goods or services; and
- An allocated portion of the costs that are not directly attributable.

The IM Determination set out rules and processes for allocating costs and assets which are not directly attributable to either regulated or unregulated services. A number of screening tests apply which must be considered when deciding on the appropriate allocation method.

The Company has applied the Accounting-Based Allocation Approach Methodology (ABAA) utilising proxy and causal cost and causal asset allocators to allocate the asset values and operating costs that are not directly attributable.

Given the judgement involved in the application of the cost and asset allocation methodologies we consider it a key assurance matter.

We obtained an understanding of the Company's cost and asset allocation processes, and the methodologies applied.

Our procedures over cost and asset allocation included:

- Reconciling the regulated and unregulated financial information to the Company's audited financial information.

### Classification as directly/not directly attributable

- Considering the appropriateness of the costs allocated as directly attributable, based on the nature and our understanding of the business to determine the reasonableness of the directly attributable classification;
- Testing a sample of operating expense transactions to ensure their classification as either directly attributable or not directly attributable costs was appropriate and in line with the Information Disclosure Determination;
- Inspecting the fixed asset register to identify any asset classes which based on their nature and our understanding of the business could be considered assets directly attributable to a specific business unit; and
- Testing a sample of assets commissioned to ensure their classification as either directly attributable or not directly attributable was appropriate and in line with the Determination.

### Appropriateness of the allocators used for not directly attributable costs and assets

- Considering the appropriateness of the cost and asset causal and proxy allocators used in applying the ABAA to not directly attributable costs including inspecting supporting documentation and recalculating allocators;
- Understanding why causal relationships could not be identified in allocating some costs and ensuring appropriate disclosure has been included in Schedule 14; and
- Recalculating the split between not directly attributable costs and asset values allocated to gas transmission services and non-gas transmission services.

### Related Party Transactions

Disclosures over related party transactions including related party relationships, procurement policies/processes, application of these policies/processes and examples of market testing of transaction terms as required under the Determination and the IM Determination are set out in Appendix A.

The Determination and the IM Determination require the Company to value its transactions with related parties, disclosed in Schedule 5b, in accordance with the principles-based approach to the arm's length valuation rule. This rule states that the value of goods or services acquired from a related party cannot be greater than if it had been acquired under the terms of an arm's length transaction with an unrelated party, nor may it exceed the actual cost to the related party. A sale or supply to a related party cannot be valued at an amount less than if it had been sold or supplied under the terms of an arm's-length transaction with an unrelated party.

Arm's-length valuation, as defined in the IM Determination, is the value at which a transaction, with the same terms and conditions, would be entered into between a willing seller and a willing buyer who are unrelated and who are acting independently of each other and pursuing their own best interests.

The Company is required to use an objective and independent measure to demonstrate compliance with the arm's-length principle. In the absence of an active market for similar transactions, assigning an objective arm's length value to a related party transaction is difficult and requires significant judgement.

We have identified related party transactions at arm's-length as a key assurance matter due to the judgement involved.

We have obtained an understanding of the compliance requirements relevant to related party transactions as set out in the Determination and IM Determination. We have ensured Schedule 5(b) and Appendix A includes all required disclosures including current procurement policies, descriptions of how they are applied in practice, representative example transactions and when and how market testing was last performed.

Our procedures over the related party transactions included the following:

#### Completeness and accuracy of related party relationships and transactions

We have tested the completeness and accuracy of the related party relationships and transactions by:

- Agreeing the disclosures within Schedule 5(b) to the audited accounting records for the year ended 30 September 2025, investigating any material differences and determining whether any such differences are justified; and
- Applying our understanding of the business structure against the related party definition in IM Determination clause 1.1.4(2) to assess management's identification of any "unregulated parts" of the entity.

#### Practical application of procurement policies

- Testing a sample of operating expenditure and capital expenditure transactions disclosed in Schedule 5(b) by inspecting supporting documentation to determine compliance with the disclosed procurement policy and practices.

#### Arm's length valuation rule

We obtained the Company's assessment of available independent and objective measures used in supporting the arm's length valuation principal and performed the following procedures:

- Re-performed the calculations and agreed key inputs and assumptions to supporting documentation; and
- Where benchmarking or other market information was used as independent and objective measures, we assessed whether the related party transaction values fell within a reasonable range. Qualitative factors were considered in determining the appropriate acceptable range.

## Directors' Responsibilities

The Directors are responsible on behalf of the Company for compliance with the Determination and the valuation of related party transactions in accordance with the Determination, for the identification of risks that may threaten such compliance, controls that would mitigate those risks, and monitoring the Company's ongoing compliance.

## Our Independence and Quality Management

We have complied with the Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* or other professional requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In our capacity as auditor and assurance practitioner, our firm also provides other assurance related services. Our firm carries out other assignments in the area of services relating to the provision of training. The firm has no other relationship with, or interests in, the Company.

## Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on whether the Company has complied, in all material respects, with the Determination in the preparation of the Disclosure Information for the disclosure year ended 30 September 2025 and on whether the basis for valuation of related party transactions complies, in all material respects, with the Determination and the IM Determination.

Our engagement has been conducted in accordance with ISAE (NZ) 3000 (Revised) and SAE 3100 (Revised) which require that we plan and perform our procedures to obtain reasonable assurance about whether the Company has complied in all material respects with the Determination in the preparation of the Disclosure Information for the disclosure year ended 30 September 2025, and whether the basis for valuation of related party transactions complies, in all material respects, with the Determination and the IM Determination.

An assurance engagement to report on the Company's compliance with the Determination and the IM Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements of the Determination and the IM Determination. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the requirements of the Determination and the IM Determination.

## Inherent Limitations

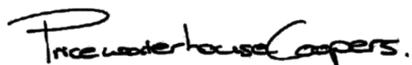
Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement for the disclosure year ended 30 September 2025 does not provide assurance on whether compliance with the Determination and the IM Determination will continue in the future.

## Use of Report

This report has been prepared for the Directors and the Commerce Commission in accordance with clause 2.8.1 of the Determination and is provided solely to assist you in establishing that compliance requirements have been met.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors of the Company, as a body, and the Commerce Commission, or for any purpose other than that for which it was prepared.

The engagement partner on the assurance engagement resulting in this independent auditor's report is Elizabeth Adriana (Adri) Smit.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers  
11 March 2026

Christchurch, New Zealand