



Information disclosure for the gas distribution business

15-month disclosure period ending 30 September 2017



First Gas Limited
21 March 2018

Introduction

First Gas operates 2,500km of gas transmission pipelines (including the Maui pipeline), and more than 4,800km of gas distribution pipelines across the North Island. These gas infrastructure assets transport gas from Taranaki to major industrial gas users, electricity generators, businesses and homes, and transport around 20 percent of New Zealand's primary energy supply.

For further information on First Gas, please visit our website www.firstgas.co.nz.

Information disclosure

This document contains First Gas' annual information disclosure for the gas distribution business, for the 15-month disclosure period ending on 30 September 2017, as required by the *Gas Distribution Information Disclosure Determination (No.1) 2017* consolidating all amendments as of 14 June 2017 ("the Determination") issued by the Commerce Commission.

The following documents are provided with this information disclosure:

- Schedules 1 – 10: Financial and technical schedules
- Schedules 14 – 15: Mandatory and voluntary explanatory notes
- Schedule 19: Director certification
- KPMG assurance report

This information disclosure was prepared on 21 March 2018.

Further information

For further information regarding this information disclosure, please contact:

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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.



**GDB Information Disclosure Requirements
Information Templates
for
Schedules 1–10**

Company Name	First Gas Limited (Distribution)
Disclosure Date	30 March 2018
Disclosure Year (year ended)	30 September 2017
Period Covered	15 months

Templates for Schedules 1–10 excluding 5f–5g
Template Version 4.1. Prepared 24 March 2015

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Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Period Covered	15 months

SCHEDULE 1: ANALYTICAL RATIOS

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

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

sch ref

1(i): Expenditure Metrics

	Expenditure per TJ energy delivered to ICPs (\$/TJ)	Expenditure per average no. of ICPs (\$/ICP)	Ratio of expenditure to maximum monthly load (\$ per GJ/month)	Expenditure per km of pipeline for supply (\$/km)
Operational expenditure	872	155	10	2,075
Network	465	83	5	1,106
Non-network	407	72	5	969
Expenditure on assets	1,901	337	22	4,521
Network	1,731	307	20	4,117
Non-network	170	30	2	404

1(ii): Revenue Metrics

	Revenue per TJ energy delivered to ICPs (\$/TJ)	Revenue per average no. of ICPs (\$/ICP)
Total line charge revenue	3,326	590
Standard consumer line charge revenue	6,280	576
Non-standard consumer line charge revenue	169	53,070

1(iii): Service Intensity Measures

Demand density	205	Maximum monthly load (GJ per month) per system length
Volume density	2	Quantity of gas delivered per km of system length (TJ/km)
Connection point density	13	Average number of ICPs in disclosure year per system length
Energy intensity	177	Total GJ delivered to ICPs per average number of ICPs in disclosure year

1(iv): Composition of Revenue Requirement

	(\$000)	% of revenue
Operational expenditure	9,624	26.25%
Pass-through and recoverable costs excluding financial incentives and wash-ups	820	2.24%
Total depreciation	6,328	17.26%
Total revaluations	2,958	8.07%
Regulatory tax allowance	5,466	14.91%
Regulatory profit/(loss) including financial incentives and wash-ups	17,386	47.42%
Total regulatory income	36,664	

1(v): Reliability

Interruption rate	10.65	Interruptions per 100km of system length
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Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Period Covered	15 months

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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

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

sch ref

7	2(i): Return on Investment	for year ended	CY-2	CY-1	Current Year CY
			30 Jun 15	30 Jun 16	30 Sep 17
9	ROI – comparable to a post tax WACC		%	%	%
10	Reflecting all revenue earned		6.46%	7.89%	10.04%
11	Excluding revenue earned from financial incentives		6.46%	7.89%	10.04%
12	Excluding revenue earned from financial incentives and wash-ups		6.46%	7.89%	10.04%
13					
14	Mid-point estimate of post tax WACC		6.76%	6.02%	5.45%
15	25th percentile estimate		5.95%	5.21%	4.64%
16	75th percentile estimate		7.57%	6.83%	6.26%
17					
18					
19	ROI – comparable to a vanilla WACC				
20	Reflecting all revenue earned		7.23%	8.52%	10.58%
21	Excluding revenue earned from financial incentives		7.23%	8.52%	10.58%
22	Excluding revenue earned from financial incentives and wash-ups		7.23%	8.52%	10.58%
23					
24	WACC rate used to set regulatory price path		7.44%	7.44%	7.44%
25					
26	Mid-point estimate of vanilla WACC		7.54%	6.65%	5.99%
27	25th percentile estimate		6.73%	5.84%	5.18%
28	75th percentile estimate		8.35%	7.46%	6.80%
29					
30	2(ii): Information Supporting the ROI				(\$000)
31					
32	Total opening RAB value		131,884		
33	plus Opening deferred tax		(4,478)		
34	Opening RIV			127,406	
35					
36	Line charge revenue			36,688	
37					
38	Expenses cash outflow		10,444		
39	plus Assets commissioned		19,132		
40	less Asset disposals		24		
41	plus Tax payments		4,398		
42	less Other regulated income		(24)		
43	Mid-year net cash flows			33,974	
44					
45	Term credit spread differential allowance			-	
46					
47	Total closing RAB value		147,907		
48	less Adjustment resulting from asset allocation		285		
49	less Lost and found assets adjustment		-		
50	plus Closing deferred tax		(5,546)		
51	Closing RIV			142,077	
52					
53	ROI – comparable to a vanilla WACC				10.58%
54					
55	Leverage (%)				44%
56	Cost of debt assumption (%)				4.39%
57	Corporate tax rate (%)				28%
58					
59	ROI – comparable to a post tax WACC				10.04%
60					



Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
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SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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

sch ref

2(iii): Information Supporting the Monthly ROI

Opening RIV

N/A

	Line charge revenue	Expenses cash outflow	Assets commissioned (\$000)	Asset disposals	Other regulated income	Monthly net cash outflows
Month 1						-
Month 2						-
Month 3						-
Month 4						-
Month 5						-
Month 6						-
Month 7						-
Month 8						-
Month 9						-
Month 10						-
Month 11						-
Month 12						-
Total						-

Tax Payments

N/A

Term credit spread differential allowance

N/A

Closing RIV

N/A

Monthly ROI – comparable to a vanilla WACC

N/A

Monthly ROI – comparable to a post tax WACC

N/A

2(iv): Year-End ROI Rates for Comparison Purposes

Year-end ROI – comparable to a vanilla WACC

12.69%

Year-end ROI – comparable to a post tax WACC

12.15%

* these year-end ROI values are comparable to the ROI reported in pre 2012 disclosures by GDBs and do not represent the Commission's current view on ROI.

2(v): Financial Incentives and Wash-Ups

Net recoverable costs allowed under incremental rolling incentive scheme

-

Other financial incentives

-

Financial incentives

-

Impact of financial incentives on ROI

-

Input methodology claw-back

-

Recoverable customised price-quality path costs

-

Other wash-ups

-

Wash-up costs

-

Impact of wash-up costs on ROIs

-



Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
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SCHEDULE 3: REPORT ON REGULATORY PROFIT

This schedule requires information on the calculation of regulatory profit for the GDB for the disclosure year. GDBs must complete all sections and must provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes).

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

sch ref

7	3(i): Regulatory Profit		(\$000)
8	Income		
9	Line charge revenue		36,688
10	plus Gains / (losses) on asset disposals		(24)
11	plus Other regulated income (other than gains / (losses) on asset disposals)		-
12			
13	Total regulatory income		36,664
14	Expenses		
15	less Operational expenditure		9,624
16			
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups		820
18			
19	Operating surplus / (deficit)		26,221
20			
21	less Total depreciation		6,328
22			
23	plus Total revaluations		2,958
24			
25	Regulatory profit / (loss) before tax		22,851
26			
27	less Term credit spread differential allowance		-
28			
29	less Regulatory tax allowance		5,466
30			
31	Regulatory profit/(loss) including financial incentives and wash-ups		17,386
32			
33	3(ii): Pass-through and recoverable costs excluding financial incentives and wash-ups		(\$000)
34	Pass through costs		
35	Rates		319
36	Commerce Act levies		471
37	Industry Levies		29
38	CPP specified pass through costs		-
39	Recoverable costs excluding financial incentives and wash-ups		
40	Other recoverable costs excluding financial incentives and wash-ups		-
41	Pass-through and recoverable costs excluding financial incentives and wash-ups		820
42			
43			
44	3(iii): Incremental Rolling Incentive Scheme		(\$000)
45			
46			
47	Allowed controllable opex		-
48	Actual controllable opex		-
49			
50	Incremental change in year		-
51			
52			
53	CY-5 30 Sep 12		
54	CY-4 30 Sep 13		
55	CY-3 30 Sep 14		
56	CY-2 30 Sep 15		
57	CY-1 30 Sep 16		
58	Net incremental rolling incentive scheme		-
59			
60	Net recoverable costs allowed under incremental rolling incentive scheme		-
61			
62	3(iv): Merger and Acquisition Expenditure		(\$000)
63			
64	Merger and acquisition expenditure		-
65			
66	Provide commentary on the benefits of merger and acquisition expenditure to the gas distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)		
67			(\$000)
68	3(v): Other Disclosures		(\$000)
69			
70	Self-insurance allowance		-



Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
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SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)

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

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

for year ended	RAB 30 Jun 13 (\$000)	RAB 30 Jun 14 (\$000)	RAB 30 Jun 15 (\$000)	RAB 30 Jun 16 (\$000)	RAB 30 Sep 17 (\$000)
Total opening RAB value	-	-	-	131,352	131,884
less Total depreciation	-	-	-	5,041	6,328
plus Total revaluations	-	-	-	547	2,958
plus Assets commissioned	-	-	-	5,820	19,132
less Asset disposals	-	-	-	9	24
plus Lost and found assets adjustment	-	-	-	-	-
plus Adjustment resulting from asset allocation	-	-	-	(766)	285
Total closing RAB value	-	-	-	131,884	147,907

4(ii): Unallocated Regulatory Asset Base

	Unallocated RAB *	RAB
	(\$000)	(\$000)
Total opening RAB value	134,061	131,884
less		
Total depreciation	7,278	6,328
plus		
Total revaluations	3,003	2,958
plus		
Assets commissioned (other than below)		
Assets acquired from a regulated supplier	9,714	2,037
Assets acquired from a related party	17,095	17,095
Assets commissioned	26,810	19,132
less		
Asset disposals (other than below)	24	24
Asset disposals to a regulated supplier	-	-
Asset disposals to a related party	-	-
Asset disposals	24	24
plus		
Lost and found assets adjustment	-	-
plus Adjustment resulting from asset allocation	-	285
Total closing RAB value	156,571	147,907



Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Period Covered	15 months

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

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

sch ref

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



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

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

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2017

Period Covered

15 months

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

CPI₄

CPI₄⁻⁴

Revaluation rate (%)

Total opening RAB value

less: Opening value of fully depreciated, disposed and lost assets

Total opening RAB value subject to revaluation

Total revaluations

Unallocated RAB *

RAB

(\$'000)

(\$'000)

(\$'000)

133,859

131,884

132,031

(147)

(147)

134,006

3,003

2,958

4(iv): Roll Forward of Works Under Construction

Works under construction—preceding disclosure year

plus: Capital expenditure

less: Assets commissioned

plus: Adjustment resulting from asset allocation

Works under construction - current disclosure year

Highest rate of capitalised finance applied

Unallocated works under construction

Allocated works under construction

716

28,204

26,810

2,110

716

19,395

19,132

-

979

4.25%



Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Period Covered	15 months

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

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

sch ref

4(v): Regulatory Depreciation

Depreciation - standard	Unallocated RAB * (\$000)	RAB (\$000)	
Depreciation - no standard life assets	6,174	6,174	
Depreciation - modified life assets	1,104	153	
Depreciation - alternative depreciation in accordance with CPP	-	-	
Total depreciation		7,278	6,328

(\$000 unless otherwise specified)

4(vi): Disclosure of Changes to Depreciation Profiles

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

* include additional rows if needed

4(vii): Disclosure by Asset Category

(\$000 unless otherwise specified)

	Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line value	Special crossings	Other network assets	Non-network assets	Total
Total opening RAB value	15,756	77,525	1,419	24,228	3,807	968	3,616	3,882	682	131,884
less Total depreciation	557	3,140	41	1,636	166	33	166	513	75	6,328
plus Total revaluations	353	1,742	32	542	85	22	81	87	15	2,958
plus Assets commissioned	5,000	7,896	25	2,030	1,153	460	-	531	2,038	19,132
less Asset disposals	-	-	-	-	-	-	-	-	24	24
plus Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
plus Adjustment resulting from asset allocation	-	198	-	6	-	0	-	(1)	82	285
plus Asset category transfers	3	0	(0)	(12)	(1)	(0)	0	0	10	(0)
Total closing RAB value	20,555	84,221	1,434	25,157	4,879	1,417	3,531	3,986	2,727	147,907

Asset Life										
Weighted average remaining asset life	38.3	33.5	47.6	32.2	29.4	53.2	28.8	23.3	21.4	(years)
Weighted average expected total asset life	70.2	60.0	60.0	65.6	35.0	60.0	60.0	37.3	50.0	(years)



This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). GDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes).

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

sch ref

5a(i): Regulatory Tax Allowance		(\$'000)
	Regulatory profit / (loss) before tax	22,851
plus	Income not included in regulatory profit / (loss) before tax but taxable	- *
	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	61 *
	Amortisation of initial differences in asset values	1,683
	Amortisation of revaluations	292
		2,036
less	Total revaluations	2,958
	Income included in regulatory profit / (loss) before tax but not taxable	- *
	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	- *
	Notional deductible interest	2,409
		5,367
	Regulatory taxable income	19,521
less	Utilised tax losses	-
	Regulatory net taxable income	19,521
	Corporate tax rate (%)	28%
	Regulatory tax allowance	5,466

* Workings to be provided in Schedule 14

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

(\$000)

35				
36		Opening unamortised initial differences in asset values	60,591	
37	less	Amortisation of initial differences in asset values	1,683	
38	plus	Adjustment for unamortised initial differences in assets acquired	-	
39	less	Adjustment for unamortised initial differences in assets disposed	16	
40		Closing unamortised initial differences in asset values		58,892
41				
42		Opening weighted average remaining useful life of relevant assets (years)		36



Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Period Covered	15 months

SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). GDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 10

sch ref

5a(iv): Amortisation of Revaluations

(\$000)

Opening sum of RAB values without revaluations

127,005

Adjusted depreciation

6,035

Total depreciation

6,328

Amortisation of revaluations

292

5a(v): Reconciliation of Tax Losses

(\$000)

Opening tax losses

-

plus Current period tax losses

-

less Utilised tax losses

-

Closing tax losses

-

5a(vi): Calculation of Deferred Tax Balance

(\$000)

Opening deferred tax

(4,478)

plus Tax effect of adjusted depreciation

1,690

less Tax effect of tax depreciation

2,251

plus Tax effect of other temporary differences*

17

less Tax effect of amortisation of initial differences in asset values

471

plus Deferred tax balance relating to assets acquired in the disclosure year

-

less Deferred tax balance relating to assets disposed in the disclosure year

(6)

plus Deferred tax cost allocation adjustment

(58)

Closing deferred tax

(5,546)

5a(vii): Disclosure of Temporary Differences

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

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

(\$000)

Opening sum of regulatory tax asset values

45,269

less Tax depreciation

8,039

plus Regulatory tax asset value of assets commissioned

18,921

less Regulatory tax asset value of asset disposals

3

plus Lost and found assets adjustment

-

plus Adjustments resulting from asset allocation

77

plus Other adjustments to the RAB tax value

-

Closing sum of regulatory tax asset values

56,225



Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2017

Period Covered

15 months

SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

This schedule provides information on the valuation of related party transactions, in accordance with section 2.3.6 and 2.3.7 of the ID 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.

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37

38

5b(i): Summary—Related Party Transactions

Total regulatory income

Operational expenditure

Capital expenditure

Market value of asset disposals

Other related party transactions

(\$'000)

7,130

19,095

5b(ii): Entities Involved in Related Party Transactions

Name of related party

Gas Services (Joint Venture)

Related party relationship

Gas Services Joint Venture and First Gas Limited have some common ultimate owners

5b(iii): Related Party Transactions

Name of related party

Gas Services (Joint Venture)

Related party transaction type

Opex

Description of transaction

Gas Contracting Services

Value of transaction (\$'000)

7,130

Basis for determining value

ID clause 2.3.6(2)(b)

* Include additional rows if needed

MASTER_GDB ID March Schedules 1 to 10

13

55b.Related Party Transactions

SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE

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

* include additional rows if needed

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111

	44%	
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44%

1

[illegible]

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SCHEDULE 5d: REPORT ON COST ALLOCATIONS

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

<i>Company Name</i>	First Gas Limited (Distribution)
<i>For Year Ended</i>	30 September 2017
<i>Period Covered</i>	15 months

<i>sch ref</i>		Arm's length deduction	Value allocated (\$000s)	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
7	5d(i): Operating Cost Allocations						
8							
9							
10							
11	Service interruptions, incidents and emergencies						
12	Directly attributable	-	2,707	-	-	-	-
13	Not directly attributable	-	-	-	-	-	-
14	Total attributable to regulated service	-	2,707	-	-	-	-
15							
16	Routine and corrective maintenance and inspection						
17	Directly attributable	-	2,424	-	-	-	-
18	Not directly attributable	-	-	-	-	-	-
19	Total attributable to regulated service	-	2,424	-	-	-	-
20							
21	Asset replacement and renewal						
22	Directly attributable	-	-	-	-	-	-
23	Not directly attributable	-	-	-	-	-	-
24	Total attributable to regulated service	-	-	-	-	-	-
25							
26	System operations and network support						
27	Directly attributable	-	1,998	-	-	-	-
28	Not directly attributable	-	-	-	-	-	-
29	Total attributable to regulated service	-	1,998	-	-	-	-
30							
31	Business support						
32	Directly attributable	-	-	-	-	-	-
33	Not directly attributable	-	2,494	-	21,320	23,814	-
34	Total attributable to regulated service	-	2,494	-	21,320	23,814	-
35							
36	Operating costs directly attributable	-	7,130	-	-	-	-
37	Operating costs not directly attributable	-	2,494	-	21,320	23,814	-
38	Operational expenditure	-	9,624	-	-	-	-



SCHEDULE 5d: REPORT ON COST ALLOCATIONS

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

<i>Company Name</i>	First Gas Limited (Distribution)
<i>For Year Ended</i>	30 September 2017
<i>Period Covered</i>	15 months

<i>sch ref</i>		Arm's length deduction	Value allocated (\$000s)	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
35	5d(ii): Other Cost Allocations						
36	Pass through and recoverable costs						
37	Pass through costs						
38	Directly attributable		319				
39	Not directly attributable		500		1,748	2,248	
40	Total attributable to regulated service		820				
41	Recoverable costs						
42	Directly attributable						
43	Not directly attributable						
44	Total attributable to regulated service						
45	5d(iii): Changes in Cost Allocations* †						
46							
47	Change in cost allocation 1						
48	Cost category						
49	Original allocator or line items						
50	New allocator or line items						
51							
52	Rationale for change						
53							
54							
55							
56	Change in cost allocation 2						
57	Cost category						
58	Original allocator or line items						
59	New allocator or line items						
60							
61	Rationale for change						
62							
63							
64							
65	Change in cost allocation 3						
66	Cost category						
67	Original allocator or line items						
68	New allocator or line items						
69							
70	Rationale for change						
71							
72							

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



Company Name **First Gas Limited (Distribution)**
 For Year Ended **30 September 2017**
 Period Covered **15 months**

SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

This schedule requires information on the allocation of asset values. This information supports the calculation of the RAB value in Schedule 4. GDBs 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.

sch ref

5e(i): Regulated Service Asset Values

	Value allocated (\$000s) Gas distribution services
Main pipe	
Directly attributable	106,210
Not directly attributable	-
Total attributable to regulated service	106,210
Service pipe	
Directly attributable	25,157
Not directly attributable	-
Total attributable to regulated service	25,157
Stations	
Directly attributable	4,879
Not directly attributable	-
Total attributable to regulated service	4,879
Line valve	
Directly attributable	1,417
Not directly attributable	-
Total attributable to regulated service	1,417
Special crossings	
Directly attributable	3,531
Not directly attributable	-
Total attributable to regulated service	3,531
Other network assets	
Directly attributable	3,986
Not directly attributable	-
Total attributable to regulated service	3,986
Non-network assets	
Directly attributable	646
Not directly attributable	2,081
Total attributable to regulated service	2,727
Regulated service asset value directly attributable	145,826
Regulated service asset value not directly attributable	2,081
Total closing RAB value	147,907

5e(ii): Changes in Asset Allocations* †**Change in asset value allocation 1**

(\$000)

Asset category	Non-network assets	Original allocation	CY-1	Current Year (CY)
Original allocator or line items	100% Non-Maui	New allocation	82	-
New allocator or line items	Head count	Difference	(82)	2,081

Rationale for change

We have refined our asset allocation methodology in these disclosures. When the 2016 disclosures were completed, First Gas had recently acquired its distribution and transmission businesses and did not have a clear view of relative asset utilisation by each regulated business. During the 2017 disclosure period we have assessed each of our regulated businesses' use of non-network assets and have allocated their value accordingly. Corporate non-network assets have been allocated across all First Gas regulatory businesses based on head count.

Change in asset value allocation 2

(\$000)

Asset category	Original allocation	CY-1	Current Year (CY)
Original allocator or line items	New allocation	-	-
New allocator or line items	Difference	-	-

Rationale for change**Change in asset value allocation 3**

(\$000)

Asset category	Original allocation	CY-1	Current Year (CY)
Original allocator or line items	New allocation	-	-
New allocator or line items	Difference	-	-

Rationale for change

component.

† Include additional rows if needed



Company Name **First Gas Limited (Distribution)**For Year Ended **30 September 2017**Period Covered **15 months****SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs.

GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates).

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

sch ref

7	6a(i): Expenditure on Assets	(\$000)	(\$000)
8	Consumer connection		11,450
9	System growth		3,351
10	Asset replacement and renewal		3,090
11	Asset relocations		951
12	Reliability, safety and environment:		
13	Quality of supply	-	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	253	
16	Total reliability, safety and environment		253
17	Expenditure on network assets		19,095
18	Expenditure on non-network assets		1,874
19			
20	Expenditure on assets		20,968
21	plus Cost of financing		66
22	less Value of capital contributions		1,639
23	plus Value of vested assets		-
24			
25	Capital expenditure		19,395
26	6a(ii): Subcomponents of Expenditure on Assets (where known)		(\$000)
27	Research and development		-
28	6a(iii): Consumer Connection		
29	Consumer types defined by GDB*	(\$000)	(\$000)
30	Mains Extensions/Subdivisions	5,420	
31	Service Connections - Residential	2,466	
32	Service Connections - Commercial	3,564	
33			
34			
35	* Include additional rows if needed		
36	Consumer connection expenditure		11,450
37			
38	less Capital contributions funding consumer connection expenditure	1,260	
39	Consumer connection less capital contributions		10,189



Company Name **First Gas Limited (Distribution)**For Year Ended **30 September 2017**Period Covered **15 months****SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs.

GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates).

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

sch ref

40			
41	6a(iv): System Growth and Asset Replacement and Renewal		
42		System Growth	Asset Replacement and Renewal
43		(\$000)	(\$000)
44	Intermediate pressure		
45	Main pipe	1,965	-
46	Service pipe	-	60
47	Stations	-	-
48	Line valve	-	-
49	Special crossings	-	71
50	Intermediate pressure - total	1,965	131
51	Medium pressure		
52	Main pipe	636	1,191
53	Service pipe	1	346
54	Stations	-	-
55	Line valve	-	158
56	Special crossings	-	-
57	Medium pressure - total	637	1,695
58	Low pressure		
59	Main pipe	77	-
60	Service pipe	-	-
61	Line valve	-	-
62	Special crossings	-	-
63	Low pressure - total	77	-
64	Other network assets		
65	Monitoring and control systems	99	-
66	Cathodic protection systems	-	142
67	Other assets (other than above)	573	1,123
68	Other network assets - total	672	1,264
69			
70	System growth and asset replacement and renewal expenditure	3,351	3,090
71	less Capital contributions funding system growth and asset replacement and renewal	-	-
72	System growth and asset replacement and renewal less capital contributions	3,351	3,090
73	6a(v): Asset Relocations		
74	Project or programme*	(\$000)	(\$000)
75	Nil		
76			
77			
78			
79			
80	* Include additional rows if needed		
81	All other projects or programmes - asset relocations	951	
82	Asset relocations expenditure		951
83	less Capital contributions funding asset relocations	379	
84	Asset relocations less capital contributions		572



Company Name **First Gas Limited (Distribution)**For Year Ended **30 September 2017**Period Covered **15 months****SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs.

GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates).

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

sch ref

85	6a(vi): Quality of Supply		
86	Project or programme*	(\$000)	(\$000)
87	Nil	-	-
88			
89			
90			
91			
92	* include additional rows if needed		
93	All other projects or programmes - quality of supply		
94	Quality of supply expenditure		-
95	less Capital contributions funding quality of supply		
96	Quality of supply less capital contributions		-
97			
98	6a(vii): Legislative and Regulatory		
99	Project or programme*	(\$000)	(\$000)
100	Nil		
101			
102			
103			
104			
105	* include additional rows if needed		
106	All other projects or programmes - legislative and regulatory		
107	Legislative and regulatory expenditure		-
108	less Capital contributions funding legislative and regulatory		
109	Legislative and regulatory less capital contributions		-
110			
111	6a(viii): Other Reliability, Safety and Environment		
112	Project or programme*	(\$000)	(\$000)
113	Nil		
114			
115			
116			
117			
118	* include additional rows if needed		
119	All other projects or programmes - other reliability, safety and environment	253	
120	Other reliability, safety and environment expenditure		253
121	less Capital contributions funding other reliability, safety and environment	-	
122	Other reliability, safety and environment less capital contributions		253
123	6a(ix): Non-Network Assets		
124	Routine expenditure		
125	Project or programme*	(\$000)	(\$000)
126	Equipment	1	
127	ICT	135	
128			
129			
130			
131	* include additional rows if needed		
132	All other projects or programmes - routine expenditure	2	
133	Routine expenditure		139
134	Atypical expenditure		
135	Project or programme*	(\$000)	(\$000)
136	ICT transition	1,701	
137			
138			
139			
140			
141	* include additional rows if needed		
142	All other projects or programmes - atypical expenditure	33	
143	Atypical expenditure		1,735
144			
145	Expenditure on non-network assets		1,874

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2017

Period Covered

15 months

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

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

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

sch ref

7

6b(i): Operational Expenditure

8

Service interruptions, incidents and emergencies

2,707

(\$000)

9

Routine and corrective maintenance and inspection

2,424

(\$000)

10

Asset replacement and renewal

-

(\$000)

11

Network opex

5,132

(\$000)

12

System operations and network support

1,998

(\$000)

13

Business support

2,494

(\$000)

14

Non-network opex

4,492

(\$000)

15

(\$000)

16

Operational expenditure

9,624

(\$000)

17

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

18

Research and development

N/A

(\$000)

19

Insurance

359

(\$000)

MASTER_GDB ID March Schedules 1 to 10

22

S6b.Actual Expenditure Opex

Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Period Covered	15 months

SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

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

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

sch ref

8	7(i): Revenue	Target (\$000) ¹	Actual (\$000)	% variance
9	Line charge revenue	28,470	36,688	
10	7(ii): Expenditure on Assets	Forecast (\$000) ²	Actual (\$000)	% variance
11	Consumer connection	4,791	11,450	
12	System growth	3,977	3,351	
13	Asset replacement and renewal	4,126	3,090	
14	Asset relocations	976	951	
15	Reliability, safety and environment:			
16	Quality of supply	-	-	
17	Legislative and regulatory	-	-	
18	Other reliability, safety and environment	-	253	
19	Total reliability, safety and environment	-	253	
21	Expenditure on network assets	13,870	19,095	
22	Expenditure on non-network assets	749	1,874	
22	Expenditure on assets	14,619	20,968	
23	7(iii): Operational Expenditure			
24	Service interruptions, incidents and emergencies	2,282	2,707	
25	Routine and corrective maintenance and inspection	1,850	2,424	
26	Asset replacement and renewal	-	-	
27	Network opex	4,132	5,132	
28	System operations and network support	1,346	1,998	
29	Business support	1,849	2,494	
30	Non-network opex	3,195	4,492	
31	Operational expenditure	7,327	9,624	
32	7(iv): Subcomponents of Expenditure on Assets (where known)			
33	Research and development	N/A	-	-
34	7(v): Subcomponents of Operational Expenditure (where known)			
35	Research and development	N/A	N/A	-
36	Insurance	N/A	359	-
37	<i>1 From the nominal dollar target revenue for the pricing year disclosed under clause 2.4.3(3) of this determination</i>			
38	<i>2 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)</i>			



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

sch ref

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

Price componentUnit charging basis
(eg, days, GJ, etc.)Add extra rows for additional consumer groups or price category codes as necessary

Standard consumer totals
Non-standard consumer totals
Total for all consumers

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

30

Add extra columns

20

5

<i>Company Name</i>	First Gas Limited (Distribution)
<i>For Year Ended</i>	30 September 2017
<i>Network / Sub-network Name</i>	North Island Network
<i>Period Covered</i>	15 months

SCHEDULE 9a: ASSET REGISTER

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

sch ref

	Asset Category	Asset Class	Units	Items at start of year (quantity)	Items at end of year (quantity)	Net change	Data accuracy (1-4)
8	Operating Pressure						
9	Intermediate Pressure	Main pipe	km	-	-	-	N/A
10	Intermediate Pressure	IP PE main pipe	km	174	175	1	3
11	Intermediate Pressure	IP steel main pipe	km	-	-	-	N/A
12	Intermediate Pressure	IP other main pipe	km	-	-	-	N/A
13	Intermediate Pressure	Service pipe	km	-	-	-	N/A
14	Intermediate Pressure	IP PE service pipe	km	2	2	-	3
15	Intermediate Pressure	IP steel service pipe	km	-	-	-	N/A
16	Intermediate Pressure	IP other service pipe	km	-	-	-	N/A
17	Intermediate Pressure	Stations	No.	106	102	(4)	3
18	Intermediate Pressure	Line valve	No.	225	232	7	3
19	Intermediate Pressure	Special crossings	No.	17	17	-	2
20	Medium Pressure	MP PE main pipe	km	2,819	2,927	108	3
21	Medium Pressure	MP steel main pipe	km	134	132	(2)	3
22	Medium Pressure	MP other main pipe	km	-	0	0	3
23	Medium Pressure	MP PE service pipe	km	1,307	1,315	8	3
24	Medium Pressure	MP steel service pipe	km	14	14	(0)	3
25	Medium Pressure	MP other service pipe	km	1	1	-	3
26	Medium Pressure	Medium pressure DRS	No.	24	24	-	4
27	Medium Pressure	MP line valves	No.	947	959	12	4
28	Medium Pressure	MP special crossings	No.	67	70	3	2
29	Low Pressure	LP PE main pipe	km	40	41	1	3
30	Low Pressure	LP steel main pipe	km	-	0	0	3
31	Low Pressure	LP other main pipe	km	-	-	-	N/A
32	Low Pressure	LP PE service pipe	km	31	31	0	3
33	Low Pressure	LP steel service pipe	km	-	0	0	3
34	Low Pressure	LP other service pipe	km	-	0	0	3
35	Low Pressure	LP line valves	No.	11	12	1	4
36	Low Pressure	LP special crossings	No.	-	-	-	N/A
	Monitoring and control systems	Remote terminal units	No.	9	-	(9)	3
	Cathodic protection systems	Cathodic protection	No.	39	39	-	2

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

sch ref	Disclosure Year (year ended)	30 September 2017
8		

Disclosure Year (year ended)		30 September 2017		Number of assets at disclosure year end by installation date																														
		Asset Category	Asset Class	Units	1970-1979	1970-1979	1980-1984	1985-1989	1990-1994	1995-1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	No. with age unknown	Items at end of year (quantity)	No. with default dates	Data accuracy [%]		
9	Operating Pressure	Main pipe	IP PE main pipe	km	1	16	1	105	38	8	0	-	0	0	1	0	0	0	0	0	0	0	1	0	1	0	1	0	-	175	-	3		
10	Intermediate Pressure	Main pipe	IP steel main pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[select one]		
11	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[select one]		
12	Intermediate Pressure	Service pipe	IP PE service pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[select one]		
13	Intermediate Pressure	Service pipe	IP steel service pipe	km	-	0	-	1	1	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2		
14	Intermediate Pressure	Service pipe	IP other service pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[select one]		
15	Intermediate Pressure	Stations	Intermediate pressure DHS	No.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[select one]		
16	Intermediate Pressure	Stations	Intermediate pressure DHS	No.	-	1	-	42	24	8	1	-	3	1	2	2	1	-	1	1	3	1	2	2	5	2	5	2	-	102	-	3		
17	Intermediate Pressure	Ure valve	IP line valves	No.	-	12	4	42	63	18	6	1	2	1	1	6	2	5	4	1	2	5	11	4	11	9	6	10	-	232	-	3		
18	Intermediate Pressure	Special crossings	IP crossings	No.	-	1	-	8	7	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17	-	3		
19	Medium Pressure	Main pipe	MP PE main pipe	km	26	39	141	204	726	516	438	59	53	52	73	87	76	66	56	46	24	15	14	15	36	47	32	40	54	-	2,927	-	3	
20	Medium Pressure	Main pipe	MP steel main pipe	km	9	80	26	15	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	132	-	3	
21	Medium Pressure	Main pipe	MP other main pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3		
22	Medium Pressure	Service pipe	MP PE service pipe	km	0	27	91	64	178	263	43	43	38	44	39	37	35	33	27	14	18	15	14	18	22	34	16	17	-	1,315	-	3		
23	Medium Pressure	Service pipe	MP steel service pipe	km	0	11	1	1	0	0	0	-	-	0	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	-	14	-	3	
24	Medium Pressure	Service pipe	MP other service pipe	km	-	1	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	3	
25	Medium Pressure	Stations	Medium pressure DHS	No.	-	3	1	2	3	1	2	-	-	-	-	-	-	-	-	1	2	1	2	6	1	1	30	24	-	24	-	3		
26	Medium Pressure	Ure valve	MP line valves	No.	9	240	97	208	327	42	39	7	8	4	11	14	23	2	10	8	14	11	13	26	18	23	51	30	24	-	959	-	3	
27	Low Pressure	Special crossings	MP special crossings	No.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	12	-	3	
28	Low Pressure	Main pipe	LP PE main pipe	km	-	2	20	2	3	8	2	0	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0	0	-	41	-	3	
29	Low Pressure	Main pipe	LP steel main pipe	km	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	3	
30	Low Pressure	Main pipe	LP other main pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	
31	Low Pressure	Service pipe	LP PE service pipe	km	0	2	8	4	3	4	3	0	0	0	0	0	0	1	0	0	0	0	1	2	1	0	0	0	-	31	-	3		
32	Low Pressure	Service pipe	LP steel service pipe	km	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	3	
33	Low Pressure	Service pipe	LP other service pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	
34	Low Pressure	Ure valve	LP line valves	No.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	12	-	3
35	Low Pressure	Special crossings	LP special crossings	No.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	3
36	All	Monitoring and control system	Remote terminal units	No.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	All	Cathodic protection systems	Cathodic protection	No.	-	3	-	6	18	8	-	1	1	-	-	-	-	-	-	1	-	-	1	2	-	-	-	-	-	39	-	N/A	-	

Company Name	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Network / Sub-network Name	North Island Network
Period Covered	15 months

SCHEDULE 9c: REPORT ON PIPELINE DATA

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

sch ref

Network Information (end of year)

System length by material (defined by GDB)		
	Length (km)	%
Steel	323	6.96%
PE	4,314	93.02%
Other	1	0.02%
		-
		-
		-
System length	4,638	100.00%

	Gas conveyed for Persons not involved in the GDB (TJ)		
	System length (km) (at year end)	Weighted average pipe diameter (mm)	Number of ICPs (at year end)
By operating pressure:			
Intermediate pressure	177	82	39
Medium pressure	4,389	34	61,220
Low pressure	72	37	1,410
Total	4,638	36	62,669

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2017

Network / Sub-network Name

North Island Network

Period Covered

15 months

SCHEDULE 9d: REPORT ON DEMAND

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

sch ref

8

9

9d(i): Consumer Connections

Number of ICPs connected in year by consumer type

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Consumer types defined by GDB

Number of
connections (ICPs)

Residential

1,238

Commercial

114

Total 1,352

9d(ii): Gas Delivered

Number of ICPs at year end

62,669

connections

Maximum daily load

35,097

(GJ per day)

Maximum monthly load

949,506

(GJ per month)

Number of directly billed ICPs

(at year end)

Total gas conveyed

11,732,862

(GJ per annum)

Average daily delivery

25,674

(GJ per day)

Load factor

82.38%

Company Name **First Gas Limited (Distribution)**For Year Ended **30 September 2017**Network / Sub-network Name **North Island Network**Period Covered **15 months****SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS**

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

sch ref

10a(i): Interruptions**Interruptions by class**

	Actual
Class A (planned interruptions by GTB)	-
Class B (planned interruptions on the network)	231
Class C (unplanned interruptions on the network)	103
Class D (unplanned interruptions by GTB)	-
Class I (unplanned interruptions caused by third party damage)	160
Total	494

	Actual
Number of unplanned outage events (interruptions that affect more than 5 ICPs)	
North Island regions	7

	Actual
Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)	
North Island regions	4

10a(ii): Reliability**Overall reliability**

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	1,874.22	9.491	197.47
Class I (unplanned interruptions caused by third party damage)	302.24	3.410	88.63

	SAIDI	SAIFI	CAIDI
Class B (planned interruptions on the network)			
North Island regions	263.40	3.829	68.79
			-
			-
			-

	SAIDI	SAIFI	CAIDI
Class C (unplanned interruptions on the network)			
North Island regions	1,308.58	2.252	581.07
			-
			-
			-



Company Name **First Gas Limited (Distribution)**For Year Ended **30 September 2017**Network / Sub-network Name **North Island Network**Period Covered **15 months****SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE**

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

sch ref

10b(i): System Condition and IntegrityNumber of confirmed public reported gas escapes per system length
(escapes/1000 km)

Actual

First Gas Regions	38.630

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

Actual

First Gas Regions	0.640

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

Actual

First Gas Regions	49.800

Number of poor pressure events due to network causes

Actual

First Gas Regions	8.000

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

Actual

First Gas Regions	73.00%

Product control—safety of distribution gas

Actual

Number of non-compliant odour tests

3

10b(ii): Consumer Service

Response time to emergencies (RTE)

Proportion of
emergencies
responded to
within 1 hour (%)Proportion of
emergencies
responded to
within 3 hours (%)Average call
response time
(hours)Number of
emergencies

First Gas Regions	94.31%	100.00%	0.72	65

Number of complaints

Actual

Number of complaints per average total consumer numbers

0.00004826

Company	First Gas Limited (Distribution)
For Year Ended	30 September 2017
Period	15 months

Schedule 14: Mandatory Explanatory Notes

1. This schedule requires GDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and sub-clauses 2.5.1(1)(e) and 2.5.2(1)(e).
2. This schedule is mandatory—GDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 12 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 GDBs to give additional explanation of disclosed information should they elect to do so.

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 sub-clause 2.7.1(2).

Box 1: Explanatory comment on return on investment

The ROI of 10.04% is above the mid-point estimate of post-tax WACC of 5.45%.

This is due, in part, to the increased line revenue earned during the 15 months, as the winter months of July, August and September for both 2016 and 2017 were included in the disclosure period. These winter months see higher revenues than other months, with colder temperatures leading to an increase in the use of gas. The increased line revenue accounts for a 1.96 percentage point increase in ROI between the 2016 and 2017 disclosure year. The ROI for the 2017 disclosure year would equate to approximately 8.08% if this increase was excluded.

The ROI result in this disclosure period is also driven by the increased revaluation income. Revaluation income is based on CPI, and the CPI rate applied has increased from 0.42% in the 2016 disclosure period to 2.24% in the 2017 disclosure period (15-month period).

There were no reclassified items affecting the calculation of the ROI in this disclosure period.

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 3(i) of Schedule 3
 - 5.2 information on reclassified items in accordance with sub-clause 2.7.1(2).

Box 2: Explanatory comment on regulatory profit

There are no items of other regulated income and accordingly no re-classified items.

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

6. If the GDB 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 sub-clause 2.7.1(2)

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

Box 3: Explanatory comment on merger and acquisition expenditure

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

First Gas notes that it did purchase work in progress assets from GasNet Limited during the disclosure year. This transaction is outlined in Box 4.

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 sub-clause 2.7.1(2).

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

The value of the regulatory asset base (RAB) has been determined by rolling forward the initial RAB with adjustments made for additions, disposals, depreciation and revaluation in accordance with the Input Methodologies.

The Commerce Commission has exempted First Gas Limited from completing the first three columns in Schedule 4(i) (Regulatory Asset Base Value (Rolled Forward)). First Gas Limited purchased the non-Auckland gas distribution network on 20 April 2016 and historical disclosures are made by Vector Limited.

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

In 4(ii), we note that the opening unallocated RAB value is different to last year. This is because last year's figure did not include the value of non-network assets owned by First Gas that were allocated 100% to the Non-Maui regulated gas transmission business (see Box 9 below).

Purchase of GasNet distribution assets

In February 2017, First Gas took ownership of gas distribution assets in Papamoa, Bay of Plenty, that were being constructed by GasNet Limited. The purchase incorporated a District Regulator Station (DRS), 450 metres of steel distribution pipe and 9 kilometres of PE pipes. None of the assets had been commissioned at the time of purchase. First Gas has subsequently completed construction and commissioned these assets and valued them based on GAAP excluding intangible assets, as stated under clause 2.2.11(1) of the Input Methodologies.

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

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

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

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

Immaterial temporary differences include movements in provisions and accruals.

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

10. In the box below, provide descriptions of related party transactions beyond those disclosed on Schedule 5b including identification and descriptions as to the nature of directly attributable costs disclosed under sub-clause 2.3.6(2)(b).

Box 7: Related party transactions

A description of all related party transactions has been disclosed in Schedule 5b.

Cost allocation (Schedule 5d)

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

Box 8: Cost allocation

The accounting-based allocation approach (ABAA) has been applied in accordance with the Input Methodologies determination to allocate non-directly attributable costs in this disclosure year.

Reclassification of opex costs

Business Support costs include finance, IT, facilities, communications, HR, professional fees and other similar items. First Gas has determined that these activities best fit the definition of business support costs as pertains to these information disclosure statements.

In previous disclosures, the former owner (Vector Limited) had classified these types of expenditure as network support.

As the information disclosure statements for the year ended 30 June 2016 covered periods of ownership by Vector and First Gas, the treatment adopted by Vector was applicable for the first 9d½ months and First Gas changing the classification for the remaining 2½ months.

Due to the change in ownership, we are unable to determine the amount of reclassification between years.

Asset allocation (Schedule 5e)

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

Box 9: Commentary on asset allocation

During the 2017 disclosure period, there have been no re-classified items affecting asset allocation.

We have refined our asset allocation methodology in these disclosures. When the 2016 disclosures were completed, First Gas had recently acquired its distribution and transmission businesses and did not have a clear view of relative asset utilisation by each regulated business. During the 2017 disclosure period we have assessed each of our regulated businesses' use of non-network assets and have allocated their value accordingly.

Non-network assets have been allocated across all First Gas regulatory businesses based on head count.

Further information on the change in asset allocation methodology is provided in schedule 5e of this disclosure.

Capital Expenditure for the Disclosure Year (Schedule 6a)

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

Box 10: 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 reclassified items.

Growth strategy for distribution networks

In this disclosure period, we began the implementation of our distribution growth strategy, seeking increased customer connections and expanding the reach of our distribution networks. Consequently, capital expenditure in these areas has increased significantly this year. Major projects completed in the disclosure period include the Titanium Park development and the acquisition and commissioning of distribution assets in Papamoa, Bay of Plenty.

We have also undertaken considerable activity to reinforce our existing distribution networks. Capital works over the period included:

- A programme to replace pre-1985 Polyethylene pipes;
- Reinforcement of Hamilton intermediate pressure network and upgrading district regulating stations (DRS's);
- Reinforcement of the Paraparaumu network and replacement of the DRS; and
- Extension of the Waikanae pipeline.

ICT capital expenditure

Over the last 12 months First Gas has transitioned from the previous owners' information technology systems to our own separate systems. These new systems, along with new business processes, are helping us better understand the performance of our assets, optimise maintenance to maximise asset life and improve our overall management of risk.

Further detail on our expenditure for this period, and our plans for the future is available in our 2017 asset management plan update published on the First Gas website here – www.firstgas.co.nz/about-us/regulatory/distribution/

Operational Expenditure for the Disclosure Year (Schedule 6b)

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

- 14.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b
- 14.2 Information on reclassified items in accordance with sub-clause 2.7.1(2)
- 14.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, including the value of the expenditure, the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.



Box 11: Explanation of operational expenditure for the disclosure year

There has been no operational expenditure on assets replacement and renewal.

There have been no reclassified items.

There is no material atypical expenditure included in the schedule.

Variance between forecast and actual expenditure (Schedule 7)

15. 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 sub-clause 2.7.1(2).

Box 12: Explanatory comment on variance in actual to forecast expenditure

This schedule compares data from two different time periods. The forecast data covers a 12-month period, whereas the actual data covers a 15-month period. As advised by Commerce Commission staff, we have shaded out the variation column as it does not provide a "like for like" comparison.

Information relating to revenues and quantities for the disclosure year

16. 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 sub-clause 2.4.3(3), and total billed line charge revenue for the disclosure year as disclosed in Schedule 8.

Box 13: Explanatory comment relating to revenue for the disclosure year

The difference in target revenue and total billed line charge revenue can be attributed to the difference in pricing and disclosure years, and the difference in time periods.

Target revenue is defined as the target revenue disclosed under clause 2.4.3(3) of the ID determination, which relates to the pricing year of the GDB (ending 30 September). The pricing year reported for our GDB runs from 1 October 2016 to 30 September 2017 (12-month period). The target revenue for this pricing year was \$28.47 million, as disclosed in the 2016/17 GDB Pricing Methodology (see section 3, page 6, [link here](#)).

The total line charge revenue in Schedule 8 (\$36.688 million) is the revenue that relates to the disclosure year. Our disclosure year for our GDB runs from 1 July 2016 to 30 September 2017 (15-month period).

Therefore, the revenues between pricing year forecasts in Schedule 7 and disclosure year actuals from Schedule 8 are not directly comparable with each other.

GAS DISTRIBUTION INFORMATION DISCLOSURE DETERMINATION 2012 – (CONSOLIDATED IN 2015) –
SCHEDULES 14-15

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

Box 14: Explanatory comment relating to changed price category codes or consumer groups

No price category codes or consumer groups were changes during this 15-month disclosure year.

Network Reliability for the Disclosure Year (Schedule 10a)

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

Box 15: Commentary on network reliability for the disclosure year

A total of 494 interruptions occurred in 2017 disclosure period (15 months). This is an improvement over the 2016 disclosure year, where there were 514 interruptions over the 12-month period.

Planned SAIDI and SAIFI performance in 2017 has improved when compared to the 2016 disclosure year. This was due to the relatively high number of planned interruptions that were recorded during the 2016 disclosure year, that consequently impacted the 2016 SAIDI and SAIFI levels.

In the 2016 disclosure year, a replacement programme was undertaken across the Hamilton distribution network. This involved the removal and replacement of some areas of old pipe (both cast iron and pre-85 pipeline), then connection of customers over to the new distribution pipe. This work resulted in relatively high planned SAIDI for the 2016 period. The cast iron replacement programme was completed during the period, but the pre-85 pipeline works continue.

Unplanned SAIDI not caused by third party damage (class C) has increased this disclosure period. This increase in unplanned SAIDI is unusually high and is caused by 12 temporary disconnection events in the period. These 12 temporary disconnection events accounted for 1,172 of the 1,308 unplanned SAIDI minutes reported in class C for the 2017 disclosure period. In all cases, the extended period of disconnection of supply was undertaken with the customer's agreement.

Insurance cover

19. In the box below, provide details of any insurance cover for the assets used to provide gas pipeline services, including-
- 19.1 The GDB's approaches and practices in regard to the insurance of assets, including the level of insurance;
- 19.2 In respect of any self-insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

GAS DISTRIBUTION INFORMATION DISCLOSURE DETERMINATION 2012 – (CONSOLIDATED IN 2015) –
SCHEDULES 14-15

Box 16: Explanation of insurance cover

For the period under First Gas ownership, insurance cover has been obtained for a large number of group assets, excluding distribution pipeline assets. These policies cover material damage, business interruption and contract works insurance.

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

Amendments to previously disclosed information

20. 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:

20.1 a description of each error; and

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

Box 17: Disclosure of amendment to previously disclosed information

No amendments are required.

GAS DISTRIBUTION INFORMATION DISCLOSURE DETERMINATION 2012 – (CONSOLIDATED IN 2015) –
SCHEDULES 14-15

Company	<u>First Gas Limited (Distribution)</u>
For Year Ended	<u>30 September 2017</u>
Period	<u>15 months</u>

Schedule 15: Voluntary Explanatory Notes

1. This schedule enables GDBs to provide, should they wish to:
 - 1.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1, and 2.5.2.
 - 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 2.8.
3. Provide additional explanatory comment in the box below.

Box 1: Voluntary explanatory comment on disclosed information**Periods added to schedules**

Due to the different time period covered by this disclosure, we have noted the period covered (in months) at the top of each of the schedules.

The change in time period for this disclosure was necessary to transition First Gas' transmission and distribution businesses all to a 30 September year end. This was enabled by the [FAST TRACK] Gas Transmission Information Disclosure Amendments Determination (No.1) 2017 (as at June 2017).

Adjustments to formulae

To more accurately reflect results for the 15-month period, First Gas has adjusted formulae within schedules, as described in table one below. All cells with adjusted formulae are highlighted blue in the schedules. The Commission granted these changes as exemptions (see below).

Table one: Adjusted formulae in schedules

Schedule	Schedule reference	Amended formula
2 – ROI	ROI comparable to a post-tax WACC and comparable to a vanilla WACC	The IRR calculation now reflects a period of 457 days, a mid-year of 228 days and line charge revenue recovered 185 days before year end.
9d – Demand	Ref #27 – average daily delivery	We have amended the days in the period from 365 to 457.
9d – Demand	Ref #28 – Load factor	We have amended the months in the calculation from 12 to 15 months.

Data incorporated from Vector Limited

First Gas has incorporated information provided by Vector Limited for the period from 1 July 2016 up to and including 31 August 2016. During this time period Vector was providing support to First Gas under a transition services agreement. We have amended our disclosure certificate (see below) to note the reliance on Vector data for part of this disclosure year.

Exemptions

We have been granted the following exemptions for this information disclosure:

- Schedule 2: Report on return on investment
- Schedule 4(i): Regulatory Asset Base Value (Rolled Forward)
- Schedule 9d: Report on demand
- Schedule 19: Certification for year-end disclosure

The scope of these exemptions is relatively small; therefore, we do not consider that these exemptions will affect the ability of interested parties to evaluate the performance of our GDB.

INFORMATION DISCLOSURE CERTIFICATE FOR GDB

Schedule 19 Certification for Year-end Disclosures

Clause 2.9.3

We, Philippa Jane Dunphy and Euan Richard Krogh, being directors of First Gas Limited, certify that, having made all reasonable enquiry and incorporating information provided by Vector Limited under the transition service agreement for the period 1 July 2016 up to and including 31 August 2016, to the best of our knowledge:

- a) the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2 and 2.7.1 of the *Gas Distribution Information Disclosure Determination 2012* in all material respects complies with that determination; and
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from the accounting and other records of Vector Limited and First Gas Limited sourced from the applicable financial and non-financial systems, and that sufficient appropriate records have been retained as appropriate by Vector Limited and First Gas Limited.



Philippa Dunphy
Director

21 March 2018

Date



Richard Krogh
Director

21 March 2018

Date

Independent Reasonable Assurance Report to the Directors of First Gas Limited and to the New Zealand Commerce Commission

Conclusion

We have concluded that, in all material respects, Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10(a)(ii) and 14 (boxes 1 – 12) of the First Gas Limited Gas Distribution Information Disclosure Requirements Information Templates (the 'schedules'), have been prepared, in accordance with the Commerce Commission Gas Distribution Information Disclosure Amendments Determination (No. 1) 2017 – 14 June 2017 and the related Reasons Paper and Input Methodologies (together 'the determination') for the 15 months ended 30 September 2017.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to First Gas Limited's schedules for the 15 months ended 30 September 2017.

Criteria

We have performed an engagement to provide reasonable assurance in relation to the Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10(a)(ii) and 14 (boxes 1 – 12) prepared in accordance with the determination for the 15 months ended 30 September 2017.

As far as appears from an examination of them, proper records to enable the complete and accurate compilation of the schedules as at 30 September 2017 have been kept by First Gas Limited for the 15 months ended 30 September 2017.

As far as appears from examination, the information used in the preparation of the schedules as at 30 September 2017 has been properly extracted from First Gas Limited's accounting and other records and has been sourced, where appropriate, from First Gas Limited's financial and non-financial systems.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 *Compliance Engagements*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with those standards we have:

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the schedules are free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Misstatements, including omissions, within the schedules are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the schedules.

Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any parties other than First Gas Limited and the New Zealand Commerce Commission in relation to section 2.8.1 of the determination for any purpose or in any context. Any party other than First Gas Limited or the New Zealand Commerce Commission who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than First Gas Limited and the New Zealand Commerce Commission for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to First Gas Limited and the New Zealand Commerce Commission on the basis that it shall not be copied, referred to or disclosed, in whole (save for First Gas Limited's own internal purposes) or in part, without our prior written consent.

Directors' responsibility for the schedules

The directors of the company are responsible for the preparation and fair presentation of the schedules in accordance with the determination. This responsibility includes such internal control as the directors determine is necessary to enable the preparation of the schedules that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion to the directors on the preparation and presentation of the schedules in accordance with the determination.

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

Our independence and quality control

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

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided audit, other assurance and non-audit services to First Gas Limited. Partners and employees of our firm may also deal with First Gas Limited on normal terms within the ordinary course of trading activities of the business of First Gas Limited. These matters have not impaired our independence as assurance practitioners for this assurance engagement. The firm has no other relationship with, or interest in, First Gas Limited.



KPMG
Auckland

21 March 2018