



COMPLIANCE STATEMENT

**Gas distribution services:  
Default price-quality path compliance**

Year ending 30 September 2018



## Introduction

First Gas operates 2,500km of gas transmission pipelines (including the Maui pipeline), and more than 4,600km 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](http://www.firstgas.co.nz).

## Compliance statement

This document is a Compliance Statement prepared pursuant to section 11 of the *Gas Distribution Services Default Price-Quality Path Determination 2017* (DPP Determination) issued by the Commerce Commission on 29 May 2017. This Compliance Statement covers First Gas' Gas Distribution Business (GDB) for the year ending 30 September 2018.

The following documents are provided with this Compliance Statement:

- Calculations for price path compliance
- Calculations for quality standard compliance
- Director certification
- KPMG assurance report

This Compliance Statement was prepared on 5 December 2018.

## Compliance status for year ending 30 September 2018

Compliance with price path	Yes
Compliance with quality standards	Yes

## Further information

For further information regarding this compliance statement, please contact:

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## Disclaimer

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

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## 1. Price path compliance

First Gas is pleased to confirm that we have complied with the price path in clause 8 of the DPP Determination for the assessment period ending 30 September 2018. This is the first assessment period in the current DPP period (2017 – 2022).

First Gas set new distribution prices with effect from 1 October 2017. The prices were notified to all retailers by First Gas on 4 August 2017. The Pricing Period covered by this Compliance Statement is the same as the Assessment Period, i.e. 1 October 2017 to 30 September 2018.

### 1.1 Allowable Notional Revenue

The DPP Determination requires First Gas' Allowable Notional Revenue (ANR) for the First Assessment Period to be calculated as follows:

$$ANR_{2018} = \frac{MAR}{\Delta D}$$

Where:

*MAR* is the starting price specified in Schedule 1 of the DPP Determination. For First Gas this value is \$22.145 million

$\Delta D$  is the value specified in Table 2 of the DPP Determination. For First Gas this value is 1.0192

Accordingly, our Allowable Notional Revenue for the First Assessment Period was:

$$\begin{aligned} ANR_{2018} &= \frac{MAR}{\Delta D} \\ &= \$22,145 / 1.0192 \\ &= \$21,727,826 \\ &= \$21.728 \text{ million} \end{aligned}$$

### 1.2 Notional Revenue

Notional Revenues (NR) are not the same as actual revenues or expected revenues. The DPP requires Notional Revenue for an Assessment Period to be calculated as follows:

$$NR_t = \sum_i P_{i,t} Q_{i,t-2} - (K_t + V_t)$$

where:

$NR_t$  is the Notional Revenue for the Assessment Period.

$t$  is the year in which the Assessment Period ends.

$i$  is each Price relating to a Gas Distribution Service.

$P_{i,t}$  is the  $i^{\text{th}}$  Price for any part of the Assessment Period ending in year  $t$ .

$Q_{i,t-2}$  is the Quantity corresponding to the  $i^{\text{th}}$  Price during the Assessment Period ending two years prior to year  $t$ .

$K_t$  is the sum of all Pass-through Costs for the Assessment Period ending in year  $t$ .

$V_t$  is the sum of all Recoverable Costs for the Assessment Period ending in year  $t$ .



The  $\sum_i P_{i,t} Q_{i,t-2}$  for this Assessment Period is \$22,387,945 (as set out in **Appendix 1**). This is determined by applying prices for the Assessment Period to their associated quantities from the 2016 assessment period.

The prices that applied for the Assessment Period are as follows:

2017/18 Prices		
Price Plan	Fixed Price (\$/day)	Variable Price (\$/kWh)
GN0R	0.34	0.021
GN0V	0.00	0.005
GN01	0.62	0.0073
GN02	1.08	0.0076
GN03	4.79	0.007
GN04	14.05	0.0064
GN05	220.00	0.0014

These prices apply for all customers on the First Gas distribution network other than the non-standard consumers listed in **Appendix 2**. The non-standard consumers are those on the NG60 price plan.

The price quantities  $Q_{i,t-2}$  invoiced by First Gas:

Price Plan	Fixed Quantity (days)	Variable Quantity (kWh)
GN01	760,882	47,220,796
GN0V	0	0
GN02	500,024	122,000,854
GN03	182,328	244,379,396
GN04	24,166	234,320,876
GN05	3,296	254,306,583
GN0R	21,053,379	330,404,926

The Pass-through Costs and Recoverable Costs applied for the 2018 Pricing Period were:

$K_{2018}$  of \$ 0.7 million (\$683,725)

$V_{2018}$  of \$ 0

As a result, Notional Revenue for the First Assessment Period in \$million was:

$$\begin{aligned}
 NR_{2018} &= \$22,387,945 - 683,725 \\
 &= \$21,704,220 \\
 &= \$21.704 \text{ million}
 \end{aligned}$$

### 1.3 Pass-through Costs and Recoverable Costs

Pass-through Costs and Recoverable Costs applicable for First Gas in the First Assessment Period were those for rates and levies. According to the DPP Determination, such costs must:

- be ascertainable at the time when we set our Prices for an Assessment Period;
- not have already been passed through or recovered in a previous Assessment Period; and
- not be recovered other than through prices.

Pass-through Costs applicable for First Gas were those for:

- Rates on pipeline assets paid or payable to a local authority under the Local Government (Rating) Act 2002; and
- Levies payable:
  - Under regulations made under section 53ZE of the Commerce Act 1986, for activities of the Commerce Commission; and
  - To Utility Disputes Limited (previously called the Electricity and Gas Complaints Commissioner Scheme).

These costs (rounded) for the period were:

Pass-through Costs (\$000's)	PY2016	PY2017	PY2018	Total
Local Government rates	89	189	80	358
Commerce Commission levies		292		292
Utility Disputes Limited levies (previously called the Electricity and Gas Complaints levies)		34		34
<b>Total</b>	<b>89</b>	<b>515</b>	<b>80</b>	<b>684</b>

There are no recoverable costs applicable to First Gas during the 2018 assessment periods, and therefore none recovered.

The DPP Determination also allows (but does not require) First Gas to make a time-value-of-money adjustment to the amount of Pass-through and Recoverable Costs. This is at a prescribed annual rate of 4.76%. First Gas chose to apply such an adjustment to our Pass-through Costs calculated in accordance with the equation in Schedule 5 of the DPP Determination

## 1.4 Restructuring of prices

Clause 11.4 of the DPP Determination requires that if a GDB has restructured its prices that first applied during the current or preceding assessment period, the Compliance Statement must:

- State the nature of the restructure of prices and identify the consumer groups impacted by the restructure of prices;
- If quantities have been derived for the purposes of calculating notional revenue and/or allowable notional revenue, state the methodology used to derive the quantities, the derived quantities for the assessment period and the actual quantities, and provide an explanation for any differences between the actual and derived quantities; and
- An explanation of the reasons for any difference between forecast and actual quantities for the Pricing Period in which the restructure occurred.

First Gas introduced a new price plan in this Assessment Period. The GN0V price plan has been available since 1 October 2017<sup>1</sup>. The GN0V price plan offers a fully variable tariff offered to residential consumers. This tariff complements the existing GN0R tariff. The GN0R tariff is also available to residential consumers and includes a fixed and variable charge.

We have introduced the GN0V tariff in response to feedback from potential low-use consumers indicating they would prefer a fully variable tariff.

The GN0V pricing category is only available to new connections or a reconnection of an ICP that has not been connected for at least 12 months. As the GN0V price is only available to new connections, no lagged quantities were required to be estimated in calculating the Notional Revenue for the period.

Joining this pricing plan is optional for new consumers and there was no uptake of the GN0V pricing plan in this pricing year. This means that there will be no quantities associated with the new GN0V category until at least FY2019.

No further restructuring of prices took place in this Assessment Period.

## 1.5 Compliance

Compliance with the price path requires that Notional Revenue must not exceed Allowable Notional Revenue for each Assessment Period. As calculated above,  $NR_{2018}$  is less than  $ANR_{2018}$ .

$$NR_{2018} < ANR_{2018}$$

$$NR_{2018} \$21.704 \text{ million} < ANR_{2018} \$21.728 \text{ million}$$

Therefore, First Gas has complied with the price path for the First Assessment Period.

<sup>1</sup> For more information on the GN0V option, please refer to our pricing methodology for this compliance period. [http://firstgas.co.nz/wp-content/uploads/FGL-Distribution-Pricing-Methodology-4-Sept-17\\_with-Cert.pdf](http://firstgas.co.nz/wp-content/uploads/FGL-Distribution-Pricing-Methodology-4-Sept-17_with-Cert.pdf)



## 2. Quality standards compliance

We are pleased to confirm that First Gas has complied with the quality standard specified in clause 9 of the DPP Determination during the first Assessment Period.

### 2.1 Calculations

Clause 9 requires us to provide information on our 'response time to emergencies' ('RTE'), providing detail on all incidents and responses that fall within this clause. The DPP Determination sets out the following quality assessment formula:

A GDB's RTE values for an Assessment Period must be such that:

- a) Of the total RTEs, the percentage greater than 60 minutes does not exceed 20%; and
- b) The RTE to any emergency does not exceed 180 minutes.

Emergency is defined in the DPP Determination as follows:

**Emergency means:**

- a) an unplanned escape or ignition of gas that requires the active involvement of any emergency service (e.g., fire service, ambulance);
- b) an unplanned disruption in the supply of gas that affects more than five installation control points (ICPs); or
- c) an evacuation of a premises as the result of escape or ignition of gas.

First Gas has responded to 89% of all emergencies within 60 minutes and to all emergencies within 180 minutes. Emergency incident data is provided in **Appendix 4**.

The RTE results for 2018 are calculated below:

- a) Number of RTEs where response time is greater than 60 minutes/ total of all RTEs

Six emergencies had a response time greater than 60 minutes, from a total of 54 emergencies

$$6/54 = 11\%$$

$$11\% \leq 20\%$$

First Gas is compliant with quality standard

- b) Number of RTE that exceeded 180 minutes was zero

First Gas is compliant with quality standard

### Exclusion of certain emergencies

First Gas has not applied to the Commerce Commission to have any emergencies where the RTE exceeds 180 minutes to be treated as having complied with the quality standard in this Assessment Period.



## **2.2 Policies and procedures**

First Gas maintains several policies relating to emergency response and require all our service providers to always comply with them. These include standards for defect repair, damage protection and public education, gas leak investigation, maintenance of critical spares and equipment, emergency response event guide and a safety and operating plan.

This suite of documents ensures that all of First Gas' employees, service providers and contractors are equipped to respond to emergencies effectively and efficiently.

Our service providers complete data capture activities for the gas distribution network in accordance with First Gas' standard GNS0081 – gas distribution network performance indicator data capture. All event activities are recorded. Emergencies form a small subset of these recorded activities.

For response time to emergencies (RTE) calculations, the start time is recorded as the time that First Gas or one of its representatives is first informed (Service Request creation time) of the emergency event. The end time is that recorded when the service provider's field staff first arrives on site.

The recorded activity data is subjected to a quality assurance review by the service provider, as required under our service agreement with them.

The data is uploaded to the First Gas system each night. Exception reporting is run over the data to pick up any apparent anomalies and data is reviewed monthly by our Distribution Operations team.

RTE results are calculated in line with the definition of RTE in the DPP Determination for each event. The data is retained in the First Gas Customer Request Management (CRM) database for ongoing reporting and analysis.

RTE performance is monitored monthly and reported to the First Gas Board of Directors. All RTE events taking longer than 60 minutes to respond to are investigated with the service providers.

## **2.3 Compliance**

As calculated above, First Gas has complied with the quality standard for the first Assessment Period.

### **3. Amalgamations, mergers, transfers and major transactions**

First Gas has not completed any amalgamations, mergers, transfers or major transactions in this Assessment period.

## Appendix 1: Summary pricing and quantity information

### 1. Summary of $P_{1,2018}Q_{1,2016}$

	$P_{1,2018}Q_{1,2016}$
Sum	\$ 22,387,945
Residential	
	$P_{1,2018}Q_{1,2016}$
North Island published charges between 1 October 2017 to 30 September 2018	\$ 21,884,685
North Island non-standard charges between 1 October 2017 to 30 September 2018	\$ 503,260

## Appendix 2: Standard prices

### 1. Published charges between 1 October 2017 and 30 September 2018

					$P_{1,2018}$	$Q_{1,2016}$	
Sum					\$	21,884,685	
<b>Residential</b>							
Price plan	Code	Description	Units		$P_{1,2018}$	$Q_{1,2016}$	$P_{1,2018} Q_{1,2016}$
GN0R	GN0R-FIXD	Fixed	\$/day	\$	0.3400	21,053,379	\$ 7,158,149
GN0R	GN0R-24UC	Variable	\$/kWh	\$	0.0210	330,404,926	\$ 6,938,503
<b>Business</b>							
Price plan	Code	Description	Units		$P_{1,2018}$	$Q_{1,2016}$	$P_{1,2018} Q_{1,2016}$
GN01	GN01-FIXD	Fixed	\$/day	\$	0.6200	760,882	\$ 471,747
GN01	GN01-24UC	Variable	\$/kWh	\$	0.0073	47,220,796	\$ 344,712
<b>Commercial</b>							
Price plan	Code	Description	Units		$P_{1,2018}$	$Q_{1,2016}$	$P_{1,2018} Q_{1,2016}$
GN02	GN02-FIXD	Fixed	\$/day	\$	1.0800	500,024	\$ 540,026
GN02	GN02-24UC	Variable	\$/kWh	\$	0.0076	122,000,854	\$ 927,206
GN03	GN03-FIXD	Fixed	\$/day	\$	4.7900	182,328	\$ 873,351
GN03	GN03-24UC	Variable	\$/kWh	\$	0.0070	244,379,396	\$ 1,710,656
<b>Industrial</b>							
Price plan	Code	Description	Units		$P_{1,2018}$	$Q_{1,2016}$	$P_{1,2018} Q_{1,2016}$
GN04	GN04-FIXD	Fixed	\$/day	\$	14.0500	24,166	\$ 339,532
GN04	GN04-24UC	Variable	\$/kWh	\$	0.0064	234,320,876	\$ 1,499,654
GN05	GN05-FIXD	Fixed	\$/day	\$	220.0000	3,296	\$ 725,120
GN05	GN05-24UC	Variable	\$/kWh	\$	0.0014	254,306,583	\$ 356,029



## Appendix 3: Non-standard prices

### 1. Non-standard charges between 1 October 2017 and 30 September 2018

					<i>P<sub>1,2018</sub> Q<sub>1,2016</sub></i>	
Sum					\$	503,260
<b>Non-standard</b>						
Price plan	Code	Description	Units	<i>P<sub>1,2018</sub></i>	<i>Q<sub>1,2016</sub></i>	<i>P<sub>1,2018</sub> Q<sub>1,2016</sub></i>
0008000027NGD9C	0008000027NGD9C- FIXD	Fixed	\$/day	\$ 55.19	366	\$ 20,200
0008000029NGE07	0008000029NGE07- FIXD	Fixed	\$/day	\$ 91.07	366	\$ 33,332
0008000033NG63B	0008000033NG63B- FIXD	Fixed	\$/day	\$ 26.98	366	\$ 9,875
0008000038NG8EF	0008000038NG8EF- FIXD	Fixed	\$/day	\$ 171.73	366	\$ 62,853
0008000040NGFA6	0008000040NGFA6- FIXD	Fixed	\$/day	\$ 164.69	366	\$ 60,277
0008000051NG94E	0008000051NG94E- FIXD	Fixed	\$/day	\$ 325.60	366	\$ 119,170
0008000053NG9CB	0008000053NG9CB- FIXD	Fixed	\$/day	\$ -	366	\$ -
0008000072NG8DB	0008000072NG8DB- FIXD	Fixed	\$/day	\$ 114.56	366	\$ 41,929
0008000074NG954	0008000074NG954- FIXD	Fixed	\$/day	\$ 51.64	366	\$ 18,900
0008000080NG849	0008000080NG849- FIXD	Fixed	\$/day	\$ 90.39	366	\$ 33,083
0008000147NGB68	0008000147NGB68- FIXD	Fixed	\$/day	\$ 63.20	366	\$ 23,131
0008000158NGE1B	0008000158NGE1B- FIXD	Fixed	\$/day	\$ -	322	\$ -
0008000249NGBF0	0008000249NGBF0- FIXD	Fixed	\$/day	\$ 68.61	366	\$ 25,111
0008000300NGE00	0008000300NGE00- FIXD	Fixed	\$/day	\$ 32.61	366	\$ 11,935
0009001431NGDA6	0009001431NGDA6- FIXD	Fixed	\$/day	\$ 94.55	366	\$ 34,605
Price plan	Code	Description	Units	<i>P<sub>1,2018</sub></i>	<i>Q<sub>1,2016</sub></i>	<i>P<sub>1,2018</sub> Q<sub>1,2016</sub></i>
0008000027NGD9C	0008000027NGD9C- 24UC	Variable	\$/kWh	\$ -	121,479,293	\$ -
0008000029NGE07	0008000029NGE07- 24UC	Variable	\$/kWh	\$ -	77,908,588	\$ -
0008000033NG63B	0008000033NG63B- 24UC	Variable	\$/kWh	\$ -	61,913,451	\$ -
0008000038NG8EF	0008000038NG8EF- 24UC	Variable	\$/kWh	\$ -	65,155,974	\$ -
0008000040NGFA6	0008000040NGFA6- 24UC	Variable	\$/kWh	\$ -	152,563,951	\$ -
0008000051NG94E	0008000051NG94E- 24UC	Variable	\$/kWh	\$ -	43,965,664	\$ -
0008000053NG9CB	0008000053NG9CB- 24UC	Variable	\$/kWh	\$ -	50,350,975	\$ -
0008000072NG8DB	0008000072NG8DB- 24UC	Variable	\$/kWh	\$ -	209,478,006	\$ -
0008000074NG954	0008000074NG954- 24UC	Variable	\$/kWh	\$ -	115,333,195	\$ -
0008000080NG849	0008000080NG849- 24UC	Variable	\$/kWh	\$ -	11,304,969	\$ -
0008000147NGB68	0008000147NGB68- 24UC	Variable	\$/kWh	\$ -	4,446,094	\$ -
0008000158NGE1B	0008000158NGE1B- 24UC	Variable	\$/kWh	\$ -	15,944,297	\$ -
0008000249NGBF0	0008000249NGBF0- 24UC	Variable	\$/kWh	\$ 0.0000	223,986,407	\$ 4,539
0008000300NGE00	0008000300NGE00- 24UC	Variable	\$/kWh	\$ -	79,634,545	\$ -
0009001431NGDA6	0009001431NGDA6- 24UC	Variable	\$/kWh	\$ 0.0006	7,106,608	\$ 4,321

## Appendix 4: RTE incident data

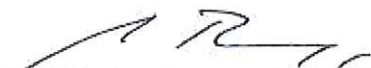
Case Number	Created On	Emergency Services Involved	Building Evacuated	Confirmed Escape	Supply Loss To Customer	No. Customers Affected	Equipment Involved	Fault detection	Crew Assign Time	On Site Time	Final RTE time (mins)	Responded to within 60 minutes	Responded to within 180 minutes
CAS-06465-50W2K0	3/10/2017 3:10 PM	Yes	Yes	Yes	No		Service Pipe	TPD - Other Contractor	3/10/2017 3:12 PM	3/10/2017 5:20 PM	129.32	N	Y
CAS-06889-D9Z5N0	22/11/2017 10:47 AM	Yes	Yes	Yes	Yes	1	Service Pipe	TPD - Other Contractor	22/11/2017 10:51 AM	22/11/2017 11:31 AM	43.63	Y	Y
CAS-06901-K3K9C0	23/11/2017 10:48 AM	Yes	No	Yes	No		Service Pipe	TPD - Other Contractor	23/11/2017 10:35 AM	23/11/2017 10:45 AM	10.00	Y	Y
CAS-06975-F3V3Z6	3/12/2017 7:52 AM	Yes	Yes	Yes	Yes	3	Riser Valve	TPD - Other Contractor	3/12/2017 8:00 AM	3/12/2017 8:25 AM	32.57	Y	Y
CAS-07019-Z3Z4P8	7/12/2017 3:44 PM	Yes	No	Yes	No		Mains Pipe	TPD - Other Contractor	7/12/2017 12:54 PM	7/12/2017 1:28 PM	34.00	Y	Y
CAS-07065-F1J2V1	15/12/2017 2:24 PM	Yes	No	Yes	No		Mains Pipe	TPD - Other Contractor	15/12/2017 2:31 PM	15/12/2017 3:13 PM	48.07	Y	Y
CAS-07242-Q5J0W0	30/01/2018 7:48 AM	Yes	Yes	Yes	No		Riser Pipe	Corrosion	30/01/2018 7:52 AM	30/01/2018 8:19 AM	30.55	Y	Y
CAS-07672-G0N2Q3	21/03/2018 12:27 PM	No	Yes	Yes	No		Mains Fitting	TPD - FG Contractor	21/03/2018 12:31 PM	21/03/2018 12:38 PM	10.55	Y	Y
CAS-07755-J7LQ03	3/04/2018 1:06 PM	No	Yes	Yes	Yes	1	Mains Pipe	TPD - Other Contractor	3/04/2018 1:13 PM	3/04/2018 1:28 PM	21.85	Y	Y
CAS-08134-Z7J9H1	14/05/2018 5:27 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	14/05/2018 5:32 PM	14/05/2018 6:18 PM	50.88	Y	Y
CAS-08151-N5M8P0	16/05/2018 2:14 PM	Yes	Yes	Yes	Yes	1	Mains Pipe	TPD - Other Contractor	16/05/2018 2:19 PM	16/05/2018 2:39 PM	24.50	Y	Y
CAS-08578-T3H0Y4	3/07/2018 4:23 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	3/07/2018 4:27 PM	3/07/2018 4:45 PM	21.73	Y	Y
CAS-08979-W2C9L8	17/08/2018 7:02 AM	Yes	No	Yes	No		Mains Pipe	Unknown	17/08/2018 7:11 AM	17/08/2018 8:26 AM	83.93	N	Y
CAS-09090-Z1W4X7	30/08/2018 10:39 AM	Yes	No	Yes	No		Other	Equipment Failure	30/08/2018 10:45 AM	30/08/2018 11:33 AM	53.70	Y	Y
CAS-06795-B7F7L0	10/11/2017 3:30 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	10/11/2017 3:38 PM	10/11/2017 4:12 PM	41.47	Y	Y
CAS-06602-H3F5Y4	11/11/2017 10:39 AM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	11/11/2017 10:43 AM	11/11/2017 11:39 AM	59.35	Y	Y
CAS-07100-W3V9G1	30/12/2017 5:26 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	30/12/2017 5:32 PM	30/12/2017 6:42 PM	75.87	N	Y
CAS-07234-W5N1L9	28/01/2018 3:06 PM	Yes	Yes	Yes	Yes	1	Service Pipe	TPD - Other Contractor	28/01/2018 3:11 PM	28/01/2018 3:31 PM	24.98	Y	Y
CAS-07385-P6N9H5	20/02/2018 11:23 AM	Yes	No	Yes	Yes	3	Mains Pipe	TPD - Other Contractor	20/02/2018 11:24 AM	20/02/2018 11:48 AM	24.23	Y	Y
CAS-07673-K7R8K2	21/03/2018 6:59 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	21/03/2018 7:02 PM	21/03/2018 7:19 PM	19.07	Y	Y
CAS-07707-X8Z5K7	26/03/2018 11:22 AM	Yes	No	Yes	No		Mains Pipe	TPD - Other Contractor	26/03/2018 11:31 AM	26/03/2018 11:54 AM	31.23	Y	Y
CAS-07948-L5D7M1	25/04/2018 1:39 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	25/04/2018 1:45 PM	25/04/2018 2:09 PM	29.80	Y	Y
CAS-08023-Q2G6S6	3/05/2018 10:18 AM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	3/05/2018 10:23 AM	3/05/2018 10:30 AM	11.25	Y	Y
CAS-08465-P4L6C7	17/06/2018 5:30 PM	Yes	No	Yes	No		Mains Fitting	Equipment Failure	17/06/2018 5:36 PM	17/06/2018 6:08 PM	37.42	Y	Y
CAS-08714-H5F9L3	18/07/2018 1:35 PM	Yes	Yes	Yes	Yes	1	Service Pipe	TPD - Other Contractor	18/07/2018 1:58 PM	18/07/2018 2:14 PM	38.45	Y	Y

CAS-08930-77J5D8	13/05/2018 1:12 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	13/08/2018 1:19 PM	13/08/2018 2:08 PM	55.35	Y	Y
CAS-09160-V0W6N4	6/09/2018 6:30 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	6/09/2018 6:33 PM	6/09/2018 6:44 PM	13.87	Y	Y
CAS-09217-V6RED8	15/09/2018 1:36 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	15/09/2018 1:39 PM	15/09/2018 2:01 PM	24.40	Y	Y
CAS-09248-F8C0V2	18/09/2018 4:11 PM	Yes	No	Yes	No	1	Mains Pipe	TPD - Other Contractor	18/09/2018 4:20 PM	18/09/2018 4:38 PM	26.72	Y	Y
CAS-06588-J9B0K8	18/10/2017 4:45 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	18/10/2017 4:48 PM	18/10/2017 5:23 PM	37.83	Y	Y
CAS-06934-D0B0N8	28/11/2017 11:06 AM	Yes	No	Yes	No	1	Mains Pipe	TPD - Other Contractor	28/11/2017 11:10 AM	28/11/2017 11:46 AM	39.72	Y	Y
CAS-07125-K2S3W0	10/01/2018 5:09 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	10/01/2018 5:19 PM	10/01/2018 5:57 PM	47.95	Y	Y
CAS-08210-M5Y6K1	23/05/2018 10:29 AM	Yes	No	Yes	Yes	4	Mains Pipe	TPD - Other Contractor	23/05/2018 10:33 AM	23/05/2018 11:10 AM	40.92	Y	Y
CAS-08569-T7H9C0	2/07/2018 12:37 PM	Yes	No	Yes	Yes	8	Mains Pipe	TPD - Other Contractor	2/07/2018 12:41 PM	2/07/2018 1:05 PM	27.30	Y	Y
CAS-08746-W1H4Z3	23/07/2018 2:41 PM	Yes	Yes	Yes	Yes	1	Service Pipe	TPD - Other Contractor	23/07/2018 2:53 PM	23/07/2018 3:14 PM	32.67	Y	Y
CAS-08788-H2L0X0	27/07/2018 12:13 PM	Yes	Yes	Yes	No	1	Mains Pipe	TPD - Other Contractor	27/07/2018 12:30 PM	27/07/2018 1:13 PM	59.63	Y	Y
CAS-09133-D9F4T3	4/09/2018 1:27 PM	No	Yes	Yes	Yes	3	Mains Pipe	TPD - Other Contractor	4/09/2018 1:35 PM	4/09/2018 1:50 PM	22.20	Y	Y
CAS-09271-S3K1Z4	23/09/2018 1:37 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	23/09/2018 1:40 PM	23/09/2018 1:55 PM	17.23	Y	Y
CAS-06459-T3Z8W1	2/10/2017 1:39 PM	Yes	No	Yes	No	1	Mains Pipe	TPD - Other Contractor	2/10/2017 1:46 PM	2/10/2017 2:20 PM	40.58	Y	Y
CAS-06728-D9H9K3	1/11/2017 5:16 PM	Yes	No	Yes	No	1	Service Pipe	TPD - Other Contractor	1/11/2017 5:22 PM	1/11/2017 6:23 PM	66.25	N	Y
CAS-07015-K0Q4V2	7/12/2017 8:20 AM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	7/12/2017 8:28 AM	7/12/2017 8:39 AM	18.03	Y	Y
CAS-07028-N5V9Y4	11/12/2017 10:52 AM	Yes	No	Yes	No	1	Riser Pipe	Unknown	11/12/2017 10:58 AM	11/12/2017 11:08 AM	15.45	Y	Y
CAS-07173-Q1R1G2	19/01/2018 8:17 AM	Yes	Yes	Yes	No	1	Mains Pipe	Equipment Failure	19/01/2018 8:21 AM	19/01/2018 8:30 AM	12.63	Y	Y
CAS-07683-Y8S5F7	18/04/2018 4:17 PM	Yes	No	Yes	Yes	1	Mains Pipe	TPD - Other Contractor	18/04/2018 4:22 PM	18/04/2018 4:54 PM	36.97	Y	Y
CAS-07949-N8H4W8	25/04/2018 2:27 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	25/04/2018 2:31 PM	25/04/2018 3:52 PM	84.98	N	Y
CAS-08013-B8B1W5	2/05/2018 11:25 AM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	2/05/2018 11:29 AM	2/05/2018 11:36 AM	10.53	Y	Y
CAS-08214-B1T0F5	23/05/2018 5:05 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	23/05/2018 5:09 PM	23/05/2018 5:33 PM	27.97	Y	Y
CAS-08219-C3N4T1	24/05/2018 12:39 PM	Yes	No	Yes	No	1	Mains Fitting	Equipment Failure	24/05/2018 12:49 PM	24/05/2018 12:59 PM	19.48	Y	Y
CAS-08403-Z1W3D4	11/06/2018 11:44 AM	Yes	No	Yes	Yes	2	Service Pipe	TPD - Other Contractor	11/06/2018 11:57 AM	11/06/2018 12:55 PM	70.93	N	Y
CAS-08411-W7W2X7	12/06/2018 10:30 AM	Yes	No	Yes	Yes	1	Mains Pipe	TPD - Other Contractor	12/06/2018 10:40 AM	12/06/2018 11:26 AM	55.58	Y	Y
CAS-08547-D9S7Q5	29/06/2018 8:22 AM	Yes	No	Yes	No	1	Mains Pipe	Equipment Failure	29/06/2018 8:24 AM	29/06/2018 8:37 AM	14.37	Y	Y
CAS-08658-K9C2G9	13/07/2018 11:17 AM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	13/07/2018 11:25 AM	13/07/2018 11:45 AM	27.40	Y	Y
CAS-08687-Q7J4B0	17/07/2018 1:42 AM	Yes	No	Yes	No	1	Mains Pipe	Unknown	17/07/2018 1:46 AM	17/07/2018 2:30 AM	47.12	Y	Y
CAS-08901-R1V6H5	8/08/2018 1:16 PM	Yes	No	Yes	Yes	1	Service Pipe	TPD - Other Contractor	8/08/2018 1:26 PM	8/08/2018 1:56 PM	39.47	Y	Y
Number of emergencies where RTE exceeds 60 minutes									6				
Total number of emergencies									54				
% of emergencies where RTE exceeds 60 minutes									11%				
Number of emergencies where RTE exceeds 180 minutes									0				



## COMPLIANCE STATEMENT CERTIFICATE – GDB

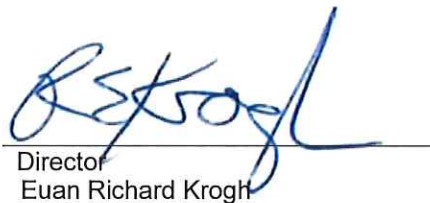
We, Philippa Jane Dunphy, and Euan Richard Krogh, being Directors of First Gas Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached compliance statement of First Gas Limited, and related information, prepared for the purposes of the *Gas Distribution Services Default Price-Quality Path Determination 2017* has been prepared in accordance with all the relevant requirements.



Director  
Philippa Jane Dunphy

5 December 2018

Date



Director  
Euan Richard Krogh

5 December 2018

Date

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# Independent Reasonable Assurance Report to the Directors of First Gas Limited ("the company") and to the New Zealand Commerce Commission

## Conclusion

We have concluded that, in all material respects, the Compliance Statement of First Gas Limited for Gas Distribution services: Default price-quality path compliance for the assessment period commencing 1 October 2017 and ending 30 September 2018 ("the Compliance Statement") has been prepared in accordance with clause 11 of Gas Distribution Services Default Price-Quality Path Determination 2017 NZCC15 ("the Determination").

As far as appears from examination, in all material respects, the information used in the preparation of the Compliance Statement for the year ended 30 September 2018 has been properly extracted from First Gas Limited's accounting and other records, sourced from its financial and non-financial systems.

## Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to First Gas Limited's Compliance Statement for the assessment period commencing 1 October 2017 and ending 30 September 2018.

## Criteria

Our engagement relates to the Compliance Statement prepared by First Gas Limited to provide reasonable assurance that the Gas Distribution's Default Price-Quality Path is in compliance with clause 11 of the Determination during the assessment period 1 October 2017 to 30 September 2018.

## Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 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 Compliance Statement is 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 Compliance Statement 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 Compliance Statement.



## 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 clause 11 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.

## First Gas Limited's responsibility for the Compliance Statement

First Gas Limited is responsible for the preparation and fair presentation of the Compliance Statement in accordance with clause 11 of the Determination. This responsibility includes such internal control as First Gas Limited determine is necessary to enable the preparation of the Compliance Statement that is free from material misstatement whether due to fraud or error.

## Our responsibility

Our responsibility is to express a conclusion to the directors of the company and to the New Zealand Commerce Commission on the preparation and presentation of the Compliance Statement in accordance with clause 11 of the Determination.

## 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 and other assurance services to the company. Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as assurance providers of the company for this engagement. The firm has no other relationship with, or interest in, the company.

KPMG  
Auckland

05 December 2018