



Information disclosure for the gas transmission business

Year ending 30 September 2024



Introduction

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

Firstgas owns and operates more than 2,500 kms of high-pressure gas transmission pipelines and stations that supply natural gas from Taranaki to industrial consumers throughout the North Island. It also owns 4,800kms of gas distribution networks across parts of the North Island. Combined, Firstgas connects over 300,000 homes and businesses with natural gas through its gas transmission and distribution and high-pressure transmission systems. This essential infrastructure supports New Zealand's economy, so the group is committed to helping customers maximise value from it.

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

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

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

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

Clarus was previously known as Firstgas Group.

Information disclosure

This document contains Firstgas' annual information disclosure for the gas transmission business, for the year ending on 30 September 2024, as required by the *Gas Transmission Information Disclosure Determination 2012* consolidating all amendments as of 3 April 2018 ("the Determination") issued by the Commerce Commission.

The following documents are provided with this compliance statement:

- Schedules 1-10: Financial and technical schedules
- Schedules 14-15: Mandatory and voluntary explanatory notes, including information on related party transactions
- Schedule 19: Director Certification
- PwC assurance report

This information disclosure was prepared on 18 February 2025.

Further information

For further information regarding this compliance statement, 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.



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

Company Name

[First Gas Limited \(Transmission\)](#)

Disclosure Date

[31 March 2025](#)

Disclosure Year (year ended)

[30 September 2024](#)

Templates for Schedules 1–10 excluding 5f–5g
Template Version 4.1. Prepared 21 December 2017

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10a	<u>REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS</u>
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Disclosure Template Instructions

These templates have been prepared for use by GTBs when making disclosures under subclauses 2.3.1, 2.4.20, and 2.5.1 of the Gas Transmission Information Disclosure Determination 2012.

Company Name and Dates

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

The cell C12 entry (current year) is used to calculate disclosure years in the column headings that show above some of the tables and in labels adjacent to some entry cells. It is also used to calculate the 'For year ended' date in the template title blocks (the title blocks are the light green shaded areas at the top of each template).

The cell C8 entry (company name) is used in the template title blocks.

Dates should be entered in day/month/year order (Example -"1 April 2013").

Data Entry Cells and Calculated Cells

Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas (white cells) in each template. Under no circumstances should data be entered into the workbook outside a data entry cell.

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

Validation Settings on Data Entry Cells

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

Conditional Formatting Settings on Data Entry Cells

Schedule 2 cells G79 and I70:L79 will change colour if the total cashflows do not equal the corresponding values in table 2(ii).

Schedule 4 cells P99:P105 and P107 will change colour if the RAB values do not equal the corresponding values in table 4(ii).

Schedule 9b columns AA to AE (2013 to 2017) contain conditional formatting. The data entry cells for future years are hidden (are changed from white to yellow).

Schedule 9b cells AH9 to AH32 will change colour if the total assets at year end for each asset class does not equal the corresponding values in column G in Schedule 9a.

Schedule 9d cell I44 will change colour if the total intake volume in table 9d(iv) does not equal the total intake volume in table 9d(ii).

Inserting Additional Rows and Columns

The templates for schedules 4, 5b, 5c, 5d, 5e, 6a, 8, 9c, 9d, and 10a may require additional rows to be inserted in tables. Column A schedule references should not be entered in additional rows, and should be deleted from additional rows that are created by copying and pasting rows that have schedule references.

Additional rows in schedules 5c, 6a, 8, 9c and 9d must not be inserted directly above the first row or below the last row of a table. This is to ensure that entries made in the new row are included in the totals.

Schedules 5d and 5e may require new cost or asset category rows to be inserted in allocation change tables 5d(iii) and 5e(ii). Accordingly, cell protection has been removed from rows 86 and 71 of the respective templates to allow blocks of rows to be copied. The four steps to add new cost category rows to table 5d(iii) are: Select Excel rows 78:86, copy, select Excel row 87, insert copied cells. Similarly, for table 5e(ii): Select Excel rows 63:71, copy, select Excel row 72, then insert copied cells.

The template for schedule 8 may require additional columns to be inserted between column E and I. To avoid interfering with the title block entries, these should be inserted to the left of column I. If inserting additional columns, the formulas for standard consumers total, non-standard consumers totals and total for all consumers will need to be copied into the cells of the added columns. The formulas can be found in the equivalent cells of the existing columns.

Schedule References

The references labelled 'sch ref' in the leftmost column of each template are consistent with the row references in the Gas Transmission ID Determination 2012 (as issued on 21 December 2017). They provide a common reference between the rows in the determination and the template. Due to page formatting, the row reference sequences contained in the determination schedules are not necessarily contiguous.

Description of Calculation References

Calculation cell formulas contain links to other cells within the same template or elsewhere in the workbook. Key cell references are described in a column to the right of each template. These descriptions are provided to assist data entry. Cell references refer to the row of the template and not the schedule reference.

Worksheet Completion Sequence

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

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

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

SCHEDULE 1: ANALYTICAL RATIOS

This schedule calculates expenditure, revenue and service ratios from the information disclosed. The disclosed ratios may vary for reasons that are company specific and, as a result, must be interpreted with care. The Commerce Commission will publish a summary and analysis of information disclosed in accordance with the ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of the determination. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

7 **1(i): Expenditure Metrics**

	Ratio of expenditure to quantity of gas delivered (\$ per TJ)	Ratio of expenditure to system length (\$ per km)
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		

17 **1(ii): Service Intensity Measures**

19 Volume density 46 Quantity of gas delivered per km of system length (TJ/km)

21 **1(iii): Composition of Revenue Requirement**

	(\$000)	% of revenue
23	63,419	34.80%
24	9,204	5.05%
25	61,116	33.53%
26	21,145	11.60%
27	14,134	7.76%
28	54,160	29.72%
29	182,248	

31 **1(iv): Reliability**

33 Interruption rate 0.1589 Interruptions per 100km of system length

Company Name	First Gas Limited (Transmission)
For Year Ended	30 September 2024

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the GTB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. GTBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID determination or if they elect to. If a GTB makes this election, information supporting this calculation must be provided in 2(iii). GTBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

2(i): Return on Investment		CY-2	CY-1	Current Year CY
		30 Sep 22 %	30 Sep 23 %	30 Sep 24 %
7	2(i): Return on Investment			
8				
9	ROI – comparable to a post tax WACC			
10	Reflecting all revenue earned	11.57%	8.52%	5.17%
11	Excluding revenue earned from financial incentives	11.57%	8.52%	5.17%
12	Excluding revenue earned from financial incentives and wash-ups	11.33%	8.32%	4.08%
13				
14	Mid-point estimate of post tax WACC	4.30%	6.19%	7.13%
15	25th percentile estimate	3.60%	5.48%	6.42%
16	75th percentile estimate	5.01%	6.90%	7.84%
17				
18				
19	ROI – comparable to a vanilla WACC			
20	Reflecting all revenue earned	11.93%	9.15%	5.95%
21	Excluding revenue earned from financial incentives	11.93%	9.15%	5.95%
22	Excluding revenue earned from financial incentives and wash-ups	11.69%	8.95%	4.87%
23				
24	WACC rate used to set regulatory price path	6.41%	6.14%	6.14%
25				
26	Mid-point estimate of vanilla WACC	4.67%	6.82%	7.91%
27	25th percentile estimate	3.96%	6.11%	7.21%
28	75th percentile estimate	5.38%	7.53%	8.62%
29				
30	2(ii): Information Supporting the ROI			
31				
32	Total opening RAB value	983,088		
33	plus Opening wash-up account balance	13,011		
34	Opening RIV		996,099	
35				
36				
37	Line charge revenue	182,666		
38	plus Wash-up amount	6,860		
39	Adjusted line charge revenue		189,526	
40				
41	Expenses cash outflow	72,623		
42	plus Assets commissioned	40,548		
43	less Asset disposals	897		
44	plus Regulatory tax allowance	14,134		
45	less Other regulated income	(418)		
46	Mid-year net cash outflows		126,826	
47				
48	Term credit spread differential allowance		1,360	
49				
50	Total closing RAB value	982,916		
51	less Adjustment resulting from asset allocation	148		
52	less Lost and found assets adjustment	-		
53	plus Closing wash-up account balance	10,513		
54	Closing RIV		993,281	
55				
56				
57	ROI – comparable to a vanilla WACC			5.95%
58				
59	Leverage (%)			42%
60	Cost of debt assumption (%)			6.69%
61	Corporate tax rate (%)			28.0%
62				
63	ROI – comparable to a post tax WACC			5.17%



Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the GTB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. GTBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID determination or if they elect to. If a GTB makes this election, information supporting this calculation must be provided in 2(iii). GTBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

2(iii): Information Supporting the Monthly ROI

Opening RIV N/A

	(\$000)					
	Line charge revenue	Expenses cash outflow	Assets commissioned	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	-	-	-	-	-	-

Regulatory tax allowance 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 3.90%

Year-end ROI – comparable to a post tax WACC 3.11%

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

2(v): Financial Incentives and Wash-Ups

Financial incentives -

Impact of financial incentives on ROI -

Input methodology claw-back	-
CPP application recoverable costs	-
Catastrophic event allowance	-
Capex wash-up adjustment	1,518
Revenue wash-up draw down amount	13,011
Other wash-ups	-
Wash-up costs	14,529

Impact of wash-up costs on ROI 1.08%

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

SCHEDULE 3: REPORT ON REGULATORY PROFIT

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

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

sch ref

7	3(i): Regulatory Profit		(\$000)
8	Income		
9	Line charge revenue	182,666	
10	plus Gains / (losses) on asset disposals	(452)	
11	plus Other regulated income (other than gains / (losses) on asset disposals)	34	
12			
13	Total regulatory income	182,248	
14	Expenses		
15	less Operational expenditure	63,419	
16			
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	9,204	
18			
19	Operating surplus / (deficit)	109,625	
20			
21	less Total depreciation	61,116	
22			
23	plus Total revaluations	21,145	
24			
25	Regulatory profit / (loss) before tax	69,654	
26			
27	less Term credit spread differential allowance	1,360	
28			
29	less Regulatory tax allowance	14,134	
30			
31	Regulatory profit/(loss) including financial incentives and wash-ups	54,160	
32			
33	3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups		(\$000)
34	Pass through costs		
35	Rates	1,442	
36	Commerce Act levies	1,102	
37	Industry Levies	20	
38	CPP specified pass through costs	-	
39	Recoverable costs excluding financial incentives and wash-ups		
40	Balancing gas costs	5,020	
41	Urgent project allowance	-	
42	Mokau compressor fuel gas costs	1,621	
43	Other recoverable costs excluding financial incentives and wash-ups	-	
44	Pass-through and recoverable costs excluding financial incentives and wash-ups	9,204	
45			
46			
47	3(iv): Merger and Acquisition Costs		(\$000)
48			
49	Merger and acquisition expenditure		
50			
51	<i>Provide commentary on the benefits of merger and acquisition expenditure to the gas transmission business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>		
52			
53	3(v): Other Disclosures		(\$000)
54			
55	Self-insurance allowance		

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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. GTBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		for year ended				
		RAB	RAB	RAB	RAB	RAB
		30 Sep 20	30 Sep 21	30 Sep 22	30 Sep 23	30 Sep 24
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
7	4(i): Regulatory Asset Base Roll Forward					
8						
9						
10	Total opening RAB value	834,976	849,688	874,465	961,926	983,088
11						
12	less Total depreciation	34,954	34,267	34,764	58,353	61,116
13						
14	plus Total revaluations	12,037	41,735	63,198	54,316	21,145
15						
16	plus Assets commissioned	37,682	18,813	59,028	25,411	40,548
17						
18	less Asset disposals	53	1,634	117	86	897
19						
20	plus Lost and found assets adjustment	-	-	-	-	-
21						
22	plus Adjustment resulting from asset allocation	(0)	130	117	(126)	148
23						
24	Total closing RAB value	849,688	874,465	961,926	983,088	982,916
25						
26	4(ii): Unallocated Regulatory Asset Base					
27						
28						
29	Total opening RAB value		Unallocated RAB * (\$000)	984,097	RAB (\$000)	983,088
30	less					
31	Total depreciation			61,298		61,116
32	plus					
33	Total revaluations			21,166		21,145
34	plus					
35	Assets commissioned (other than below)		977		919	
36	Assets acquired from a regulated supplier					
37	Assets acquired from a related party		39,630		39,630	
38	Assets commissioned			40,607		40,548
39	less					
40	Asset disposals (other than below)		898		897	
41	Asset disposals to a regulated supplier					
42	Asset disposals to a related party					
43	Asset disposals			898		897
44						
45	plus Lost and found assets adjustment					
46						
47	plus Adjustment resulting from asset allocation					148
48						
49	Total closing RAB value		983,674			982,916

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

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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. GTBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

51					
52	4(iii): Calculation of Revaluation Rate and Revaluation of Assets				
53					
54	CPI _t				1,280
55	CPI _{t-4}				1,253
56	Revaluation rate (%)				2.15%
57					
58					
59					
60					
61					
62					
63					
64					
65					
66	4(iv): Roll Forward of Works Under Construction				
67					
68					
69					
70					
71					
72					
73					
74					
75					

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value	984,097		983,088	
less Opening value of fully depreciated, disposed and lost assets	1,833		1,786	
Total opening RAB value subject to revaluation	982,264		981,302	
Total revaluations		21,166		21,145

	Unallocated works under construction		Allocated works under construction	
Works under construction—preceding disclosure year		35,238		35,247
plus Capital expenditure	49,729		49,668	
less Assets commissioned	40,607		40,548	
plus Adjustment resulting from asset allocation				
Works under construction - current disclosure year		44,360		44,367

Highest rate of capitalised finance applied				5.50%
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Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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. GTBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

76	4(v): Regulatory Depreciation		Unallocated RAB *		RAB					
77			(\$000)	(\$000)	(\$000)	(\$000)				
78			50,791		50,791					
79	Depreciation - standard									
80	Depreciation - no standard life assets		10,507		10,325					
81	Depreciation - modified life assets									
82	Depreciation - alternative depreciation in accordance with CPP									
83	Total depreciation			61,298		61,116				
84										
85	4(vi): Disclosure of Changes to Depreciation Profiles		(\$000 unless otherwise specified)							
86	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					
87										
88										
89										
90										
91										
92										
93										
94										
95	* include additional rows if needed									
96	4(vii): Disclosure by Asset Category		(\$000 unless otherwise specified)							
97										
98			Pipes	Stations	Compressors	Main-line valves	Special crossings	Other network assets	Non-network assets	Total
99	Total opening RAB value		604,724	137,498	51,588	17,558	48,395	81,523	41,800	983,088
100	less Total depreciation		33,714	9,636	4,036	825	3,647	2,230	7,027	61,116
101	plus Total revaluations		13,031	2,961	1,113	380	1,043	1,749	868	21,145
102	plus Assets commissioned		10,694	11,137	8,303	982	-	1,583	7,849	40,548
103	less Asset disposals		427	149	-	-	-	42	279	897
104	plus Lost and found assets adjustment		-	-	-	-	-	-	-	-
105	plus Adjustment resulting from asset allocation		-	-	-	-	-	-	148	148
106	plus Asset category transfers		-	-	-	-	-	-	-	-
107	Total closing RAB value		594,308	141,811	56,969	18,095	45,790	82,583	43,359	982,916
108										
109	Asset Life									
110	Weighted average remaining asset life		21.1	16.6	14.7	34.6	13.7	12.6	9.8	(years)
111	Weighted average expected total asset life		51.5	23.0	22.4	39.0	51.8	20.1	15.4	(years)



Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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).

GTBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 177 of the Companies Act 2006.

		(\$000)
7	5a(i): Regulatory Tax Allowance	
8	Regulatory profit / (loss) before tax	69,654
9		
10	plus Total depreciation	61,116
11	less Tax depreciation	28,850
12	Permanent differences:	
13	plus Income not included in regulatory profit / (loss) before tax but taxable	-
14	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	406
15		
16	less Total revaluations	21,145
17	Income included in regulatory profit / (loss) before tax but not taxable	-
18	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	-
19		(20,740)
20	Temporary differences:	
21	plus Income not included in regulatory profit / (loss) before tax but taxable	-
22	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	(2,288)
23		
24	less Income included in regulatory profit / (loss) before tax but not taxable	-
25	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	-
26		(2,288)
27	less Notional deductible interest	28,413
28		
29	Regulatory taxable income	50,479
30		
31	less Utilised tax losses	-
32	Regulatory net taxable income	50,479
33		
34	Corporate tax rate (%)	28%
35	Regulatory tax allowance	14,134

* Workings to be provided in Schedule 14

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

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

5a(iii): Reconciliation of Tax Losses

(\$000)

45	Opening tax losses	-
46	plus Current period tax losses	-
47	less Utilised tax losses	-
48	Closing tax losses	-

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

(\$000)

51	Opening sum of regulatory tax asset values	217,208
52	less Tax depreciation	28,850
53	plus Regulatory tax asset value of assets commissioned	40,720
54	less Regulatory tax asset value of asset disposals	736
55	plus Lost and found assets adjustment	-
56	plus Adjustment resulting from asset allocation	54
57	plus Other adjustments to the RAB tax value	2,181
58	Closing sum of regulatory tax asset values	230,576

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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.

sch ref

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

Issuing party	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)	Term Credit Spread Difference	Debt issue cost readjustment
2021 USPP 7yr	23/03/2021	10/03/2021	7.0	2.32%	185,112	192,833	278	(106)
2021 USPP 9yr	23/03/2021	10/03/2021	9.0	2.59%	165,626	167,496	497	(147)
2021 USPP 10yr	23/03/2021	24/11/2020	10.0	2.32%	107,619	99,864	404	(108)
2021 USPP 12yr	23/03/2021	24/11/2020	12.0	2.42%	286,985	255,465	1,507	(335)
2021 USPP 15yr	23/03/2021	24/11/2020	15.0	BKBM +200bps	225,000	223,918	1,688	(300)
						939,576	4,372	(995)

* include additional rows if needed

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

Gross term credit spread differential		3,377
Total book value of interest bearing debt	1,025,435	
Leverage	42%	
Average opening and closing RAB values	983,002	
Attribution Rate (%)		40%
Term credit spread differential allowance		1,360

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

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

sch ref

		Value allocated (\$000s)				
		Arm's length deduction	Gas transmission services	Non-gas transmission services	Total	OVABAA allocation increase (\$000s)
7	5d(i): Operating Cost Allocations					
8						
9						
10	Service interruptions, incidents and emergencies					
11	Directly attributable		1,197			
12	Not directly attributable					-
13	Total attributable to regulated service		1,197			
14	Routine and corrective maintenance and inspection					
15	Directly attributable		17,491			
16	Not directly attributable					-
17	Total attributable to regulated service		17,491			
18	Asset replacement and renewal					
19	Directly attributable		-			
20	Not directly attributable					-
21	Total attributable to regulated service		-			
22	Compressor fuel					
23	Directly attributable		3,528			
24	Not directly attributable					-
25	Total attributable to regulated service		3,528			
26	Land management and associated activity					
27	Directly attributable		1,940			
28	Not directly attributable					-
29	Total attributable to regulated service		1,940			
30	System operations					
31	Directly attributable		2,673			
32	Not directly attributable					-
33	Total attributable to regulated service		2,673			
34	Network support					
35	Directly attributable		8,052			
36	Not directly attributable					-
37	Total attributable to regulated service		8,052			
38	Business support					
39	Directly attributable		1,997			
40	Not directly attributable	10,553	26,541	3,091	40,185	
41	Total attributable to regulated service		28,538			
42						
43	Operating costs directly attributable		36,878			
44	Operating costs not directly attributable	10,553	26,541	3,091	40,185	-
45	Operational expenditure		63,419			
46						

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

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

sch ref

5d(ii): Other Cost Allocations		Value allocated (\$000s)				OVABAA allocation increase (\$000s)
		Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	
Pass through and recoverable costs						
Pass through costs						
50	Directly attributable		1,442			
51	Not directly attributable		1,121	264	1,386	
52	Total attributable to regulated service		2,563			
Recoverable costs						
54	Directly attributable		6,641			
55	Not directly attributable		-		-	
56	Total attributable to regulated service		6,641			
5d(iii): Changes in Cost Allocations* †						
Change in cost allocation 1						
				(\$000)		
62	Cost category		Original allocation	CY-1	Current Year (CY)	
63	Original allocator or line items		New allocation			
64	New allocator or line items		Difference			
66	Rationale for change					
Change in cost allocation 2						
				(\$000)		
71	Cost category		Original allocation	CY-1	Current Year (CY)	
72	Original allocator or line items		New allocation			
73	New allocator or line items		Difference			
75	Rationale for change					
Change in cost allocation 3						
				(\$000)		
80	Cost category		Original allocation	CY-1	Current Year (CY)	
81	Original allocator or line items		New allocation			
82	New allocator or line items		Difference			
84	Rationale for change					
87	* a change in cost allocation must be completed for each allocator or component change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or component.					
88	† include additional rows if needed					

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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

sch ref

sch ref	5e(i): Regulated Service Asset Values	Value allocated (\$000s) Gas transmission services
7	5e(i): Regulated Service Asset Values	
8		
9		
10	Pipes	
11	Directly attributable	594,308
12	Not directly attributable	
13	Total attributable to regulated service	594,308
14	Stations	
15	Directly attributable	141,811
16	Not directly attributable	
17	Total attributable to regulated service	141,811
18	Compressors	
19	Directly attributable	56,969
20	Not directly attributable	
21	Total attributable to regulated service	56,969
22	Main-line valves	
23	Directly attributable	18,095
24	Not directly attributable	
25	Total attributable to regulated service	18,095
26	Special crossings	
27	Directly attributable	45,790
28	Not directly attributable	
29	Total attributable to regulated service	45,790
30	Other network assets	
31	Directly attributable	82,583
32	Not directly attributable	
33	Total attributable to regulated service	82,583
34	Non-network assets	
35	Directly attributable	31,414
36	Not directly attributable	11,945
37	Total attributable to regulated service	43,359
38		
39	Regulated service asset value directly attributable	970,971
40	Regulated service asset value not directly attributable	11,945
41	Total closing RAB value	982,916

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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

sch ref

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

				(\$000)	
				CY-1	Current Year (CY)
Change in asset value allocation 1					
Asset category		Original allocation			
Original allocator or line items		New allocation			
New allocator or line items		Difference		-	-
Rationale for change					
Change in asset value allocation 2					
Asset category		Original allocation			
Original allocator or line items		New allocation			
New allocator or line items		Difference		-	-
Rationale for change					
Change in asset value allocation 3					
Asset category		Original allocation			
Original allocator or line items		New allocation			
New allocator or line items		Difference		-	-
Rationale for change					

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

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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. GTBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(\$000)	(\$000)
7	6a(i): Expenditure on Assets		
8	Consumer connection		(18)
9	System growth		1,277
10	Asset replacement and renewal		42,481
11	Asset relocations		382
12	Reliability, safety and environment:		
13	Quality of supply	43	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	1,420	
16	Total reliability, safety and environment		1,464
17	Expenditure on network assets		45,586
18	Expenditure on non-network assets		3,102
19			
20	Expenditure on assets		48,688
21	plus Cost of financing		1,507
22	less Value of capital contributions		527
23	plus Value of vested assets		-
24			
25	Capital expenditure		49,668
26	6a(ii): Subcomponents of Expenditure on Assets(where known)		
27	Research and development		229
28	6a(iii): Consumer Connection		
29	Connection types defined by GTB*	(\$000)	(\$000)
30	Direct Connect	(18)	
31			
32			
33			
34			
35	* include additional rows if needed		
36	Consumer connection expenditure		(18)
37			
38	less Capital contributions funding consumer connection expenditure	-	
39	Consumer connection less capital contributions		(18)

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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. GTBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

40 6a(iv): System Growth and Asset Replacement and Renewal		System Growth	Asset Replacement and Renewal
		(\$000)	(\$000)
41			
42			
43	Pipes	12	11,438
44	Compressor stations	-	20,958
45	Other stations	1,265	2,764
46	SCADA and communications	-	4,863
47	Special crossings	-	22
48	<i>Components of stations (where known)</i>		
49	Main-line valves	-	574
50	Heating system	-	866
51	Odourisation plants	-	84
52	Coalescers	-	384
53	Metering system	-	197
54	Cathodic protection	-	387
55	Chromatographs	-	(57)
56	System growth and asset replacement and renewal expenditure	1,277	42,481
57	<i>less</i> Capital contributions funding system growth and asset replacement and renewal	-	119
58	System growth and asset replacement and renewal less capital contributions	1,277	42,362
59			
60			

61 6a(v): Asset Relocations		(\$000)	(\$000)
62	<i>Project or programme*</i>		
63			
64			
65			
66			
67			
68	<i>* include additional rows if needed</i>		
69	All other projects or programmes - asset relocations	382	
70	Asset relocations expenditure		382
71	<i>less</i> Capital contributions funding asset relocations	407	
72	Asset relocations less capital contributions		(25)

73 6a(vi): Quality of Supply		(\$000)	(\$000)
74	<i>Project or programme*</i>		
75			
76			
77			
78			
79			
80	<i>* include additional rows if needed</i>		
81	All other projects or programmes - quality of supply	43	
82	Quality of supply expenditure		43
83	<i>less</i> Capital contributions funding quality of supply		
84	Quality of supply less capital contributions		43

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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. GTBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

85	6a(vii): Legislative and Regulatory		
86	Project or programme*	(\$000)	(\$000)
87			
88			
89			
90			
91			
92	* include additional rows if needed		
93	All other projects or programmes - legislative and regulatory		
94	Legislative and regulatory expenditure		-
95	less Capital contributions funding legislative and regulatory		
96	Legislative and regulatory less capital contributions		-
97			
98	6a(viii): Other Reliability, Safety and Environment		
99	Project or programme*	(\$000)	(\$000)
100	BBK Backup Generator Replacement	604	
101			
102			
103			
104			
105	* include additional rows if needed		
106	All other projects or programmes - other reliability, safety and environment	817	
107	Other reliability, safety and environment expenditure		1,420
108	less Capital contributions funding other reliability, safety and environment		
109	Other reliability, safety and environment less capital contributions		1,420
110			
111	6a(ix): Non-Network Assets		
112	Routine expenditure		
113	Project or programme*	(\$000)	(\$000)
114	Equipment	1,422	
115	Vehicles	727	
116	Building Refurbishment	705	
117			
118			
119	* include additional rows if needed		
120	All other projects or programmes - routine expenditure	248	
121	Routine expenditure		3,102
122	Atypical expenditure		
123	Project or programme*	(\$000)	(\$000)
124			
125			
126			
127			
128			
129	* include additional rows if needed		
130	All other projects or programmes - atypical expenditure		
131	Atypical expenditure		-
132			
133	Expenditure on non-network assets		3,102



Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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

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

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

sch ref

		(\$000)	(\$000)
7	6b(i): Operational Expenditure		
8	Service interruptions, incidents and emergencies	1,197	
9	Routine and corrective maintenance and inspection	17,491	
10	Asset replacement and renewal	-	
11	Compressor fuel	3,528	
12	Land management and associated activity	1,940	
13	Network opex		24,156
14	System operations	2,673	
15	Network support	8,052	
16	Business support	28,538	
17	Non-network opex		39,263
18			
19	Operational expenditure		63,419
20	6b(ii): Subcomponents of Operational Expenditure (where known)		
21	Research and development		189
22	Insurance		2,392

Company Name	First Gas Limited (Transmission)
For Year Ended	30 September 2024

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.

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

sch ref

8	7(i): Revenue	Target (\$000) ¹	Actual (\$000)	% variance
9	Line charge revenue	185,265	182,666	(1%)
10	7(ii): Expenditure on Assets	Forecast (\$000) ²	Actual (\$000)	% variance
11	Consumer connection	372	(18)	(105%)
12	System growth	531	1,277	141%
13	Asset replacement and renewal	43,276	42,481	(2%)
14	Asset relocations	1,876	382	(80%)
15	Reliability, safety and environment:			
16	Quality of supply	-	43	-
17	Legislative and regulatory	-	-	-
18	Other reliability, safety and environment	743	1,420	91%
19	Total reliability, safety and environment	743	1,464	97%
20	Expenditure on network assets	46,798	45,586	(3%)
21	Expenditure on non-network assets	4,935	3,102	(37%)
22	Expenditure on assets	51,733	48,688	(6%)
23	7(iii): Operational Expenditure	Forecast (\$000) ²	Actual (\$000)	% variance
24	Service interruptions, incidents and emergencies	532	1,197	125%
25	Routine and corrective maintenance and inspection	17,003	17,491	3%
26	Asset replacement and renewal	-	-	-
27	Compressor fuel	8,888	3,528	(60%)
28	Land management and associated activity	1,850	1,940	5%
29	Network opex	28,273	24,156	(15%)
30	System operations	3,576	2,673	(25%)
31	Network support	6,858	8,052	17%
32	Business support	26,647	28,538	7%
33	Non-network opex	37,081	39,263	6%
34	Operational expenditure	65,354	63,419	(3%)
35				
36	7(iv): Subcomponents of Expenditure on Assets (where known)	Forecast (\$000) ²	Actual (\$000)	% variance
37	Research and development	-	229	-
38				
39	7(v): Subcomponents of Operational Expenditure (where known)	Forecast (\$000) ²	Actual (\$000)	% variance
40	Research and development	-	189	-
41	Insurance	-	2,392	-
42				

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

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)

Company Name
For Year Ended

First Gas Limited (Transmission)
30 September 2024

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

This schedule requires disclosure of the delivered quantities and number of offtake points for each type of connection on the GTB's network, and the energy delivered to these offtake points, for the disclosure year. It also requires the billed quantities and associated line charge revenues for each contract type used by the GTB, for the disclosure year.

sch ref

8 **8(i): Billed quantities by contract type**

Contract type	Billed quantities - Gas throughput billed*	Billed quantities - Reserved capacity billed*	Billed quantities - Overrun charges billed*	Billed quantities - Approved Nominations billed**	Billed quantities - Σ (Approved Nominations x distance) billed**	Other quantities billed	Add extra columns for additional billed quantities as necessary
	TJ	TJ	TJ	TJ	TJ.km		
Standard	83,672	58,161	551	108,688	12,590,789	-	
Non-standard	1,926	1	0	-	-	1	
<i>Add extra rows for additional contract types as necessary</i>							
Totals for all contracts	85,598	58,163	551	108,688	12,590,789		

17 **8(ii): Line charge revenues (\$000) by contract type**

Contract type	Total line charge revenue in disclosure year	Gas throughput revenue*	Reserved capacity revenue*	Overrun charges revenue*	Approved Nominations revenue**	Σ (Approved Nominations x distance) revenue**	Other line charge revenue	Add extra columns for additional line charge revenues as necessary	Notional revenue foregone from posted discounts (if applicable)
Standard	\$175,982	39,459	83,245	7,254	12,998	33,026	-		-
Non-standard	\$6,684	911	4,463	10	-	-	1,299		-
<i>Add extra rows for additional contract types as necessary</i>									
Totals for all contracts	\$182,666	\$40,370	\$87,708	\$7,265	\$12,998	\$33,026	\$1,299		-

*Vector only

**MDL only

Company Name

First Gas Limited (Transmission)

For Year Ended

30 September 2024

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)
7	Pipes	Protected steel pipes	km	2,514	2,503	(11)	3
8	Pipes	Special crossings	km	8	9	1	3
9	Stations	Compressor stations	No.	9	9	-	3
10	Stations	Offtake point	No.	123	123	-	3
11	Stations	Scraper stations	No.	14	14	-	3
12	Stations	Intake points	No.	9	9	-	3
13	Stations	Metering stations	No.	5	5	-	3
14	Compressors	Compressors—turbine driven	No.	4	4	-	3
15	Compressors	Compressors—electric motor driven	No.	2	2	-	3
16	Compressors	Compressors—reciprocating engine driver	No.	14	14	-	3
17	Main-line valves	Main line valves manually operated	No.	75	75	-	3
18	Main-line valves	Main line valves remotely operated	No.	11	11	-	3
19	Heating systems	Gas-fired heaters	No.	108	101	(7)	3
20	Heating systems	Electric heaters	No.	4	4	-	3
21	Odourisation plants	Odourisation plants	No.	24	27	3	3
22	Coalescers	Coalescers	No.	40	36	(4)	3
23	Metering systems	Meters—ultrasonic	No.	11	10	(1)	3
24	Metering systems	Meters—rotary	No.	66	69	3	3
25	Metering systems	Meters turbine	No.	83	81	(2)	3
26	Metering systems	Meters—mass flow	No.	2	2	-	3
27	SCADA and communications	Remote terminal units (RTU)	No.	92	93	1	3
28	SCADA and communications	Communications terminals	No.	3	3	-	3
29	Cathodic protection	Rectifier units	No.	48	48	-	3
30	Chromatographs	Chromatographs	No.	12	14	2	3

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

SCHEDULE 9c: REPORT ON PIPELINE DATA

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

sch ref

7	Transmission system	System length (km) (at year end)	Weighted average pipe diameter (mm)	Max monthly quantity entering the system (TJ per month)	Max weekly quantity entering the system (TJ per week)	Total gas conveyed (TJ per year)	Gas conveyed for Persons not involved in the GTB (TJ per year)	Number of connection points	
8	South - Kapuni - Frankley Road	1,039	200	3,609	1,286	33,011	32,861	64	
9	Bay of Plenty	608	140	911	209	9,146	9,109	37	
10	North	534	173	2,127	494	21,775	21,588	39	
11	Te Awamutu North	11	136	66	17	442	442	3	
12	Minor	16	62	31	8	249	247	19	
13	Maui Pipeline	309	644	9,492	2,241	93,542	93,353	27	
14	Total	2,517							
15	Length by assigned location class (km)	Secondary location class							
16		Sensitive Use (S)	Industrial (I)	Heavy Industrial (HI)	Common Infrastructure Corridor (CIC)	Submerged (W)	Total (km) (at year end) *	Percentage of total	
17	Primary location class Rural (R1) land	11	11	13	322	3	2,140	85.12%	
18	Primary location class Rural Residential (R2) land	11	4	1	5	-	220	8.75%	
19	Primary location class Residential (T1) land	46	36	2	6	1	154	6.13%	
20	Primary location class High Density (T2) land	-	-	-	-	-	-	-	
21	<i>* The total km is not the same as the sum of the secondary location classes as a pipeline section may only have a primary location class.</i>								

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

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

7 **9d(i): New Connections**

Connection types defined by GTB	Number of new connections
Distribution System	-
Direct Connect	-
Receipt Point	-
* include additional rows if needed	
Connections total	

17 **9d(ii): Gas Volumes and Connections**

Connection types defined by GTB	Intake volume (TJ)	Quantity of gas delivered (TJ)	Number of connection points
Receipt Point	116,051	-	15
Direct Connect	-	85,763	47
Distribution System	-	29,798	100
* include additional rows if needed			
Total	116,051	115,561	162

26 **9d(iii): Gas conveyed**

	(TJ)
Intake volume (TJ)	116,051
Quantity of gas delivered (TJ)	115,561
Gas used in compressor stations (TJ)	494
Gas used in heating systems (TJ)	70
Change in line pack (TJ)	58
Vented gas (TJ)	0
Unaccounted for gas (TJ)	(132)
Total gas conveyed (TJ)	116,125

36 **9d(iv): Unaccounted for Gas**

Transmission system	Gas entering the system (TJ)	Unaccounted for gas (TJ)	Unaccounted for gas (%)	Intake volume (TJ)	Interconnected system intake (TJ)	Interconnected intake systems (name)
Combined UFG	116,051	(132)	(0.11%)	116,051	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total				116,051	-	-

Company Name **First Gas Limited (Non-Maui GTB)**
 For Year Ended **30 September 2024**

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

7 **9d(i): New Connections**

Connection types defined by GTB	Number of new connections
Distribution System	-
Direct Connect	-
Bi-Directional	-
Receipt Point	-
<i>* include additional rows if needed</i>	
Connections total	

17 **9d(ii): Gas Volumes and Connections**

Connection types defined by GTB	Intake volume (TJ)	Quantity of gas delivered (TJ)	Number of connection points
Distribution System	0	29798	101
Direct Connect	0	26820	37
Bi-Directional	18060	7629	4
Receipt Point	46470	0	19
<i>* include additional rows if needed</i>			
Total	64,530	64,247	161

26 **9d(iii): Gas conveyed**

	(TJ)
Intake volume (TJ)	64,530
Quantity of gas delivered (TJ)	64,247
Gas used in compressor stations (TJ)	305
Gas used in heating systems (TJ)	70
Change in line pack (TJ)	1
Vented gas (TJ)	0
Unaccounted for gas (TJ)	(93)
Total gas conveyed (TJ)	64,622

36 **9d(iv): Unaccounted for Gas**

Transmission system	Gas entering the system (TJ)	Unaccounted for gas (TJ)	Unaccounted for gas (%)	Intake volume (TJ)	Interconnected system intake (TJ)	Interconnected intake systems (name)
South-Kapuni-Frankley Road (SKF)	32,884	(161)	(0.49%)	32,884	-	
Bay of Plenty (BOP)	9,213	67	0.73%	8,996	217	SKF, TAN
North (NORTH)	21,961	3	0.01%	21,961	-	
Te Awamutu North (TAN)	442	-	-	442	-	
Minor (MINORS)	247	(2)	(0.81%)	247	-	
	-	-	-	-	-	
Total				64,530	217	

Company Name **First Gas Limited (Maui)**
 For Year Ended **30 September 2024**

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

7 **9d(i): New Connections**

Connection types defined by GTB	Number of new connections
Intake Point (excluding Bi-directional Points)	-
Offtake Point (excluding Bi-directional Points and Compressor Stations)	-
Bi-Directional Point	-
Compressor Station	-
<i>* include additional rows if needed</i>	
Connections total	

17 **9d(ii): Gas Volumes and Connections**

Connection types defined by GTB	Intake volume (TJ)	Quantity of gas delivered (TJ)	Number of connection points
Intake Point (excluding Bi-directional Points)	90,790	-	7
Offtake Point (excluding Bi-directional Points and Compressor Stations)	-	85,730	18
Bi-Directional Point	2,765	7,623	1
Compressor Station	-	-	1
<i>* include additional rows if needed</i>			
Total	93,555	93,353	27

26 **9d(iii): Gas conveyed**

	(TJ)
Intake volume (TJ)	93,555
Quantity of gas delivered (TJ)	93,353
Gas used in compressor stations (TJ)	189
Gas used in heating systems (TJ)	-
Change in line pack (TJ)	57
Vented gas (TJ)	-
Unaccounted for gas (TJ)	(44)
Total gas conveyed (TJ)	93,542

36 **9d(iv): Unaccounted for Gas**

Transmission system	Gas entering the system (TJ)	Unaccounted for gas (TJ)	Unaccounted for gas (%)	Intake volume (TJ)	Interconnected system intake (TJ)	Interconnected intake systems (name)
Maui Pipeline	93,555	(43)	(0.05%)	93,555		
	-	-	-	-		
	-	-	-	-		
	-	-	-	-		
	-	-	-	-		
Total				93,555		

Company Name **First Gas Limited (Transmission)**
 For Year Ended **30 September 2024**

SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS

This schedule requires a summary of the key measures of network reliability (interruptions, compressor availability) for the disclosure year
 GTBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates).

sch ref

10a(i): Interruptions and Reliability

Total number of planned interruptions

Service incidents and emergencies

Number of incidents

Unplanned interruptions in transmission systems

Description and cause of Interruption	Transmission systems affected	Date	Duration (hrs)
Curtailment Requested under MPOC by Delivery Point due to Operational Issues	5 Receipt Points; 1 Delivery Point; 1 Gas Market	21 November 2023	2.00
High Linepack due to Undertaking by Delivery Point	5 Receipt Points; 1 Delivery Point	2 September 2024	6.70
High Linepack due to Undertaking by Delivery Point	8 Receipt Points; 3	2 September 2024	4.80
Blockage on inlet to Mount Maunganui Delivery Point - Critical Contingency declared	1 Delivery Point	25 September 2024	3.50

*Add rows as necessary

Number of interruption or curtailment events:

due to insufficient capacity	-
due to consumer flows exceeding approved quantities	-
caused by equipment failure	1
caused by third parties	3
Total	4

10a(ii): Compressor Availability

Compressor station code/name	Compressor unit ID	Number of hours the compressor ran	Number of hours compressor was available for service	Number of instances where the compressor failed to start	Number of instances where a compressor was required but unavailable for service
Mokau	Unit #1	2,756	7,526	2	-
Mokau	Unit #2	4,254	7,643	8	-
Henderson	1	7	8,560	-	-
Henderson	2	7	8,560	-	-
Kaitoke	1	5,565	8,609	1	-
Kaitoke	2	78	8,584	1	-
Kapuni	2	3,203	8,181	1	-
Kapuni	3	5,311	8,528	-	-
Kapuni	5	1,688	8,034	17	-
Kawerau	1	20	7,337	-	-
Kawerau	2	19	7,485	-	-
Mahoenui	1	5	5,321	-	-
Mahoenui	2	4	5,859	-	-
Mahoenui	3	3	3	-	-
Pokuru	1	4,804	8,632	-	-
Pokuru	2	5,163	8,708	1	-
Rotowaro	3	5,680	8,118	-	1
Rotowaro	4	5,562	8,490	1	-
Rotowaro	5	1,965	8,740	-	-
Rotowaro	6	-	-	-	-

*Add rows as necessary

Company Name

First Gas Limited (Transmission)

For Year Ended

30 September 2024

SCHEDULE 10b: REPORT ON NETWORK INTEGRITY

This schedule requires a summary of the key measures of network integrity (product control, gas escapes, RTEs) for the disclosure year.

sch ref

7	Product control	
8	Number of incidents relating to pressure	2
9	Number of incidents relating to gas specification	86
10	Number of incidents relating to odourisation	-
11		
12	Response time to emergencies (RTE)	
13	Proportion of emergencies responded to within 3 hours (%)	100%
14	Average call response time (hours)	1.07
15	Number of emergencies	2
16		
17	Gas leaks	
18	Number of confirmed public reported gas escapes per system length (escapes/1000 km)	3
19	Number of confirmed gas leaks caused by a third party per system length (escapes/1000 km)	-
20	Number of gas leaks detected by the GTB	17
21	Number of gas leaks that did not result in disruption to supply	24

Company Name First Gas Limited (Transmission)

For Year Ended 30 September 2024

Schedule 14 Mandatory Explanatory Notes

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

1. This schedule requires GTBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.20 and subclause 2.5.1(1)(e).
2. This schedule is mandatory—GTBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 11 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for GTBs to give additional explanation of disclosed information should they elect to do so.

Mandatory explanatory notes

Return on Investment (Schedule 2)

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

Box 1: Explanatory comment on return on investment

In RY2024, the vanilla ROI for our gas transmission business was 5.95%. This is below the ROI of 9.15% reported for RY2023. The decrease in ROI is primarily due to the RY2024 CPI applied to revaluations being lower than RY2023 but also due to higher operational expenditure, regulatory tax allowance, pass through and recoverable costs and depreciation. These were partially offset by higher line charge revenue consistent with the default price-quality path.

Regulatory Profit (Schedule 3)

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

Box 2: Explanatory comment on regulatory profit

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

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

6. If the GTB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below-

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

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

Box 3: Explanatory comment on merger and acquisition expenditure

No merger and acquisition expenditure was incurred during the disclosure year.

Value of the Regulatory Asset Base (Schedule 4)

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

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

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

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

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

No items were reclassified.

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

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

Box 5: Regulatory tax allowance: permanent differences

Permanent differences consist mainly of written off capital projects which did not proceed and has given rise to a non-deductible write off. Other immaterial amounts making up permanent differences are non-deductible professional and entertainment expenses.

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

9. In the box below, provide descriptions and workings of the material temporary differences included in the following items, as recorded in the asterisked categories in 5a(i) of Schedule 5a:
 - 9.1 Income not included in regulatory profit / (loss) before tax but taxable
 - 9.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible
 - 9.3 Income included in regulatory profit / (loss) before tax but not taxable
 - 9.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax

Box 6: Temporary differences

Temporary differences include movements in provisions and accruals.

Cost allocation (Schedule 5d)

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

Box 7: Cost allocation

Approach to cost allocation

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

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

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

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

Only one allocation method is used for each area.

Treatment of costs

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

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

There has been no reclassification of costs in the RY2024 disclosure period.

Asset allocation (Schedule 5e)

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

Box 8: Commentary on asset allocation
Approach to asset cost allocation

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

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

- Software
- Computer equipment
- Building equipment and assets.

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

Capital Expenditure for the Disclosure Year (Schedule 6a)

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

Box 9: Explanation of capital expenditure for the disclosure year

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

There have been no re-classified items.

Capital expenditure in RY2024

Our focus continues to be on maintaining and improving the resilience of the gas transmission system and security of supply. This focus was reflected in the work programme that was undertaken in RY2024.

Major works included:

- In-line-inspection (pigging) of the transmission system. This is an ongoing programme of work, with the frequency that individual pipelines are intelligently pigged driven by our Pipeline Integrity Management Plan. To maintain our certificate of fitness for the network, our pipeline certifier (Lloyds) requires that we conduct the pigging at our specified intervals across all our piggable pipelines.

- Continuing a programme to upgrade or modify pigging facilities and/or pipelines to improve operational safety and enabling equipment to better accommodate in-line equipment technology.

- Kaitoke compressor station. Project to install new compressors to meet the demand of the southern pipeline system,

- Scada project- Project to replace the obsolete Scada system

- 805 line washout. Project to remediate and realign pipelines due to a river washout cause by Cyclone Gabrielle.

- KGTP cooler replacement- Age and condition based replacement of a cooler on a compressor at Kapuni compressor station.

- Backup generator replacement. Project to replace backup generator for the Scada and control room facilities.

- Equipment. Acquisition of equipment to support our activities including acquisition of new hot tapping equipment to improve how we operate and reduce risk

- Vehicles. Includes investments that maintain the motor vehicle fleet

- Building refurbishment. Costs related to the relocation, refurbishment and development of office buildings and facilities

Further detail on our expenditure for RY2024, and our future work programme is available in our 2024 Asset Management Plan (AMP) published on the Firstgas website here:

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

From time to time, the status of projects previously recognised as capital expenditure changes. When the project is no longer to continue and result in a commissioned asset, the previously recognised costs are reversed through capital expenditure. This has resulted in some capital expenditure categories showing negative balances in RY2024.

Operational Expenditure for the Disclosure Year (Schedule 6b)

13. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-
- 13.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported Schedule 6b(i)
 - 13.2 Information on reclassified items in accordance with subclause 2.7.1(2)
 - 13.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, a including the value of the expenditure the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

Box 10: Explanation of operational expenditure for the disclosure year

There was no asset replacement and renewal operational expenditure this year

Research and development expenditure

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

In RY2024, we have continued with our work programme investigating zero or low-carbon gases.

Variance between forecast and actual expenditure (Schedule 7)

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

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

Expenditure on assets (Capex)

Overall, our capital works programme associated with expenditure on network assets was marginally lower than the RY2023 Asset Management Plan (AMP) for the RY2024 period, with expenditure on assets of \$48.7 million compared with expenditure forecast in the AMP for this period of \$51.7 million.

Planned works were largely on track through RY2024 which reflects the alignment with the forecast overall. There were however variances within the categories.

- Consumer Connection expenditure was down on forecast due to a proposed new connection not materialising.
- Other Reliability, Safety, and Environment had an increase to forecast due to emergency generator and control room UPS backup replacements
- Asset Relocations included a large project that has been deferred to RY2025
- Systems Growth expenditure was up on forecast due to works being brought forward in light of Consumer Connections works being deferred.
- Non-network asset expenditure was lower than forecast due to lower than expected spend on buildings and ICT.

Operational expenditure

Expenditure associated with the regulatory opex is 3% below forecast in the 2023 AMP for RY2024.

- There was a higher than forecast expenditure on Service Interruptions and Emergencies, due to an emergency declared when pigging work found a wrinkle on 400 line.
- Compressor Fuel expenditure was down on forecast, expenditure is determined by the behaviour of shippers on the network and aligns with the lower than expected volumes for the year.
- Overall the Network Opex was 15% below forecast.
- The increase in actual non-network opex compared to forecast is due to an increase in Business and Network Support. The increase in Business Support and Network Support is mainly attributable to technology costs.

No items were reclassified.

Information relating to revenues and quantities for the disclosure year

15. In the box below, please explain reasons for any material differences between target revenue disclosed before the start of the pricing year in accordance with clause 2.4.1

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

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

Our actual revenue of \$182.7 million is approximately 1% less than our target (forecast) revenue of \$185.3 million for the RY2024 disclosure period. This variance to forecast has been largely driven by lower than forecast volumes on both pipelines.

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

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

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

There have been no changes to price category codes. However, prices were changed on 1 October 2023, in line with the price path calculation specified in the Default Price-Quality Path Determination for transmission services, 2022 – 2026.

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

For the RY2024 disclosure period, we have continued to operate under the Maui Pipeline Operating Code (MPOC) and the Gas Transmission Code (GTC) for the Maui and Non-Maui pipelines respectively.

Network Reliability for the Disclosure Year (Schedule 10a)

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

Box 14: Commentary on network reliability for the disclosure year

Incidents and interruptions

A total of 328 incidents were recorded on the gas transmission system during the RY2024 disclosure period, compared to 339 incidents in RY2023. Most of the incidents in this disclosure period relate to near miss events, station equipment failures, gas specification excursions by gas producers, natural gas odour reported in vicinity of pipelines and unauthorised work over the pipeline.

For RY2024, we have seen an decrease in the number of unauthorised work events with 36 reported events, compared to 49 the previous year. Firstgas continues our focus on landowner and contractor communications to raise awareness of pipeline safety process requirements including contacting us for easement permits and requesting information on the location of assets before they dig. Satisfaction surveys conducted during the year have indicated landowners and contractors working within our easements have high awareness of the pipeline safety process and continue to report positive interactions with Firstgas.

An interruption is a subset of incidents and occurs when gas supply to a consumer stops for at least one minute. There were 3 planned interruptions in this disclosure period compared to 10 in prior year. The RY2024 planned interruptions related to planned pipeline pigging activity and these were aligned with downstream customer requirements as much as possible.

Curtailments

There were 4 curtailment events recorded in the RY2024 disclosure period, compared to 9 in the prior year. 3 curtailments were caused by third parties. Firstgas has little control over third party caused curtailments and their number is affected by the number of production station outages, or mismatch between nominated and actual gas flows by system users. 1 curtailment was caused by equipment failure.

Compressor stations and performance

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

There was only one instance in RY2024 when a compressor was required but unavailable for service, which is a decrease from the 10 instances in RY2023.

Emergency events

There were two emergency events during this disclosure period:-

Event 16655 – 20 June 2024

Transpower Northland electricity outage – loss of power supply to Gas Transmission sites.

Event 17544 – 25 September 2024

Mt Maunganui DP loss of supply - Critical Contingency.

Product control

We have seen an increase in the number of product control incidents relating to gas specification, with 86 incidents recorded in RY2024 compared to 76 in RY2023. Firstgas continues its engagement with the gas producers supplying the transmission system. This includes business to business discussions over specific events and regular compliance monitoring and reporting.

Insurance cover

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

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

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

Box 15: Explanation of insurance cover

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

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

Amendments to previously disclosed information

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

19.1 a description of each error; and

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

Box 16: Disclosure of amendment to previously disclosed information

No amendments have been made to previously disclosed information.

Company Name First Gas Limited (Transmission)

For Year Ended 30 September 2023

Schedule 15 Voluntary Explanatory Notes

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

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

Box 1: Voluntary explanatory comment on disclosed information

Firstgas works closely with other companies in Clarus. As required under the information disclosure determination, the following pages outline Firstgas' interactions and relationships with our related parties for the 2024 disclosure year.

The opening wash-up amount disclosed in Schedule 2 reflects the RY2023 closing wash-up amount determined in accordance with the requirements. The non-material adjustment to what was disclosed in RY2023 has no impact on the RY2023 disclosed ROI's - comparable to the Vanilla WACC and a non-consequential impact on ROI's - comparable to the post tax WACC.



REGULATORY DISCLOSURE

Gas transmission services:

Appendix A - Information disclosure for related parties

For the year ended 30 September 2024



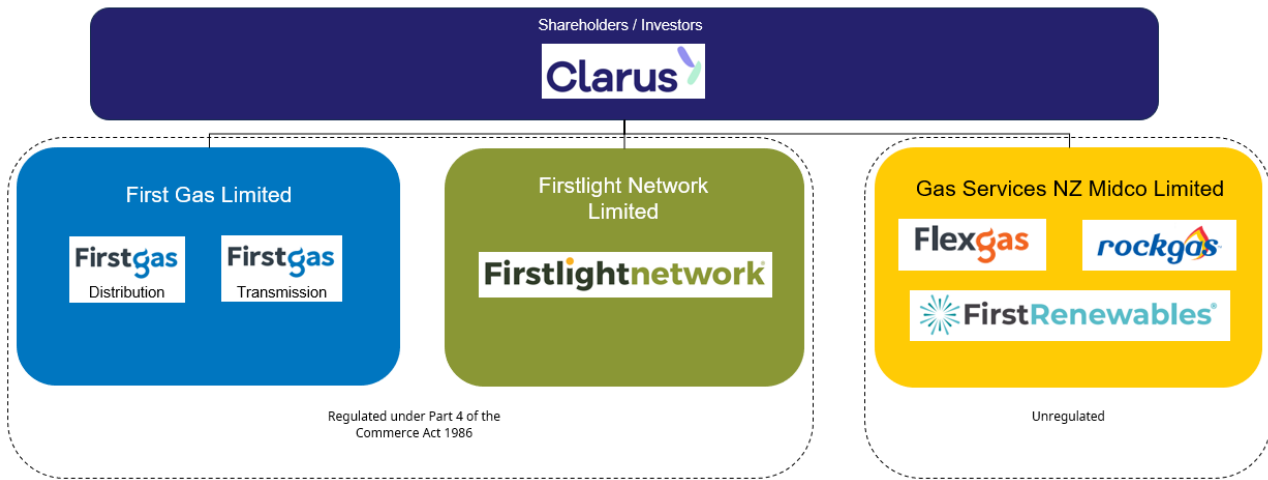
First Gas Limited
March 2025

Introduction

First Gas Limited (Firstgas) owns and operates 2,500 kilometres of gas transmission pipelines. These pipelines transport around 20 percent of New Zealand’s primary energy supply from Taranaki across the North Island. Firstgas also owns and operates more than 4,900 kilometres of gas distribution pipelines that service approximately 66,000 consumers across the regions of Northland, Waikato, Central Plateau, Bay of Plenty, Gisborne and Kāpiti Coast.

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

Figure 1: Structure of Clarus for disclosure year 2024¹



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

Information disclosure requirements

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

Given this use of related parties, Firstgas (transmission) is subject to the full disclosure requirements for related parties under the *Gas Transmission Information Disclosure Determination 2012* consolidating all amendments as of 27 November 2024 (ID Determination) issued by the Commerce Commission.

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

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

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

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

Further information

For further information regarding this disclosure, please contact:

Regulatory Policy Manager
First Gas Limited
compliance@firstgas.co.nz
04 979 5368

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1. Summary of Firstgas’ related party relationships and transactions

Clause 2.3.8 of the ID Determination requires that:

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

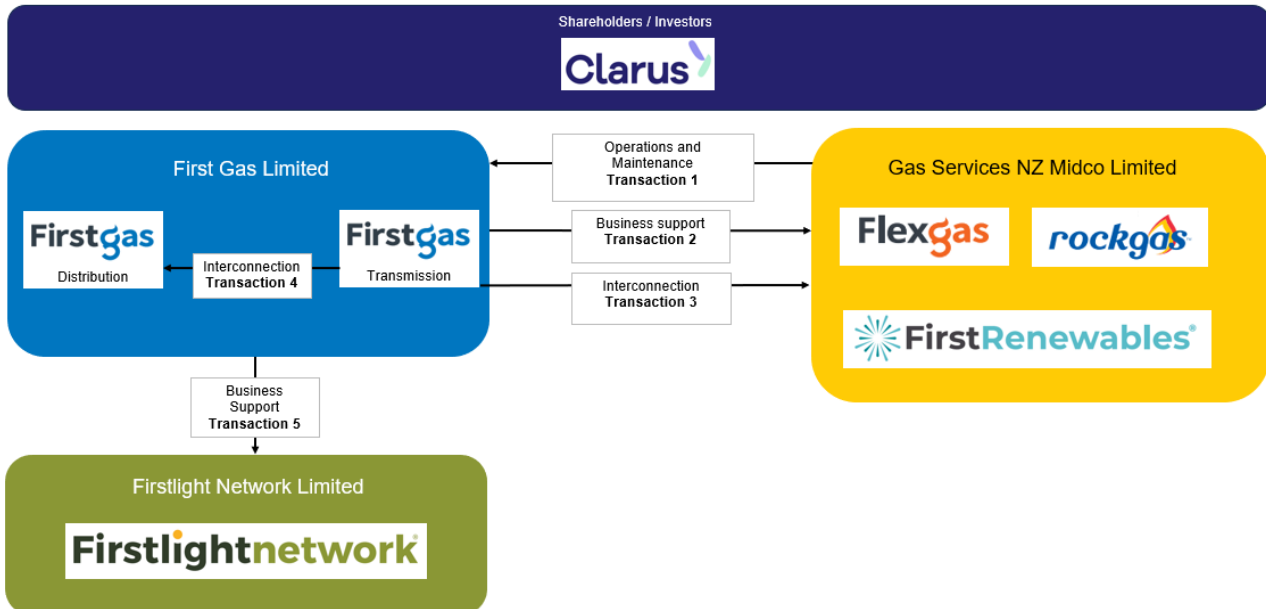
- (1) the relationship between the GTB and the related party
- (2) the principal activities of the related party
- (3) the total annual expenditure incurred by the GTB with the related party.

In FY2024, Firstgas (transmission):

- procured operations and maintenance (O&M) services from its related party, Gas Services New Zealand (Midco) Limited (GSNZ Midco)
- supplied interconnection services to Flexgas and Firstgas (distribution)²
- supplied business support services and seconded staff to and from GSNZ Midco and Firstlight under a Corporate Functions and Secondment Services Agreement (CFSA). The supply of these unregulated services was valued on an arm’s length basis.
- paid Director fees³

These related party transactions are illustrated in Figure 2⁴.

Figure 2: Related party transactions in disclosure year 2024



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

³ For simplicity, Director fees are not disclosed in Figure 2 or Table 1.

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

The following table describes the connection between Firstgas (transmission) and its related parties with which it has had transactions with during the 2024 disclosure year. A breakdown of these transactions is also provided in schedule 5b of our Information Disclosure schedules.

Table 1: The nature and extent of related party transactions in disclosure year 2024

Related Party	Nature of relationship	Principle activities of the related party	FY2024 expenditure/revenue between Firstgas (transmission) and its related party
GSNZ Midco (Transaction 1)	Firstgas (transmission) and GSNZ Midco have the same ultimate shareholders	GSNZ Midco supplies operations and maintenance (O&M) services to Firstgas (transmission) Services are provided principally to Firstgas under an O&M agreement between Firstgas and GSNZ Midco. Costs are directly attributable to Firstgas (transmission).	Network Capex \$47,380 million Non-Network Capex \$1.453 million Network Opex \$22.347 million System operations Opex \$2.673 million and Network support Opex \$7.878 million
GSNZ Midco (Transaction 2)	Firstgas (transmission) and GSNZ Midco have the same ultimate shareholders	Firstgas supplies corporate function services to Rockgas and Flexgas and corporate function services and seconds staff to GSNZ Midco under a Corporate Functions and Secondment Services Agreement (the CFSA).	Unregulated income of \$43.189 million is included in Schedule 5b for the provision of corporate function services. This unregulated income is included in <i>total regulatory income</i> in schedule 5b (and is not included in Schedule 2 or Schedule 3). ⁵
Flexgas (Transaction 3)	Firstgas (transmission) and Flexgas have the same ultimate shareholders	Flexgas provides gas storage facilities to contracted third parties.	Revenue received of \$0.016 million for interconnection fees. Flexgas' gas storage facility at Ahuroa connects to the gas transmission network.
Firstgas (distribution) (Transaction 4)	Firstgas (transmission) and Firstgas (distribution) are regulated businesses both owned by Firstgas	Firstgas (distribution) provides gas distribution services across the central North Island.	Revenue received of \$0.569 million for interconnection fees to connect Firstgas (distribution) assets to the gas transmission network.
Firstlight (Transaction 5)	Firstgas (transmission) and Firstlight have the same ultimate shareholders	Firstlight is the electricity lines company for Tairāwhiti and Wairoa.	Unregulated income of \$2.414 million is included in Schedule 5b for the provision of corporate function services. This unregulated income is included in <i>total regulatory income</i> in schedule 5b (and is not included in Schedule 2 or Schedule 3).

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

Gas Services (Midco) New Zealand Limited

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

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

In the 2024 disclosure year, GSNZ Midco provided 100% of the Firstgas (transmission) total Capex and 52% of all Operating Expenditure (Opex) under an Operations and Maintenance agreement (O&M agreement).

Services provided under the O&M agreement include:

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

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

Operations and Maintenance (O&M) Agreement

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

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

When Firstgas' shareholders purchased the gas transmission and distribution businesses in 2016, they wanted to blend specific gas pipeline expertise within the company with fresh thinking from other organisations. The goal was to ensure a continuing development of best practice, efficiency improvements and cost control. A Joint Venture (JV) structure was adopted between GSNZ Midco⁶ and Australian gas pipeline services provider OSD (the Gas Services JV) to provide O&M services to Firstgas under an O&M agreement.

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

⁶ Gas Services New Zealand Limited is the owner of Gas Services New Zealand (Midco) Limited

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

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

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

2. Summary of Firstgas' procurement policy

Clause 2.3.10 of the ID Determination requires that:

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

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

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

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

To maximise our cost efficiency while managing our networks, Clarus has an overarching procurement policy. This policy requires that *“Those acting on behalf of Clarus will procure goods and services in a professional and transparent manner doing so using a consistent, effective, fair and ethical approach.”* This policy applies to all employees, consultants and contractors working for any Clarus⁸ entity who engage with external providers for the Procurement of Goods or Services.

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

Procurement principles

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

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

⁷ Document 08843 Clarus procurement policy

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

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

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

The competitive process

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

Low-cost purchases will be supported, at a minimum, with quotations from several suppliers⁹. High value works will be supported by an open competitive process such as a request for proposal or invitation to tender where possible. This process is undertaken by GSNZ Midco to meet the requirements under its O&M agreement with Firstgas.

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

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

Other typical reasons for selecting sole sourcing include:

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

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

Monitoring and compliance

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

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

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

3. Application of the procurement policy

Clause 2.3.12 of the ID Determination requires that:

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

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

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

In the 2024 disclosure period, Firstgas (transmission) has procured goods and services from GSNZ Midco under the O&M agreement and Firstlight under the CFSA.

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

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

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

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

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

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

The O&M agreement (first with the GSNZ Joint Venture and now with GSNZ Midco) provides a range of expertise and experience guiding and supporting our transmission business. This expertise and experience is vital in maintaining and expanding the network and also in the planning process both annually and long-term.

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

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

The O&M agreement has been provided to our auditors, who are also our independent appraisers¹⁰, to confirm the terms are consistent with an arm's length transaction and to facilitate the audit of this section of our information disclosure.

The annual process for the O&M agreement includes:

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

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

Planning

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

Each year Firstgas management work with the Chief Operations Officer (COO) of GSNZ Midco to develop and update the long-term Asset Management Plan (AMP)¹¹. The AMP provides the asset management framework for Firstgas' transmission network and includes guidance on the expected annual works plan. The AMP is reviewed and approved by Firstgas management and Board of Directors.

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

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

Challenge and benchmarking process

While GSNZ Midco is a related party of Firstgas, the O&M agreement is a commercial arrangement structured as if it was between two separate legal entities, with different ownership interests, and operating

¹⁰ An independent appraiser was engaged to confirm the valuation of related party transactions met the Information Disclosure Determination requirements for our FY2022 disclosures. The independent appraiser report is included in our information disclosure for FY2022, available on the Firstgas website: [FY2022 GTB Information disclosure for related parties](#). Firstgas was not required to obtain a further independent appraiser report for our FY2023 or FY2024 disclosures.

¹² As noted above, prices for the work procured under the O&M Agreement is agreed on or before the beginning of the financial year. Our financial year begins on 1 October.

on an arm's length basis. Each party acknowledges that a key objective of Firstgas in appointing GSNZ Midco to deliver the O&M is to ensure value for money and continuous improvement in delivery and value.

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

The Benchmark will:

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

To confirm there has been no material change in the five-year average margin on costs applied under the O&M agreement we had an independent expert confirm the margin on costs under the O&M agreement remain aligned with comparative third-party service providers in October 2022¹². To support the conclusion that our related party transactions are no more than would be incurred under an arm's-length basis we updated our benchmarking of costs against other industry participants at that time, where more information has been available.

Under the O&M agreement, we anticipate that prices charged by GSNZ Midco will not change significantly from year to year (unless there is strong evidence that input costs have permanently changed). This is consistent with a competitive market where companies with long-term contracts in place (such as the O&M agreement and CFSA) tend to set prices for longer terms. This gives service providers greater certainty to invest in staff and equipment required to fulfil the contract terms over the duration of the contract. When the margins earned by GSNZ Midco under the O&M agreement were reviewed for FY2022 Firstgas engaged independent experts to:

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

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

¹² As noted above, prices for the work procured under the O&M Agreement is agreed on or before the beginning of the financial year. Our financial year begins on 1 October.

For FY2024, our O&M agreement remains aligned with current market practices and prices. This was last tested in September 2022 when we engaged an independent expert to:

- Consider changes in market practices or pricing for similar services and how this may affect arm's length margins
- Conduct a sample of relevant margin data to ensure no substantive and permanent change has occurred in the market since margins were established under the O&M Agreement for FY2022.

Whilst there was some evidence of lower margins due to COVID-19 for some of the sample group, there had not been a substantive or permanent change evidenced in the market. Overall, the margins within the O&M agreement remained aligned with the market.

Firstgas continued to cross-check that our costs remain efficient and consistent with the input prices Firstgas would have paid in an arm's length transaction by completing benchmarking against others in the industry. Benchmarking was updated in December 2024 where further information was available. This benchmarking confirmed expected costs for Firstgas (distribution) are within the range of costs incurred by others in the industry.

Execution of works including monitoring and reporting

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

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

The costs GSNZ Midco incurs undertaking the responsibilities of the O&M agreement are charged to Firstgas monthly and include a commercial mark up to enable a modest commercial profit.

Completion of works

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

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

Section 2.3.12 of the ID Determination requires that:

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

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

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

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

5. Representative examples of how the procurement policy is applied

5.1 Regulatory requirements

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

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

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

5.2 Representative examples

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

All agreements, methodologies and models, and reports from external parties have been provided to our auditors to facilitate their review of our related party transactions in FY2024 and this disclosure.

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

Expenditure category	Representative example	Procurement method	How and when were the arm's length terms last tested
<p>All network Capex categories</p> <p>All network Opex categories excluding the purchase of fuel gas</p> <p>System operations and network support</p> <p>Non-network assets</p>	<p>Network Opex and Capex and system operations and network support across the network.</p> <p>We provide examples below of procurement undertaken by GSNZ Midco on our behalf under the O&M agreement</p>	<p>Direct procurement from a 'sole supplier' under the existing O&M agreement.</p>	<p>The arm's length terms were tested as part of a benchmarking process that was undertaken during the 2022 disclosure year.</p> <p>In FY2022 Firstgas engaged an independent expert to benchmark:</p> <ul style="list-style-type: none"> • The margins applied to the costs of O&M services provided by GSNZ Midco to Firstgas • Total service costs against comparable businesses. <p>The margin benchmarking compared services supplied by GSNZ Midco to companies providing similar services across the United Kingdom, United States, Australia, and New Zealand. Total costs were compared to similar companies in Australia.</p> <p>Margin benchmarking was reviewed in September 2022 to confirm there had not been any substantive and permanent change in the market when agreeing prices in advance of the two-year contract term. With no discernible permanent change indicated, the same margins were applied in FY2023 and FY2024 as applied in FY2022.</p> <p>Benchmarking performed in FY2024 against comparable businesses indicated that Firstgas costs are aligned with our peers and the wider market. This demonstrates that the cost of the underlying service is consistent with the input price that Firstgas would have paid in an arm's length transaction.</p> <p>Terms of the O&M agreement were provided to our auditors in FY2024 as part of their review of the related party valuation requirements. There has been no change to the O&M agreement across years.</p> <p>Benchmarking was undertaken with the permission of GSNZ Midco. Benchmarking is allowed for under the O&M agreement.</p> <p>Terms of the O&M agreement, advice from the independent expert and benchmarking results were provided to our auditors as part of their review of the related party valuation requirements.</p>

5.3 Examples of procurement undertaken by GSNZ Midco on our behalf

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

The following examples of projects or works undertaken by GSNZ Midco for Firstgas illustrate the procurement process.

Major projects

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

GSNZ Midco will develop the initial FEED including the scope and expected cost of the project for approval by the Chief Operating Officer (COO). Projects outside of the budget or with significant cost may require further approval from Firstgas' Chief Executive and Board.¹³

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

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

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

We have provided two examples to illustrate the delivery of major projects by GSNZ Midco under the O&M contract:

- Kaitoke Compression Upgrade
- 805 line washout

¹³ Firstgas has a Delegations of Authority policy that outlines approval levels.

Example 1: Kaitoke Compression Upgrade

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

Planning:

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

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

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

The project was approved by the Firstgas board December 2022.



Completion of works:

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

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

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

Market testing:

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

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

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

RFP for Front end engineering design (FEED)

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

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

RFP for Compressor Package

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

Sole sourcing of civil and remedial works

The civil works and remedial works included:

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

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

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

Sole sourcing of instrument and electrical works

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

Outcomes:

The project is currently in construction.

Example 2: Washout of 800/805 pipelines

Project name:	805 line washout
Project date	The scope was issued in April 2023 with the works completed in FY2024.
Project or Work order number:	P11804
Project expenditure (estimated)	\$3.44 million
Project cost type	Asset replacement and renewal Capex
Project managed by:	GSNZ Midco acting on behalf of Firstgas under the O&M agreement.
Subcontractors:	Plant & Platform (design), Energy Works (mechanical contractor)

Planning:

The 800 Line carries gas to the Te Puke Delivery Point for supply to the nearby township and industrial areas. The 805 Line supplies gas from Te Puke DP to Rangiruru for a single client, Affco. A 15m section of the 800 Line and 805 Line adjacent to Washer Road has been exposed due to actions within the nearby Ohineangaanga Stream following ex-tropical Cyclone Gabrielle. The bed of the stream is approximately 5m below the invert of the pipelines.

GSNZ Midco contractors has undertaken temporary realignment of the 800 & 805 lines away from the stream edge and has approval by landowners and Lloyds Register for 12 months operational only.

Further work was undertaken to determine the most appropriate permanent solution. Geotechnical assessment has found that the stream bank is likely to erode again in extreme weather and therefore, the preferred solution is to permanently relocate approximately 140 metres of pipelines on a new alignment. The sections of pipeline immediately adjacent to the stream would be affected by removed and the balance of disused pipeline would be abandoned in situ.

The business case and costs were approved by the Chief Operating Officer.

**Completion of works:**

With the temporary remedial works in place, GSNZ Midco were able to proceed with commissioning detailed design works.

Plant & Perform (P&P) were selected to design the commissioning plan and were the commissioning lead for site works. The detailed design works were tendered out to three parties, of which two responded. The two respondents provided excellent quotes from which P&P were ultimately selected primarily due to a better quote with both parties providing similar timelines. GSNZ Midco's project team met with P&P to review the scope and GSNZ Midco's engineers were responsible for confirming any technical queries. The report provided by P&P was reviewed by GSNZ Midco's project manager and engineers.

Once the project began, project costs were paid and tracked within the financial system after being approved by the project manager. Project costs and progress were monitored by the GSNZ Midco project team and reported to the Chief Operating Officer for GSNZ Midco. Progress against projects and budgeted costs is reported to the Firstgas executive team monthly.

Market testing:**RFP for Detailed Design**

As stated above, the detailed design works were tendered out to three parties, of which two responded. The two respondents provided excellent quotes from which P&P were ultimately selected primarily due to a better quote with both parties providing similar timelines.

Outcomes:

The project was completed in FY2024.

6. Map of anticipated network expenditure and constraints

Section 2.3.13 of the ID Determination requires that:

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

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

(2) subject to clause 2.3.15¹⁴, a brief explanatory description of the 10 largest forecast capital expenditure projects in the AMP planning period and the likely timing, value and location of the projects;

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

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

Section 2.3.14 further specifies the map must:

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

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

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

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

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

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

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

The largest Opex activities and Capex projects in the AMP planning period are provided below. Further information is available in the annual AMP or AMP update available on the Firstgas website.¹⁵

Largest Opex activities

Figure 3 sets out the location of the largest ten activities in the AMP planning period (FY2026-FY2034), with greater detail in Table 3. All network Opex, except for the purchase of compressor fuel, is forecast to be completed by our related party, Gas Services New Zealand Midco Limited (GSNZ Midco) under the Operations and Management (O&M) agreement between Firstgas and GSNZ Midco. GSNZ Midco manages

¹⁴ Sections 2.3.15 and 2.3.16 of the ID Determination recognises that there may be less than 10 forecast Opex or Capex projects in the AMP planning period. If this occurs, all projects must be included.

¹⁵ <https://firstgas.co.nz/about-us/regulatory/transmission/>

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

Figure 3: Largest Opex projects in the AMP planning period (2025-2034)



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

Activity	Description	Region	Cost (constant \$)	Period
Aerial Surveillance	Aerial surveillance is a key activity to detect changes in environment through which pipelines traverse. It is also used as a method to monitor any third-party interference along the easement corridor.	System wide	\$13.0m	FY2025-FY2034
Compressor Maintenance, Kapuni Gas Treatment plant	Ongoing Maintenance requirements to ensure reliability. KGTP compressors are strategic for the 100 and 200 pipelines	Taranaki	\$12.0m	FY2025-FY2034
Geohazard Management	Ongoing maintenance costs associated with identifying, assessing, and monitoring geotechnical issues on the transmission system	System Wide	\$8.6m	FY2025-FY2034
Defect Excavation	Pipeline coatings are the primary protection against corrosion. Each year several defects are excavated to carry our coating remediations	System wide	\$30.0m	FY2025-FY2034
Pipeline locations and permitting	Permitting and locations of pipeline works	System wide	\$8.3m	FY2025-FY2034
Coating Remedials	Pipeline coating maintenance program	System wide	\$5m	FY2025-FY2034
Rotowaro Compressor Station maintenance STN 4002907	Ongoing maintenance requirements to ensure reliability. Rotowaro compressor station is a strategic compressor station for the northern system.	Waikato	\$5.1m	FY2025-FY2034
Mokau Compressor station maintenance STN 4001143	Ongoing maintenance is required on our assets to ensure reliability. Mokau compressor station is a strategic compressor site to the 400 pipeline	Taranaki	\$2.9m	FY2025-FY2034
Pokuru compressor station maintenance 5000001	Ongoing maintenance is required on our assets to ensure reliability	Waikato	\$2.3m	FY2025-FY2034
Odorant systems maintenance	Maintenance Costs associated with odorant systems	System Wide	\$3.6m	FY2025-FY2034
Kaitoke Compressor station maintenance STN 1001051	Ongoing maintenance is required on our assets to ensure reliability. Kaitoke compressor station is a strategic site for the 100 and 600 pipelines, providing additional compression for the southern section of the transmission system	Manawatu-Whanganui	\$2.0m	FY2025-FY2034

Largest Capex projects

The high-level heat map provided in Figure 4 shows the largest Capex projects we have planned for the next ten years (FY2025 to FY2034) with greater detail in Table 4. The identified projects are all network Capex. Network Capex is forecast to be completed by our related party, Gas Services New Zealand Midco Limited (GSNZ Midco) under an operations and management (O&M) agreement between Firstgas and GSNZ Midco. GSNZ MIDCO manages several third-party contractors to deliver this network Capex.

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

Figure 4: Largest Capex projects in the AMP planning period (2023-2032)

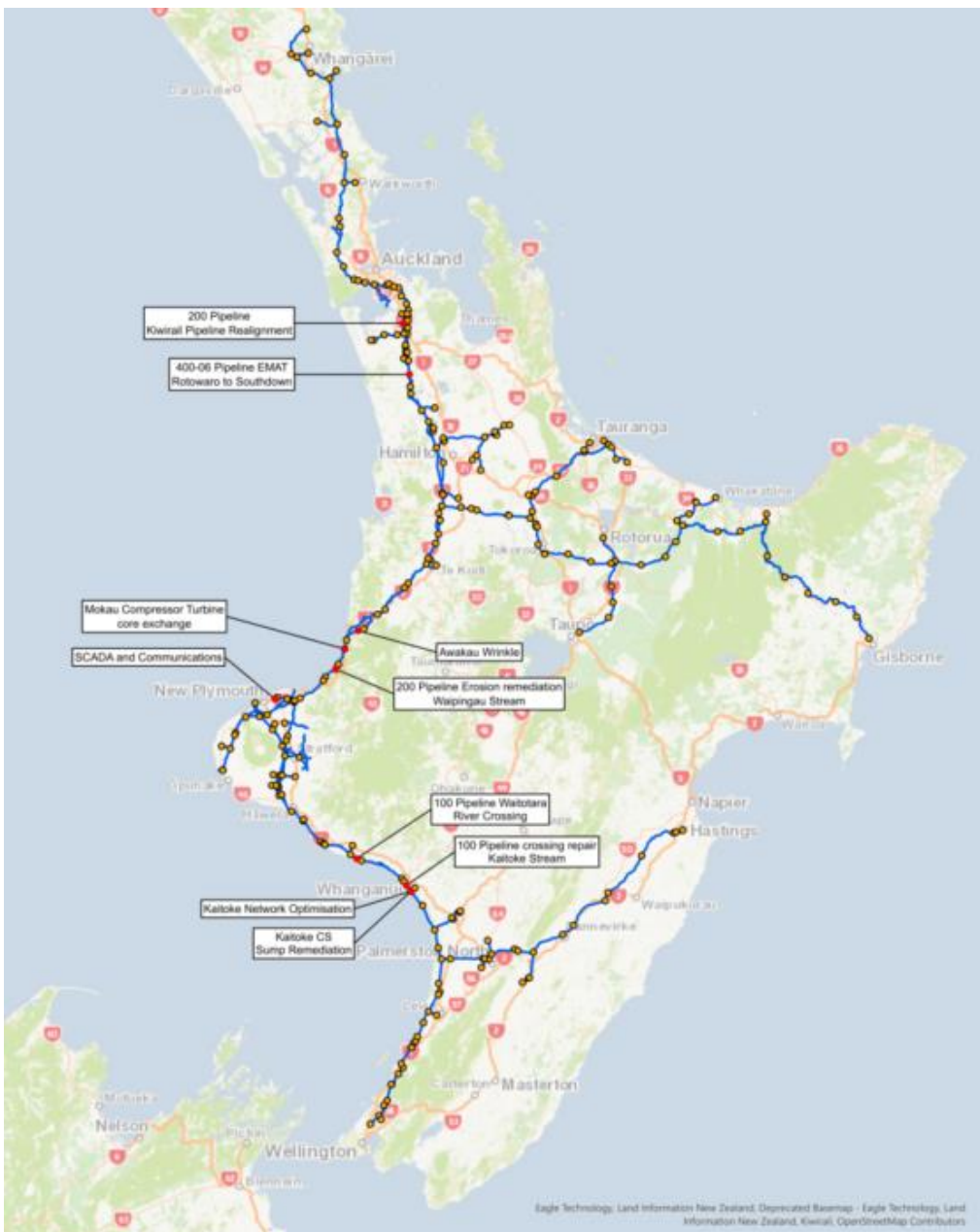


Table 4: Description of the largest Capex projects in the AMP planning period

Activity	Description	Region	Total Cost	Period
Kaitoke Network Optimisation	Compression optimisation and replacement	Manawatu-Whanganui	\$32.8m	FY2025-FY2034
Awakau Wrinkle	Pipeline defect repair was detected within DPP and requires a section of the pipeline replaced	Taranaki	\$11.5m	FY2025-FY2034
SCADA and Communications	Upgrade and replacement of SCADA system	System Wide	\$14.8	FY2025-FY2034
400-06 line EMAT Rotowaro to Southdown	Specialist internal pipeline inspection tool to analyse pipeline corrosion.	Waikato to Auckland	\$6.1m	FY2025-FY2034
100 Pipeline Kaitoke stream crossing repair	Geohazard repair	Manawatu-Whanganui	\$4.2m	FY2025-FY2034
Mokau Compressor turbine core exchange	Routine turbine core exchange	Taranaki	\$1.8m	FY2025-FY2034
100 line Waitotara River crossing	Geohazard repair	Taranaki	\$1.4m	FY2025-FY2034
200 line Kiwirail pipeline realignment	Asset relocation of pipeline	Auckland	\$1.8m	FY2025-FY2034
Kaitoke CS Sump Remediation	Compressor station sump replacement	Manawatu-Whanganui	\$2.0m	FY2025-FY2034
200 Pipeline Waipingau Stream Erosion remediation	Geohazard repair	Taranaki	\$930k	FY2025-FY2034

Certification for Year-end Disclosures

Clause 2.9.3

We, Fiona Ann Oliver and Mark Adrian Ratcliffe, being directors of First Gas Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) the information, prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.20, 2.5.1 and 2.7.1 of the *Gas Transmission Information Disclosure Determination 2012* in all material respects complies with that determination
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from the First Gas Limited's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained and
- c) In respect of information concerning assets, costs and revenues valued or disclosed in accordance with clause 2.3.6 of the *Gas Transmission Information Disclosure Determination 2012* and clauses 2.2.11(1)(g) and 2.2.11(5) of the *Gas Transmission Services Input Methodologies Determination 2012*, we are satisfied that:
 - i. the costs and values of assets or goods or services acquired from a related party comply, in all material respects, with clauses 2.3.6(1) and 2.3.6(3) of the *Gas Transmission Information Disclosure Determination 2012* and clauses 2.2.11(1)(g) and 2.2.11(5)(a)-2.2.11(5)(b) of the *Gas Transmission Services Input Methodologies Determination 2012*; and
 - ii. the value of assets or goods or services sold or supplied to a related party comply, in all material respects, with clause 2.3.6(2) of the *Gas Transmission Information Disclosure Determination 2012*.



Director: Fiona Ann Oliver



Director: Mark Adrian Ratcliffe

Date: 18 February 2025

Date: 18 February 2025



Independent Assurance Report

To the Directors of First Gas Limited and the Commerce Commission

Assurance report pursuant to Gas Transmission Information Disclosure Determination 2012

Opinion

We have undertaken a reasonable assurance engagement in respect of the compliance of First Gas Limited (the "Company") with the Gas Transmission Information Disclosure Determination 2012 amended as of 3 April 2018 (the "Information Disclosure Determination") for the disclosure year ended 30 September 2024 where we are required to opine on:

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

In our opinion, in all material respects:

- as far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Disclosure Information have been kept by the Company;
- as far as appears from an examination, the information used in preparation of the Disclosure Information has been properly extracted from the Company's accounting and other records and has been sourced, where appropriate, from the Company's financial and non-financial systems;
- the Disclosure Information complies with the Information Disclosure Determination; and
- the basis for valuation of related party transactions complies with the Information Disclosure Determination and the Input Methodologies Determination.

Basis for Opinion

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

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

Our assurance approach

Overview

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

Quantitative materiality levels are determined for testing purposes within individual schedules included in the Disclosure Information based on the nature of the information set out in the schedules.



These thresholds are determined based on our assessment of errors that could have a material impact on key measures within the Disclosure Information:

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

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

We have determined that there are three key assurance matters:

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

Materiality

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

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

Scope

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

These procedures have been undertaken to form an opinion as to whether the Company has complied, in all material respects, with the Information Disclosure Determination in the preparation of the Disclosure Information for the disclosure year ended 30 September 2024, and whether the basis for valuation of related party transactions complies, in all material respects, with the Information Disclosure Determination and the Input Methodologies Determination.

Key Assurance Matters

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

Key Assurance Matter	How our procedures addressed the key assurance matter
<p>Regulatory asset base The Regulatory Asset Base (RAB), as set out in Schedule 4, reflects the value of the Company's gas transmission assets. These are</p>	<p>We have obtained an understanding of the compliance requirements relevant to the RAB as set out in the Information Disclosure Determination and the Input Methodologies Determination.</p>



Key Assurance Matter	How our procedures addressed the key assurance matter
<p>valued using an indexed historic cost methodology prescribed by the Information Disclosure Determination. It is a measure which is used widely and is key to measuring the Company's return on investment and therefore important when monitoring financial performance.</p> <p>The RAB inputs, as set out in the Input Methodologies Determination, are similar to those used in the measurement of fixed assets in the financial statements, however, there are a number of different requirements and complexities which require careful consideration.</p> <p>Due to the importance of the RAB within the regulatory regime, the incentives to overstate the RAB value, and complexities within the regulations, we have considered it to be a key assurance matter.</p> <p>Cost and Asset Allocation The Determination relates to information concerning the supply of gas transmission services. The Company operates both distribution and transmission businesses and also provides other unregulated services. As set out in schedules 5d, 5e, 5f and 5g, costs and asset values that relate to gas transmission services regulated</p>	<p>Our procedures over the regulatory asset base included the following:</p> <p>Assets commissioned</p> <ul style="list-style-type: none"> • We considered the nature of the assets commissioned during the period, as per the regulatory fixed asset register, to identify any specific cost or asset type exclusions, as set out in the Determination, which are required to be removed from the RAB; • We reconciled the assets commissioned, as per the regulatory fixed asset register, to the asset additions per the audited accounting records and investigated any material reconciling items; and • We tested a sample of assets commissioned during the disclosure period for appropriate asset category classification. <p>Depreciation</p> <ul style="list-style-type: none"> • For assets with no standard asset lives we assessed the reasonableness of the lives used by reference to the accounting depreciation rates used in preparing the financial statements; • We compared the system formula utilised to calculate regulatory depreciation expense with IM Determination clause 2.2.5; • We reperformed the regulatory depreciation calculation for a sample of assets; and • We compared the standard asset lives by asset category to those set out in the IM Determination. <p>Revaluation</p> <ul style="list-style-type: none"> • We recalculated the revaluation rate set out in the IM Determination using the relevant Consumer Price Index indices taken from the Statistics New Zealand website; and • We tested the mathematical accuracy of the revaluation calculation performed by management. <p>We obtained an understanding of the Company's cost and asset allocation processes, and the methodologies applied. Our procedures over cost and asset allocation included:</p> <ul style="list-style-type: none"> • Reconciling the regulated and unregulated financial information to the Company's audited accounting records. <p>Classification as directly/not directly attributable</p> <ul style="list-style-type: none"> • Considering the appropriateness of the costs allocated as directly attributable, based on the nature and our understanding of the business to determine the



Key Assurance Matter	How our procedures addressed the key assurance matter
<p>under the Information Disclosure Determination should comprise:</p> <ul style="list-style-type: none"> • All of the costs directly attributable to the regulated goods or services; and • An allocated portion of the costs that are not directly attributable. <p>The Input Methodologies Determination set out rules and processes for allocating costs and assets which are not directly attributable to either regulated or unregulated services. A number of screening tests apply which must be considered when deciding on the appropriate allocation method.</p> <p>The Company has applied the Accounting-Based Allocation Approach Methodology (ABAA) utilising proxy and causal cost and causal asset allocators to allocate the asset values and operating costs that are not directly attributable.</p> <p>Given the judgement involved in the application of the cost and asset allocation methodologies we consider it a key assurance matter.</p>	<p>reasonableness of the directly attributable classification;</p> <ul style="list-style-type: none"> • Testing a sample of operating expense transactions to ensure their classification as either directly attributable or not directly attributable costs was appropriate and in line with the Information Disclosure Determination; • Inspecting the fixed asset register to identify any asset classes which based on their nature and our understanding of the business could be considered assets directly attributable to a specific business unit; and • Testing a sample of assets commissioned to ensure their classification as either directly attributable or not directly attributable was appropriate and in line with the Information Disclosure Determination. <p>Appropriateness of the allocators used for not directly attributable costs and assets</p> <ul style="list-style-type: none"> • Considering the appropriateness of the cost and asset causal and proxy allocators used in applying the ABAA to not directly attributable costs including inspecting supporting documentation and recalculating allocators; • Understanding why causal relationships could not be identified in allocating some costs and ensuring appropriate disclosure has been included in Schedule 14; and • Recalculating the split between not directly attributable costs and asset values allocated to gas transmission services and non-gas transmission services.
<p>Related party transactions</p> <p>Disclosures over related party transactions including related party relationships, procurement policies/processes, application of these policies/processes and examples of market testing of transaction terms as required under the Information Disclosure Determination and the Input Methodologies Determination are set out in Appendix A.</p> <p>The Information Disclosure Determination and the Input Methodologies Determination require the Company to value its transactions with related parties,</p>	<p>We have obtained an understanding of the compliance requirements relevant to related party transactions as set out in the Information Disclosure Determination and the Input Methodologies Determination. We have ensured Schedule 5(b) and Appendix A includes all required disclosures including current procurement policies, descriptions of how they are applied in practice, representative example transactions and when and how market testing was last performed.</p> <p>Our procedures over the related party transactions included the following:</p> <p>Completeness and accuracy of related party relationships and transactions</p> <p>We have tested the completeness and accuracy of the related party relationships and transactions by:</p>



Key Assurance Matter	How our procedures addressed the key assurance matter
<p>disclosed in Schedule 5b, in accordance with the principles-based approach to the arm's length valuation rule. This rule states that the value of goods or services acquired from a related party cannot be greater than if it had been acquired under the terms of an arm's length transaction with an unrelated party, nor may it exceed the actual cost to the related party. A sale or supply to a related party cannot be valued at an amount less than if it had been sold or supplied under the terms of an arm's-length transaction with an unrelated party.</p> <p>Arm's-length valuation, as defined in the Input Methodologies Determination, is the value at which a transaction, with the same terms and conditions, would be entered into between a willing seller and a willing buyer who are unrelated and who are acting independently of each other and pursuing their own best interests.</p> <p>The Company is required to use an objective and independent measure to demonstrate compliance with the arm's-length principle. In the absence of an active market for similar transactions, assigning an objective arm's length value to a related party transaction is difficult and requires significant judgement.</p> <p>We have identified related party transactions at arm's-length as a key assurance matter due to the judgement involved.</p>	<ul style="list-style-type: none"> • Agreeing the disclosures within Schedule 5(b) to the audited accounting records for the year ended 30 September 2024, investigating any material differences and determining whether any such differences are justified; and • Applying our understanding of the business structure against the related party definition in Input Methodologies Determination clause 1.1.4(2) to assess management's identification of any "unregulated parts" of the entity. <p>Practical application of procurement policies</p> <ul style="list-style-type: none"> • Testing a sample of operating expenditure and capital expenditure transactions disclosed in Schedule 5(b) by inspecting supporting documentation to determine compliance with the disclosed procurement policy and practices. <p>Arm's length valuation rule</p> <p>We obtained the Company's assessment of available independent and objective measures used in supporting the arm's length valuation principal and performed the following procedures:</p> <ul style="list-style-type: none"> • Re-performed the calculations and agreed key inputs and assumptions to supporting documentation; and • Where benchmarking or other market information was used as independent and objective measures, we assessed whether the related party transaction values fell within a reasonable range. Qualitative factors were considered in determining the appropriate acceptable range.

Director's Responsibilities

The Directors are responsible on behalf of the Company for compliance with the Information Disclosure Determination, for the identification of risks that may threaten compliance with the Information Disclosure Determination, controls that would mitigate those risks, and monitoring the Company's ongoing compliance.



Our Independence and Quality Management

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

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

In our capacity as auditor and assurance practitioner, our firm provides audit and other assurance services. The firm has no other relationship with, or interests in, the Company.

Assurance Practitioner's responsibilities

Our responsibility is to express an opinion on whether the Company has complied, in all material respects, with the Information Disclosure Determination in the preparation of the Disclosure Information for the disclosure year ended 30 September 2024 and on whether the basis for valuation of related party transactions complies, in all material respects, with the Information Disclosure Determination and the Input Methodologies Determination and report our opinion to you. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance about whether the Company has complied, in all material respects, with the Information Disclosure Determination and Input Methodologies Determination.

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

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the Information Disclosure Determination and Input Methodologies Determination will continue in the future.

Use of Report

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

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

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
19 February 2025

Christchurch