



Information disclosure for the Maui gas transmission business

9-month disclosure period ending 30 September 2017



Introduction

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

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

Information disclosure

This document contains First Gas' annual information disclosure for the Maui gas transmission business, for the 9-month disclosure period ending on 30 September 2017, as required by the *Gas Transmission Information Disclosure Determination (No. 1) 2017* consolidating all amendments as of 14 June 2017 ("the Determination") issued by the Commerce Commission.

The following documents are provided with this information disclosure:

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

This information disclosure was prepared on 21 March 2018.

Further information

For further information regarding this information disclosure, please contact:

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Disclaimer

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



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

Company Name	First Gas Limited (Maui GTB)
Disclosure Date	30 March 2018
Disclosure Year (year ended)	30 September 2017
Period covered	9 months

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

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Company Name **First Gas Limited (Maui GTB)**
For Year Ended **30 September 2017**
Period covered **9 months**

SCHEDULE 1: ANALYTICAL RATIOS

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

sch ref

7	1(i): Expenditure Metrics		
8		Ratio of	Ratio of
9		expenditure to	expenditure to
10		quantity of gas	system length
11		delivered	
12		(\$ per TJ)	(\$ per km)
13	Operational expenditure	50	17,047
14	Network	16	5,430
15	Non-network	34	11,617
16			
17	Expenditure on assets	71	24,098
18	Network	68	23,036
19	Non-network	3	1,062
20			
21	1(ii): Service Intensity Measures		
22			
23	Volume density	338	Quantity of gas delivered per km of system length (TJ/km)
24			
25	1(iii): Composition of Revenue Requirement		
26		(\$000)	% of revenue
27	Operational expenditure	5,274	18.42%
28	Pass through and recoverable costs excluding financial incentives and wash-ups	943	3.29%
29	Total depreciation	6,129	21.41%
30	Total revaluations	4,251	14.85%
31	Regulatory tax allowance	3,710	12.96%
32	Regulatory profit/(loss) including financial incentives and wash-ups	16,820	58.76%
33	Total regulatory income	28,627	
	1(iv): Reliability		
	Interruption rate	3.8784	Interruptions per 100km of system length



Company Name	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period covered	9 months

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

		CY-2	CY-1	Current Year CY
		30 Dec 15 %	30 Dec 16 %	30 Sep 17 %
7	2(i): Return on Investment			
8				
9	ROI – comparable to a post tax WACC			
10	Reflecting all revenue earned	5.89%	6.13%	7.47%
11	Excluding revenue earned from financial incentives	5.89%	6.13%	7.47%
12	Excluding revenue earned from financial incentives and wash-ups	5.89%	6.13%	7.47%
13				
14	Mid-point estimate of post tax WACC	6.39%	5.80%	5.45%
15	25th percentile estimate	5.58%	4.99%	4.64%
16	75th percentile estimate	7.20%	6.61%	6.26%
17				
18				
19	ROI – comparable to a vanilla WACC			
20	Reflecting all revenue earned	6.59%	6.72%	8.02%
21	Excluding revenue earned from financial incentives	6.59%	6.72%	8.02%
22	Excluding revenue earned from financial incentives and wash-ups	6.59%	6.72%	8.02%
23				
24	WACC rate used to set regulatory price path	7.44%	7.44%	7.44%
25				
26	Mid-point estimate of vanilla WACC	7.08%	6.39%	5.99%
27	25th percentile estimate	6.27%	5.58%	5.18%
28	75th percentile estimate	7.89%	7.20%	6.80%
29				
30	2(ii): Information Supporting the ROI			
31				
32	Total opening RAB value	286,756		
33	Opening RIV		286,756	
34				
35				
36	Line charge revenue		28,642	
37				
38	Expenses cash outflow	6,217		
39	plus Assets commissioned	6,268		
40	less Asset disposals	46		
41	plus Regulatory tax allowance	3,710		
42	less Other regulated income	(15)		
43	Mid-year net cash outflows		16,165	
44				
45	Term credit spread differential allowance		-	
46				
47	Total closing RAB value	291,173		
48	less Adjustment resulting from asset allocation	73		
49	less Lost and found assets adjustment	-		
50	Closing RIV		291,100	
51				
52				
53	ROI – comparable to a vanilla WACC			8.02%
54				
55	Leverage (%)			44.0%
56	Cost of debt assumption (%)			4.39%
57	Corporate tax rate (%)			28.0%
58				
59	ROI – comparable to a post tax WACC			7.47%

KPMG

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.

2(iii): Information Supporting the Monthly ROI

	N/A
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[illegible]

	N/A
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	N/A
--	-----

	N/A
--	-----

	N/A
--	-----

	N/A
--	-----

Year-end ROI – comparable to a vanilla WACC	5.80%
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5,80%

5.26%

* 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.

Net recoverable costs allowed under incremental rolling incentive scheme	0
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[illegible][illegible]

Impact of financial incentives on ROI

11

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Wash-up costs		
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Impact of wash-up costs on ROI



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.

3(i): Regulatory Profit		(\$000)
	Income	
	Line charge revenue	28,642
plus	Gains / (losses) on asset disposals	(46)
plus	Other regulated income (other than gains / (losses) on asset disposals)	31
	Total regulatory income	28,627
	Expenses	
less	Operational expenditure	5,274
less	Pass-through and recoverable costs excluding financial incentives and wash-ups	943
	Operating surplus / (deficit)	22,409
less	Total depreciation	6,129
plus	Total revaluations	4,251
	Regulatory profit / (loss) before tax	20,531
less	Term credit spread differential allowance	-
less	Regulatory tax allowance	3,710
	Regulatory profit/(loss) including financial incentives and wash-ups	16,821

34	Pass through costs		
35	Rates	399	
36	Commerce Act levies	355	
37	Industry Levies	11	
38	CPP specified pass through costs	-	
39	Recoverable costs excluding financial incentives and wash-ups		
40	Balancing gas costs	178	
41	Other recoverable costs excluding financial incentives and wash-ups	-	
42	Pass-through and recoverable costs excluding financial incentives and wash-ups		943

			CY-1	CY
			30 Sep 16	30 Sep 17
45				
46				
47		Allowed controllable opex		
48		Actual controllable opex		
49				
50		Incremental change in year		
51				
52			Previous years' incremental change	Previous years' incremental change adjusted for inflation
53	CY-5	30 Sep 12		
54	CY-4	30 Sep 13		
55	CY-3	30 Sep 14		
56	CY-2	30 Sep 15		
57	CY-1	30 Sep 16		
58		Net incremental rolling Incentive scheme		-
59				
60		Net recoverable costs allowed under incremental rolling incentive scheme		

		(\$'000)
63		
64	Merger and acquisition expenditure	<div style="border: 1px solid black; width: 150px; height: 20px;"></div>
65		
66	<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>	

		(\$000)
69		
70	Self-insurance allowance	

Company Name	First Gas Limited (Mauli GTB)
For Year Ended	30 September 2017
Period covered	9 months

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

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2. GTBs must provide explanatory comment on the value of their RAB in Schedule 2 (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 2.1.

for year ended	RAB 30 Dec 13 (\$000)	RAB 30 Dec 14 (\$000)	RAB 30 Dec 15 (\$000)	RAB 30 Dec 16 (\$000)	RAB 30 Sep 17 (\$000)
Total opening RAB value	295,512	294,884	290,850	284,498	286,756
less Total depreciation	7,373	7,571	7,773	7,897	6,129
plus Total revaluations	4,803	2,234	242	3,800	4,251
plus Assets commissioned	1,941	1,303	1,796	6,335	6,268
less Asset disposals			617		46
plus Lost and found assets adjustment					
plus Adjustment resulting from asset allocation					73
Total closing RAB value	294,884	290,850	284,498	286,756	291,173

4(ii): Unallocated Regulatory Asset Base

	Unallocated RAB * (\$000)	RAB (\$000)
Total opening RAB value	288,731	286,756
less Total depreciation	7,085	6,129
plus Total revaluations	4,280	4,251
plus Assets commissioned (other than below)		
Assets acquired from a regulated supplier	9,714	347
Assets acquired from a related party	5,921	5,921
Assets commissioned	15,636	6,268
less Asset disposals (other than below)		
Asset disposals to a regulated supplier	46	46
Asset disposals to a related party		
Asset disposals	46	46
plus Lost and found assets adjustment		
plus Adjustment resulting from asset allocation		73
Total closing RAB value	301,516	291,173

* 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 (Mauli GTB)
For Year Ended	30 September 2017
Period covered	9 months

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

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the RQI 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 2.6.

51	4(iii): Calculation of Revaluation Rate and Revaluation of Assets	
52		
53		
54	CPI _t	1232
55	CPI _{t-4}	1224
56	Revaluation rate (%)	1.48%
57		
58		
59		
60	Total opening RAB value	Unallocated RAB * (\$000)
61	Opening value of fully depreciated, disposed and lost assets	288,731 (\$000)
62	less	286,756 (\$000)
63		46 (\$000)
64	Total opening RAB value subject to revaluation	288,685 (\$000)
65	Total revaluations	4,280 (\$000)
66		286,710 (\$000)
67		4,251 (\$000)
68	4(iv): Roll Forward of Works Under Construction	
69		
70	Works under construction—preceding disclosure year	Unallocated works under construction
71	plus Capital expenditure	660
72	less Assets commissioned	17,857
73	plus Adjustment resulting from asset allocation	15,636
74	Works under construction - current disclosure year	2,881
75	Highest rate of capitalised finance applied	1,916
		4.25%



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

sch ref

Depreciation - alternative depreciation in accordance with CPP

• Include additional rows if needed

(\$000 unless otherwise specified)

	41	9	6	7	41	20
Weighted average remaining asset life						
Unweighted average expected total asset life	80	42	39	65	80	53

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

* Workings to be provided in Schedule 14

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

(\$000)

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

		(\$'000)	
50			
51	Opening sum of regulatory tax asset values	47,647	
52	less Tax depreciation	4,240	
53	plus Regulatory tax asset value of assets commissioned	6,239	
54	less Regulatory tax asset value of asset disposals	46	
55	plus Lost and found assets adjustment	-	
56	plus Adjustment resulting from asset allocation	41	
57	plus Other adjustments to the RAB tax value	-	
58	Closing sum of regulatory tax asset values		49,641

<i>Company Name</i>	First Gas Limited (Maui GTB)
<i>For Year Ended</i>	30 September 2017
<i>period covered</i>	9 months

sch ref

661
2,720
7,127
-
3,516
1,717

Total regulatory income	Recoverable income
Operational expenditure	Recoverable costs
Capital expenditure	
Market value of asset disposals	
Other related party transactions	
Other related party transactions	

Related party relationship

Revenue party relationship
Gas Services Joint Venture and First Gas Limited have some common ultimate owners
Owner of the gas transmission pipeline

* include additional rows if needed

[illegible]

name or related party	transaction type	Description of transaction	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
First Gas Limited	Sales	Gas Transmission services on the Maui pipeline																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																

* include additional rows if needed

Company Name	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period covered	9 months

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

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	Cost of executing an interest rate swap	Debt issue cost readjustment

* include additional rows if needed

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

Gross term credit spread differential

-

Total book value of interest bearing debt

Leverage

44%

Average opening and closing RAB values

Attribution Rate (%)

-

Term credit spread differential allowance

-



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.

<i>Company Name</i>	First Gas Limited (Maui GTB)
<i>For Year Ended</i>	30 September 2017
<i>Period covered</i>	9 months

<i>sch ref</i>	Value allocated (\$000s)				
	Arm's length deduction	Gas transmission services	Non-gas transmission services	Total	OVBAA allocation increase (\$000s)
5d(i): Operating Cost Allocations					
Service interruptions, incidents and emergencies					
Directly attributable		46			
Not directly attributable					
Total attributable to regulated service		46			
Routine and corrective maintenance and inspection					
Directly attributable		1,161			
Not directly attributable					
Total attributable to regulated service		1,161			
Asset replacement and renewal					
Directly attributable		-			
Not directly attributable					
Total attributable to regulated service		-			
Compressor fuel					
Directly attributable		343			
Not directly attributable					
Total attributable to regulated service		343			
Land management and associated activity					
Directly attributable		130			
Not directly attributable					
Total attributable to regulated service		130			
System operations					
Directly attributable		1,137			
Not directly attributable					
Total attributable to regulated service		1,137			
Network support					
Directly attributable		247			
Not directly attributable					
Total attributable to regulated service		247			
Business support					
Directly attributable		-			
Not directly attributable		2,211	10,092	12,302	
Total attributable to regulated service		2,211			
Operating costs directly attributable		3,064			
Operating costs not directly attributable		2,211	10,092	12,302	
Operational expenditure		5,274			



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.

Company Name	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period covered	9 months

sch ref

5d(ii): Other Cost Allocations**Pass through and recoverable costs****Pass through costs**

Directly attributable
Not directly attributable

Total attributable to regulated service**Recoverable costs**

Directly attributable
Not directly attributable

Total attributable to regulated service

Arm's length deduction	Value allocated (\$000s) Gas distribution services	Value allocated (\$000s) distribution services	Total	OVABAA allocation increase (\$000s)
	399	885	1,251	
	366			
	765			
	178			
	-			
	178			

5d(iii): Changes in Cost Allocations* †**Change in cost allocation 1**

Cost category
Original allocator or line items
New allocator or line items

Rationale for change

(\$000)	CV-1	Current Year (CY)
Original allocation		
New allocation		
Difference		

Change in cost allocation 2

Cost category
Original allocator or line items
New allocator or line items

Rationale for change

(\$000)	CV-1	Current Year (CY)
Original allocation		
New allocation		
Difference		

Change in cost allocation 3

Cost category
Original allocator or line items
New allocator or line items

Rationale for change

(\$000)	CV-1	Current Year (CY)
Original allocation		
New allocation		
Difference		

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



<i>Company Name</i>	First Gas Limited (Maui GTB)
<i>For Year Ended</i>	30 September 2017
<i>Period covered</i>	9 months

sch ref

Se(i): Regulated Service Asset Values		Value allocated (\$000s) Gas transmission services
7		
8		
9		
10	Pipes	
11	Directly attributable	277,078
12	Not directly attributable	
13	Total attributable to regulated service	277,078
14		
15	Stations	
16	Directly attributable	3,250
17	Not directly attributable	
18	Total attributable to regulated service	3,250
19		
20	Compressors	
21	Directly attributable	6,767
22	Not directly attributable	
23	Total attributable to regulated service	6,767
24		
25	Main-line valves	
26	Directly attributable	1,266
27	Not directly attributable	
28	Total attributable to regulated service	1,266
29		
30	Special crossings	
31	Directly attributable	-
32	Not directly attributable	
33	Total attributable to regulated service	-
34		
35	Other network assets	
36	Directly attributable	1,641
37	Not directly attributable	
38	Total attributable to regulated service	1,641
39		
40	Non-network assets	
41	Directly attributable	785
42	Not directly attributable	386
43	Total attributable to regulated service	1,171
44		
45	Regulated service asset value directly attributable	290,787
46	Regulated service asset value not directly attributable	386
47	Total dosing PAB value	291,173

Company Name	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period covered	9 months

SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

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

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

Change in asset value allocation 1

Asset category
Original allocator or line items
New allocator or line items

Rationale for change

(\$000)

	CY-1	Current Year (CY)
Non-network assets	-	386
100% Non-Maui	73	-
Head count	(73)	386

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

Change in asset value allocation 2

Asset category
Original allocator or line items
New allocator or line items

Rationale for change

(\$000)

	CY-1	Current Year (CY)
Original allocation		
New allocation		
Difference	-	-

Change in asset value allocation 3

Asset category
Original allocator or line items
New allocator or line items

Rationale for change

(\$000)

	CY-1	Current Year (CY)
Original allocation		
New allocation		
Difference	-	-

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



Company Name **First Gas Limited (Maui GTB)**For Year Ended **30 September 2017**Period covered **9 months****SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

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

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

sch ref

7	6a(i): Expenditure on Assets		
8	Consumer connection	(\$000)	(\$000)
9	System growth		-
10	Asset replacement and renewal		7,127
11	Asset relocations		-
12	Reliability, safety and environment:		
13	Quality of supply	-	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	-	
16	Total reliability, safety and environment		-
17	Expenditure on network assets		7,127
18	Expenditure on non-network assets		329
19			
20	Expenditure on assets		7,456
21	plus Cost of financing		68
22	less Value of capital contributions		-
23	plus Value of vested assets		-
24			
25	Capital expenditure		7,524
26	6a(ii): Subcomponents of Expenditure on Assets (where known)		
27	Research and development		
28	6a(iii): Consumer Connection		
29	Connection types defined by GTB*	(\$000)	(\$000)
30			
31			
32			
33			
34			
35	* Include additional rows if needed		
36	Consumer connection expenditure		-
37			
38	less Capital contributions funding consumer connection expenditure		-
39	Consumer connection less capital contributions		-



Company Name

First Gas Limited (Maui GTB)

For Year Ended

30 September 2017

Period covered

9 months

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

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

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

sch ref

40 6a(iv): System Growth and Asset Replacement and Renewal

		System Growth (\$000)	Asset Replacement and Renewal (\$000)
41			
42			
43	Pipes	-	1,890
44	Compressor stations	-	4,758
45	Other stations	-	211
46	SCADA and communications	-	192
47	Special crossings	-	-
48	Components of stations (where known)		
49	Main-line valves	-	-
50	Heating system	-	11
51	Odourisation plants	-	-
52	Coalescers	-	-
53	Metering system	-	-
54	Cathodic protection	-	64
55	Chromatographs	-	-
56	System growth and asset replacement and renewal expenditure	-	7,127
57	less Capital contributions funding system growth and asset replacement and renewal	-	-
58	System growth and asset replacement and renewal less capital contributions	-	7,127

61 6a(v): Asset Relocations

	Project or programme*	(\$000)	(\$000)
62			
63			
64			
65			
66			
67			
68	* include additional rows if needed		
69	All other projects or programmes - asset relocations		
70	Asset relocations expenditure		-
71	less Capital contributions funding asset relocations		-
72	Asset relocations less capital contributions		-

73 6a(vi): Quality of Supply

	Project or programme*	(\$000)	(\$000)
74			
75			
76			
77			
78			
79			
80	* include additional rows if needed		
81	All other projects or programmes - quality of supply		
82	Quality of supply expenditure		-
83	less Capital contributions funding quality of supply		-
84	Quality of supply less capital contributions		-



Company Name

First Gas Limited (Maui GTB)

For Year Ended

30 September 2017

Period covered

9 months

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

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

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

sch ref

6a(vii): Legislative and Regulatory		(\$000)	(\$000)
85	Project or programme*		
86			
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			
6a(viii): Other Reliability, Safety and Environment		(\$000)	(\$000)
98	Project or programme*		
99			
100			
101			
102			
103			
104			
105	* include additional rows if needed		
106	All other projects or programmes - other reliability, safety and environment		
107	Other reliability, safety and environment expenditure		
108	less Capital contributions funding other reliability, safety and environment		
109	Other reliability, safety and environment less capital contributions		
110			
6a(ix): Non-Network Assets		(\$000)	(\$000)
111	Routine expenditure		
112	Project or programme*		
113	Equipment	1	
114	ICT	119	
115			
116			
117			
118			
119	* include additional rows if needed		
120	All other projects or programmes - routine expenditure	2	
121	Routine expenditure		122
122	Atypical expenditure	(\$000)	(\$000)
123	Project or programme*		
124	ICT transition	178	
125	Building refurbishment	29	
126			
127			
128			
129	* include additional rows if needed		
130	All other projects or programmes - atypical expenditure		
131	Atypical expenditure		207
132			
133	Expenditure on non-network assets		329



Company Name	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period covered	9 months

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

6b(i): Operational Expenditure

Service interruptions, incidents and emergencies
Routine and corrective maintenance and inspection
Asset replacement and renewal
Compressor fuel
Land management and associated activity

Network opex

System operations
Network support
Business support

Non-network opex

Operational expenditure

(\$000)

46
1,161
-
343
130

1,680

1,137
247
2,211

3,594

5,274

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

Research and development
Insurance

N/A

405



Company Name	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period covered	9 months

SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

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

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

7(i): Revenue	Target (\$000) ¹	Actual (\$000)	% variance
Line charge revenue	35,658	28,642	

7(ii): Expenditure on Assets	Forecast (\$000) ²	Actual (\$000)	% variance
Consumer connection	1,005	-	
System growth	-	-	
Asset replacement and renewal	6,031	7,127	
Asset relocations	-	-	
Reliability, safety and environment:			
Quality of supply	-	-	
Legislative and regulatory	-	-	
Other reliability, safety and environment	-	-	
Total reliability, safety and environment	-	-	
Expenditure on network assets	7,036	7,127	
Expenditure on non-network assets	1,498	329	
Expenditure on assets	8,534	7,456	

7(iii): Operational Expenditure	Forecast (\$000) ²	Actual (\$000)	% variance
Service interruptions, incidents and emergencies	117	46	
Routine and corrective maintenance and inspection	3,482	1,161	
Asset replacement and renewal	-	-	
Compressor fuel	548	343	
Land management and associated activity	328	130	
Network opex	4,475	1,680	
System operations	1,844	1,137	
Network support	1,021	247	
Business support	5,376	2,211	
Non-network opex	8,241	3,594	
Operational expenditure	12,716	5,274	

7(iv): Subcomponents of Expenditure on Assets (where known)	Forecast (\$000) ²	Actual (\$000)	% variance
Research and development	N/A	-	-

7(v): Subcomponents of Operational Expenditure (where known)	Forecast (\$000) ²	Actual (\$000)	% variance
Research and development	N/A	N/A	-
Insurance	N/A	405	-

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	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period covered	9 months

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(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**	Add extra columns for additional billed quantities as necessary
Standard	n/a	n/a	n/a	TJ	TJ.km	
Non-standard	n/a	n/a	n/a	n/a	n/a	
Add extra rows for additional contract types as necessary						
Totals for all contracts	-	-	-	114,753	12,910,855	

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**	Add extra columns for additional line charge revenues as necessary	Notional revenue foregone from posted discounts (if applicable)
Standard	\$28,642	n/a	n/a	n/a	n/a	\$8,268	\$20,374	n/a
Non-standard	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Add extra rows for additional contract types as necessary								
Totals for all contracts	\$28,642	-	-	-	-	\$8,268	\$20,374	-

*Vector only

**MDL only

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

<i>Company Name</i>	First Gas Limited (Maui GTB)
<i>For Year Ended</i>	30 September 2017
<i>Period covered</i>	9 months

	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	309	309	0	3
8	Pipes	Special crossings	km	1	1	-	3
9	Stations	Compressor stations	No.	1	1	-	3
10	Stations	Offtake point	No.	15	15	-	3
11	Stations	Scrapper stations	No.	2	2	-	3
12	Stations	Intake points	No.	7	7	-	3
13	Stations	Metering stations	No.	-	-	-	N/A
14	Compressors	Compressors—turbine driven	No.	2	2	-	3
15	Compressors	Compressors—electric motor driven	No.	-	-	-	N/A
16	Compressors	Compressors—reciprocating engine driven	No.	-	-	-	N/A
17	Main-line valves	Main line valves manually operated	No.	4	4	-	3
18	Main-line valves	Main line valves remotely operated	No.	4	4	-	3
19	Heating systems	Gas-fired heaters	No.	2	2	-	3
20	Heating systems	Electric heaters	No.	-	-	-	N/A
21	Odourisation plants	Odourisation plants	No.	-	-	-	N/A
22	Coalescers	Coalescers	No.	4	4	-	3
23	Metering systems	Meters—ultrasonic	No.	2	2	-	3
24	Metering systems	Meters—rotary	No.	-	-	-	N/A
25	Metering systems	Meters turbine	No.	1	1	-	3
26	Metering systems	Meters—mass flow	No.	-	-	-	N/A
27	SCADA and communications	Remote terminal units (RTU)	No.	12	12	-	3
28	SCADA and communications	Communications terminals	No.	-	-	-	N/A
29	Cathodic protection	Rectifier units	No.	10	10	-	3
30	Chromatographs	Chromatographs	No.	1	1	-	3

[illegible]

SCHEDULE 9c: REPORT ON PIPELINE DATA

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

sch ref

<i>Company Name</i>	First Gas Limited (Maui GTB)
<i>For Year Ended</i>	30 September 2017
<i>Period covered</i>	9 months

	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
7							
8	309	747	13,349	3,172	104,774	104,593	26
9							
10							
11							
12							
13							
14	309						

Length by assigned location class (km)

Secondary location class

	Sensitive Use (S)	Industrial (I)	Heavy Industrial (HI)	Common Infrastructure Corridor (CIC)	Submerged (W)	Total (km) (at year end) *	Percentage of total
16							
17	1	1			1	280.97	93.76%
18	3					9.76	3.26%
19	4					8.96	2.99%
20							
21							

* 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.

Company Name **First Gas Limited (Maui GTB)**For Year Ended **30 September 2017**Period covered **9 months****SCHEDULE 9d: REPORT ON DEMAND**

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

sch ref

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	-
* Include additional rows if needed	
Connections total	-

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)	104,221	-	7
Offtake Point (excluding Bi-directional Points and Compressor Stations)	-	98,522	17
Bi-Directional Point	450	6,070	1
Compressor Station	-	-	1
* Include additional rows if needed			
Total	104,671	104,592	26

9d(iii): Gas conveyed

	(TJ)
Intake volume (TJ)	104,671
Quantity of gas delivered (TJ)	104,593
Gas used in compressor stations (TJ)	181
Gas used in heating systems (TJ)	-
Change in line pack (TJ)	(10)
Vented gas (TJ)	-
Unaccounted for gas (TJ)	(93)
Total gas conveyed (TJ)	104,774

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	104,671	(93)	(0.09%)	104,671	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
Total	104,671	-	-	104,671	-	

Company Name **First Gas Limited (Maui GTB)**
 For Year Ended **30 September 2017**
 Period covered **9 months**

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)
N/A			

*Add rows as necessary

Number of interruption or curtailment events:

due to Insufficient capacity	<input type="text" value="-"/>
due to consumer flows exceeding approved quantities	<input type="text" value="-"/>
caused by equipment failure	<input type="text" value="-"/>
caused by third parties	<input type="text" value="12"/>
Total	<input type="text" value="12"/>

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	1,851.00	6,354.00	1	5
Mokau	Unit #2	4,187.00	5,146.00	7	6

*Add rows as necessary

SCHEDULE 10b: REPORT ON NETWORK INTEGRITY		Company Name	First Gas Limited (Maui GTB)
		For Year Ended	30 September 2017
		Period covered	9 months
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		-
9	Number of incidents relating to gas specification		4
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)		-
15	Number of emergencies		1
16			
17	Gas leaks		
18	Number of confirmed public reported gas escapes per system length (escapes/1000 km)		-
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		2
21	Number of gas leaks that did not result in disruption to supply		2

Company Name	First Gas Limited (Maui GTB)
For Year Ended	30 September 2017
Period	9 months

Schedule 14 Mandatory Explanatory Notes

1. This schedule requires GTBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.20 and sub-clause 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 12 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for 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 sub-clause 2.7.1(2).

Box 1: Explanatory comment on return on investment

The ROI of 7.47% is higher than the mid-point estimate of post-tax WACC of 5.45% and is higher than prior periods. This increase is driven by a combination of increased revaluation income and lower than expected operating expenditure.

Revaluation income is based on CPI, and the CPI rate applied has increased from 0.42% in the 2016 disclosure period to 1.48% in the 2017 disclosure period (9-month period). Operating expenditure for the 9-month period was lower than expected, although operating expenditure disclosed for the non-Maui GTB for the period was higher than budget (suggesting that part of the decrease may arise from the allocation of costs to the different GTBs). The disclosure period also started around 6 months after the Maui GTB was acquired by First Gas, and may therefore not be reflective of future operating costs.

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 sub-clause 2.7.1(2).

Box 2: Explanatory comment on regulatory profit

There are no material items included in other regulated income and there have been no reclassified items.

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 sub-clause 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 has been included 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 sub-clause 2.7.1(2).

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

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

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

In 4(ii) the opening unallocated RAB value is different than last year's closing value. This change is due to the reallocation of non-network assets across both the Maui and Non-Maui gas transmission businesses (see Box 9 below).

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

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

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

Box 5: Regulatory tax allowance: permanent differences

Permanent differences consist of 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

Immaterial temporary differences include movements in provisions and accruals.

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

10. In the box below, provide descriptions of related party transactions beyond those disclosed in Schedule 5b including identification and descriptions as to the nature of directly attributable costs disclosed under sub-clause 2.3.7(2)(b).

Box 7: Related party transactions

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

The transactions in this schedule include the sale and purchase of gas between First Gas' two gas transmission businesses. While these transactions are internal transfers, they are disclosed as a related party transaction for the purposes of this disclosure since they take place between the Maui and non-Maui gas transmission businesses.

We have referenced the *Gas Transmission Information Disclosure Amendments Determination (No. 1) 2017* (as at 14 June 2017) when completing the "Basis for determining value" (column K) for our related party transactions. This has required us to update the Commission's template to reference the correct clauses in the IMs and IDs.

Cost allocation (Schedule 5d)

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

Box 8: Cost allocation

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

There have been no re-classifications of items in the disclosure year.

Asset allocation (Schedule 5e)

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

Box 9: Commentary on asset allocation

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

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

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

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

Capital Expenditure for the Disclosure Year (Schedule 6a)

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

Box 10: Explanation of capital expenditure for the disclosure year

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

This period has seen a considerable increase in capital expenditure when compared to the 2016 disclosure year. The increase relates to work completed at the Mokau compressor station, the procurement of additional emergency spares, and implementing ICT infrastructure to support First Gas operations.

Mokau compressor station capital works

The Mokau compressor station plays a pivotal role in how First Gas operates the gas transmission system. In 2017, we have improved the capability of these compressors and invested in additional associated assets for this site. This is reflected in the increased asset replacement and renewal expenditure in this year compared to prior periods.

Increased emergency spares

First Gas has purchased additional hot tap and stopple equipment, and a range of emergency fittings. This will enable us to respond more promptly to emergencies on our high-pressure gas pipelines, increasing infrastructure resilience.

ICT capital expenditure

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

Further details on our expenditure for this period and our plans for the future are available in our 2017 asset management plan update published on the First Gas website [here](#).

There have been no reclassified items.

Operational Expenditure for the Disclosure Year (Schedule 6b)

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



Box 11: Explanation of operational expenditure for the disclosure year

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

There have been no reclassified items.

The only material atypical expenditure that is included in the schedule relates to the secondment of staff employed by Transact Limited (previously the commercial operator of the Maui pipeline) to First Gas Limited from 1 January 2017 to 16 June 2017. This expenditure is included in Business Support opex. The secondment ended on 16 June 2017. The value of those services is confidential. The purpose of the secondment was to ensure the smooth transition of the Maui Development Limited GTB to First Gas Limited.

Variance between forecast and actual expenditure (Schedule 7)

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

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

This schedule compares data from two different time periods. The forecast data covers a 12-month period, whereas the actual data covers a 9-month period. As advised by Commerce Commission staff, we have shaded out the variation column as it does not provide a "like for like" comparison.

The target numbers disclosed in this schedule differ from First Gas' Transmission Asset Management Plan (AMP) because the AMP is for the combined Maui and Non-Maui gas transmission pipelines.

Information relating to revenues and quantities for the disclosure year

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



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

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

Target revenue is defined as the target revenue disclosed under clause 2.4.3(3) of the ID determination, which relates to the pricing year of the GTB (ending 30 September). The pricing year reported for our Maui GTB runs from 1 July 2016 to 30 June 2017 (12-month period). We note that this is the same figure as used in our 2016 disclosure. Due to the non-standard time period for this disclosure and only a 3-month period for the Maui Fifth Assessment Period (under the 2013 – 2017 DPP), this figure is the most representative figure for comparison.

The target revenue for this pricing year was \$35.658 million, as disclosed in the 2016 Maui Pricing Methodology (see section 2, page 6, link [here](#)).

The total billed line charge revenue in Schedule 8 (\$28.642 million) is the revenue that relates to the disclosure year. Our disclosure year for our Maui GTB runs from 1 January 2017 to 30 September 2017 (9-month period).

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

17. 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 14: Explanatory comment relating to changed prices or price category codes

There are only standard contracts for gas transmission services on the Maui gas transmission pipeline and there is no allocation of quantities and revenues to connection or contract types for pricing purposes. i.e. changed prices do not have any effect on the allocation of quantities and revenues between connection types or contract types.

The breakout of metered quantities between connection types in Schedule 9d(ii) is for informational purposes only and not relevant to pricing.

Network Reliability for the Disclosure Year (Schedule 10a)

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

Box 15: Commentary on network reliability for the disclosure year

Interruptions are defined (narrowly) as

“... the cessation of supply of gas for a period of 1 minute or longer...”.

None of the incidents that occurred during 2017 led to any cessation of supply. Therefore, using the definition provided by the Commerce Commission, we had no planned or unplanned interruptions.

Incidents are defined (widely) as:

“...any event, including a near miss, that has the potential to impact on the delivery of gas transmission services or the operations of the GTB”.

These events may range from an unscheduled outage of a large production station due to a power failure, to a landowner fencing over the Maui transmission pipeline without a permit. First Gas notes that the total number of events classified as an “incident” during the disclosure year was 31. This includes 12 curtailment events (as described below), and 19 potentially relevant events recorded in First Gas’s reporting systems.

Curtailments

Curtailment provisions and procedures are described in section 15 of the Maui Pipeline Operating Code (MPOC). During the year, there were 12 curtailment events that led to reductions in scheduled gas transmission. All those events were caused by third parties.

Compressor performance

There were 8 instances during the disclosure year where a compressor failed to start. There were 11 instances where a compressor (either Mokau unit) was required but unavailable for service. The level of compressor reliability during the disclosure period is consistent with historic performance (accounting for increased run times during the disclosure period). Compressor unavailability occurred for a variety of reasons, including unit trips whilst online. No supply issues resulted from unit unavailability through this period.

One emergency occurred over this disclosure period. This was a Critical Contingency on 23 May 2017 due to a supply and demand imbalance on the transmission system that breached a time to minimum pressure threshold. The Critical Contingency event was responded to immediately. The Critical Contingency Operator was present when the Emergency was declared and the Critical Contingency was published on OATIS 37 minutes after the Critical Contingency was declared.

Insurance cover

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

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

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

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

Box 16: Explanation of insurance cover

For the period under First Gas ownership, insurance cover has been obtained for the assets in the Maui GTB. These policies cover material damage, business interruption and contract works insurance.

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

Amendments to previously disclosed information

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

20.1 a description of each error; and

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

Box 17: Disclosure of amendment to previously disclosed information

No amendments are required.

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

Company Name	<u>First Gas Limited (Maui GTB)</u>
For Year Ended	<u>30 September 2017</u>
Period	<u>9 months</u>

Schedule 15 Voluntary Explanatory Notes

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 2.8.
3. Provide additional explanatory comment in the box below.

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

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

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

Alignment of disclosure years

First Gas notes that this information disclosure will be the final information disclosure for its Maui (ex-Maui Development Limited) gas transmission business. From 1 October 2017, First Gas will disclose consolidated schedules for its Maui and Non-Maui (ex-Vector Limited) gas transmission businesses.

This has been enabled by the Commerce Commission's decision to have a single GTB under the 2017 – 2022 Default Price-Quality Path (DPP) and the decision (14 June 2017) to align the disclosure years applicable to First Gas' transmission and distribution businesses to a 30 September year end, effective from 1 October 2017. This will see information disclosure years aligned with pricing years for all aspects of the business, and we consider that this approach will provide stakeholders with greater transparency of our transmission business going forward.

Change in data accuracy level

First Gas has reduced the data accuracy level reported in schedule 9a. In the 2016 disclosure year, we reported a level 4. In the 2017 disclosure year, we have adjusted it to a level 3. This change reflects the greater understanding we now have of the assets we have acquired from Maui Development Limited and makes our reported data accuracy level consistent across GTBs.

Upgrade to Mokau compressor station

First Gas has capitalised the upgrade of the Mokau compressor station (\$3.7 million). This upgrade involved the installation of "dry gas" seals, replacing the obsolete "wet gas" oil seal system. Further detail on this work is available in our 2017 AMP update here - <http://firstgas.co.nz/wp-content/uploads/FGL-Gas-Transmission-AMP-2017-Update.pdf>

Change to number of cathodic protection rectifier units

First Gas has changed the number of cathodic protection units reported in Schedule 9a for the start of a year. During internal review, we observed that the ending number of units for the 2016 disclosure year was 12, whereas the starting number of units was 10. Review of historic data has identified that the error occurred from data provided in 2013 (prior to First Gas ownership). We now have access to more information to provide more accurate data.

Formula amendments for 9-month disclosure period

First Gas has been granted an exemption to amend the formula that calculates the return on investment (ROI) for the current year. This is necessary to ensure that the resulting ROI figures reflect a 9-month period, rather than a standard 12-month period.

Exemptions

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

- Schedule 2: Report on return on investment;
- Schedule 14: Mandatory explanatory notes; and
- Schedule 19: Certification for year-end disclosures.

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

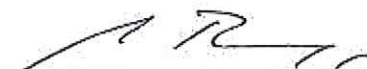
INFORMATION DISCLOSURE CERTIFICATE FOR MAUI GTB

Schedule 19 Certification for Year-end Disclosures

Clause 2.9.3

We, Philippa Jane Dunphy and Euan Richard Krogh, being directors of First Gas Limited certify that, having made all reasonable enquiry, 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; and
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from the First Gas Limited's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained.



Philippa Dunphy
Director

21 March 2018

Date



Richard Krogh
Director

21 March 2018

Date

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

Conclusion

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

Information subject to assurance

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

Criteria

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

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

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

Standards we followed

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

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

How to interpret reasonable assurance and material misstatement

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

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

Use of this assurance Report

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

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

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

Directors' responsibility for the schedules

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

Our responsibility

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

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

Our independence and quality control

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

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

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



KPMG
Auckland

21 March 2018