

# Gas Distribution Services Default Price-Quality Path 2018

Disclaimer: This document has been prepared to comply with the Commerce Act (Gas Distribution Services Default Price-Quality Path) Determination 2017. The information in this document has been prepared with all care and diligence, in good faith. Any reliance on the information contained in this document, actual or purported, is at the user's own risk.

## Director's Certificate

I, John Loughlin, being a director of Powerco Limited certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached Compliance Statement of Powerco Limited, and related information, prepared for the purposes of the Gas Distribution Services Default Price-Quality Path Determination 2017 has been prepared in accordance with all the relevant requirements.



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Director

22-11-18

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Date

# Contents

1	Summary.....	4
2	Assessment against the Price Path.....	5
3	Assessment against the Quality Path.....	9
4	Amalgamations, Mergers, Transfers and Major Transactions .....	11
5	Auditor's Report .....	12
6	Appendices .....	14

# 1 Summary

Powerco Limited's gas distribution business (Powerco) is subject to regulation under the Commerce Act 1986. Pursuant to the requirements of this Act, the Commerce Commission (Commission) has set a default price-quality path ("DPP") which applies to all non-exempt gas distribution businesses (GDBs) including Powerco.

The default price-quality path requirements are set out in the Gas Distribution Services Default Price-Quality Path Determination 2017 (the Determination). During the regulatory Period, Powerco must comply with the requirements of the Determination, in particular:

- a) the price path specified in clause 8; and
- b) the quality path specified in clause 9.

Clause 11 of the Determination requires Powerco to provide an Annual Compliance Statement (Statement) to the Commission and disclose information relevant to the assessment of its performance against allowable notional revenue (the price path) and against prescribed reliability standards for the time taken to respond to emergency calls.

As required by clause 11.2(a) of the Determination, this Statement confirms that Powerco has complied with the price path in clause 8 of the Determination and the quality standards in clause 9 of the Determination for this assessment period being 1 October 2017 to 30 September 2018.

Powerco is available to assist the Commission with its review of this Statement and will provide any additional information the Commission may request.

Powerco completed this Statement on 22 November 2018. A copy is available at Powerco's principal office (Powerco, Level 2, 84 Liardet Street New Plymouth). The Statement is published on Powerco's website ([www.powerco.co.nz](http://www.powerco.co.nz)) and additional copies can be provided on request.

## 2 Assessment against the Price Path

In this section Powerco demonstrates that the price path requirements in clause 8 of the Determination have been complied with. Powerco has provided information to support the statement of compliance.

For presentation purposes, the tables set out in section 2.1 are aggregates of the price and quantity information for each price group. More detailed information is contained in appendix A of this Statement.

### 2.1 Summary of Pricing Compliance Information

Clause 8.3 of the Determination states that to demonstrate compliance with the price path,

***The notional revenue (NR<sub>t</sub>) of the GDB in an assessment period must not exceed the allowable notional revenue (ANR<sub>t</sub>) for the assessment period.***

As demonstrated by the calculation in table 1, Powerco complies with the price path for the assessment period.

**Table 1: Price path<sup>1</sup>**

DPP Expression	NR <sub>t</sub> ≤ ANR <sub>t</sub>
Powerco's Result (\$000)	\$46,756 ≤ \$46,924
<b>Compliance test</b>	Complies

<sup>1</sup> The figures in the pricing tables are in thousands of dollars. The underlying calculations are based on more detailed numbers (i.e. to more decimal places than shown in this document). This may cause rounding inconsistencies or discrepancies. These discrepancies do not affect the overall compliance calculations which are based on the more detailed information.

## 2.2 Analysis of Allowable Notional Revenue and Notional Revenue

The DPP is based on a regulatory period of 5 years. The 2018 assessment period is the first assessment period under the current default price quality path.

The calculation of Allowable Notional Revenue and Notional Revenue are shown in Tables 2 and 3, respectively.

### 2.2.1 Calculating Allowable Notional Revenue

Allowable Notional Revenue for the first assessment period is calculated in accordance with equation 1 of schedule 3 of the Determination.

**Table 2: Calculating Powerco’s Allowable Notional Revenue (ANR)**

Powerco’s Allowable Notional Revenue (ANR)	
$ANR_{2018} = \frac{MAR}{\Delta D}$	
Calculation Components	Amount (\$000)
MAR is the maximum allowable revenue for the first Assessment Period as specified in Schedule 1 of the Determination.	\$47,309
$\Delta D$ is the change in constant price revenue specified in Schedule 1 of the Determination	1.0082
$ANR_{2018}$ is the total Allowable Notional Revenue for the 2018 assessment period.	<b>\$46,924</b>

### 2.2.2 Calculating Notional Revenue

Notional Revenue is the product of each price during any part of the assessment period and the quantity for each price for the assessment period ending two years prior corresponding to that price.

**Table 3: Calculating Powerco’s Notional Revenue (NR)**

Powerco’s Notional Revenue (NR)	
NR 2018 = $(\sum_i P_{i,2018} Q_{i,2016} - (K_{2018} + V_{2018}))$	
Calculation Components	Amount (\$000)
<p><math>P_{i,2018}, Q_{i,2016}</math> represents the notional revenue for the assessment period ending September 2018. This is the sum of all products of the 2018 prices for each lines service and corresponding quantities for the year ending September 2016.</p> <p>Refer appendix A for detail.</p>	\$48,998
<p><math>K_{2018}</math> is the sum of all pass-through costs included in pricing for the assessment period</p>	(\$2,242)
<p><math>V_{2018}</math> is the sum of all recoverable costs included in pricing for the assessment period</p>	(\$0)
<p><math>NR_{2018}</math> is the total Notional Revenue for the 2018 assessment period.</p>	<b>\$46,756</b>

## 2.3 Determining Pass-through and Recoverable Costs

The Determination allows for the inclusion of pass-through and recoverable costs in pricing if they are ascertainable at the time prices are set and have not been previously recovered or will not be able to be recovered other than through prices.

Pass-through costs included in pricing under the DPP include—

- Rates on system fixed assets;
- Gas Act levies;
- Commerce Act levies;
- Electricity and Gas Complaints Commissioner Scheme levies; and
- Levies under the Commerce (Levy for Control of Natural Gas Services) Regulations 2005.

### 2.3.1 Pass-Through Costs included in Pricing

Powerco sets draft pricing in April each year and pricing is finalised in July to take effect on 1 October of that year. Costs known or ascertainable to the point pricing is finalised may be included in pricing. Therefore, costs forecast to be used in pricing are actual costs incurred.

Table 4 below provides a breakdown of the pass-through costs included in 2018 pricing.

**Table 4: Calculation of Pass-through and Recoverable costs included in 2018 pricing**

Pass through and recoverable costs	Pricing Period costs were incurred		
	2016	2017	Total
Rates	1,439,748	258	<b>1,440,006</b>
Commission Levies	295,967	263,059	<b>559,026</b>
EGCC levies	55,843	0	<b>55,843</b>
Costs relating to a CPP application	0	0	<b>0</b>
Claw back applied by the Commission	0	0	<b>0</b>
<b>Pass through (K<sub>t</sub>) and Recoverable costs (V<sub>t</sub>) included in 2018 pricing</b>	<b>\$1,791,558</b>	<b>\$263,317</b>	<b>\$2,054,875</b>
<b>Time value of money adjustment<sup>2</sup></b>			
Discount rate	4.76%	4.76%	
Amount of pass-through and recoverable costs paid in the period	\$1,789,066	\$265,809	
<b>Total Pass-through and Recoverable costs included in 2018 pricing adjusted for the time value of money.</b>	<b>1,963,438</b>	<b>278,462</b>	<b>2,241,900</b>

## 2.4 Price Restructuring

The Determination specifies that any restructure of prices is required to be disclosed. Powerco considers a restructure of prices means either:

- a) combining two or more consumer groups into one consumer group;
- b) separating a consumer group into two or more new consumer groups; or
- c) adding a new consumer group.

Powerco has not restructured its pricing during this assessment period.

<sup>2</sup> As prescribed in equation 3 of schedule 5 of the Determination. A discount rate of 4.76% is applied to invoices from the pricing period in which they were paid by Powerco through to the pricing period when the pass-through costs and recoverable costs are recovered through prices.



### 3 Assessment against the Quality Path

#### 3.1 Summary of Quality Path Compliance Information

To demonstrate compliance with the quality standards Powerco’s RTE values must be such that:

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

Powerco has complied with the reliability assessment response times to emergencies (RTE) as demonstrated in Table 5.

**Table 5: Reliability results for this assessment period**

DPP Requirement	Powerco Result	DPP Standard	2018 Outcome
Response to emergencies greater than 60mins	0%	20%	Complies
Response to emergencies greater than 180mins	0%	0%	Complies

An emergency is defined under the Determination as being—

- An unplanned escape or ignition of gas that requires the active involvement<sup>3</sup> of any emergency service (e.g. fire service or ambulance); or
- An unplanned disruption in the supply of gas that affects more than five ICPs; or
- An evacuation of a premises as the result of escape or ignition of gas.

The assessed results are calculated from a dataset that covers the period 1 October 2017 to 30 September 2018. The incident data and calculations for the response times to emergencies are included in appendix C of this document.

Emergencies may be excluded from the dataset if the Commission has granted an exclusion in writing.

Powerco confirms that for this assessment period it did not have any emergencies that the Commission determined may be excluded from the RTE values, nor does Powerco have any excluding requests pending a decision by the Commission for the assessment period.

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<sup>3</sup> Active involvement includes actions such as establishing safety cordons, the use of firefighting equipment or providing medical or first aid treatment.

## 3.2 Reliability Policies and Procedures

### 3.2.1 Recording emergency events

Each event affecting the gas distribution system reported to Powerco is recorded in Powerco's Outage Management System (OMS) by personnel in Powerco's Network Operations Centre (NOC). Data recorded includes:

- If the event is planned or unplanned
- Time of call
- Time of arrival of personnel onsite
- If emergency services are involved
- If premises are evacuated
- If Powerco's assets are involved
- Number of connections affected
- Event closure codes

The process of collecting and reviewing data for the calculation of the response time to emergencies metric is illustrated in flow diagrams held in appendix B of this document.

#### 3.2.1.1 Initial Recording and Response

At the time of a call there are some factors that may not be apparent. Included in these are an accurate count of customers affected, the type of equipment that has failed, and confirmation that a gas leak has occurred. From time to time, the site may be evacuated sometime after the initial call to NOC.

Accordingly, Powerco initially classifies any call received from an emergency service as an emergency event. This is independent of any further action that the emergency service may or may not take.

Following the event, the responding field operative will call in any relevant event data to the NOC. It may not be until this point that a job meets one of the three criteria to be classified as an emergency. Conversely, it may be the case that an initial factor such as a reported smell of gas is not confirmed on site and evacuation or emergency services are not required.

#### 3.2.1.2 Post Event Paperwork

The field operative records event data on a datasheet (form 390F140). This acts as a further record of the event details. These datasheets are held by the service provider and provided to Powerco. The forms are checked against entries in the OMS by the Gas operations team. This check typically verifies closure codes, customer counts, and times entered on the paperwork.

If required, the OMS records are updated. Changing OMS records is restricted to designated users.

#### 3.2.1.3 Regular Emergency Response Checks and Reporting

OMS data is extracted daily to a data warehouse. RTE information is extracted from the data warehouse through a Business Objects reporting tool on a weekly and monthly basis for review. All records assessed as being an emergency are individually checked by the gas asset intelligence analyst.

The percentage of emergencies responded to within 60 minutes and within 180 minutes is calculated for the current month and on a cumulative financial year basis. These figures are compared to Powerco's internal targets and reported to the gas management team monthly. The cumulative results are reported in the management report to the Board as required.

The time taken to respond to an emergency is calculated as being the difference between the time stamped entry of the initial call to NOC and OMS entry, and the time recorded by the field operative as the on-site time.

#### **3.2.1.4 Preparation for Disclosure**

The Determination definition of emergency is narrower than that used by Powerco for internal reporting. Therefore, the results from internal reporting are filtered to only select emergency events as defined in the Determination. As an example, any events that are not associated with Powerco distribution assets or minor faults where no emergency response was required are removed as these do not fall within the Determination definition of emergency.

#### **3.2.1.5 Escalation of Exceptions**

The gas asset intelligence analyst confirms Powerco remains compliant with the quality standard each week once the OMS checks have been completed. Any confirmed instance where the response time is greater than 180 minutes, or it is possible that more than 20% of emergencies have exceeded 60 minutes, must be reported immediately to the –

- Gas Asset Strategy Manager
- Operations Manager (Gas)
- General Manager Gas
- Regulatory Manager
- General Manager Regulation and Commercial

## **4 Amalgamations, Mergers, Transfers and Major Transactions**

Powerco has not completed any amalgamations, mergers, transfers or major transactions in this assessment period.



## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF POWERCO LIMITED AND THE COMMERCE COMMISSION**

### **Report on Powerco Limited's Annual Gas Compliance Statement**

We have conducted a reasonable assurance engagement on whether the information disclosed by Powerco Limited ('the Company') on pages 4 to 11 and 14 to 20, Sections 1, 2, 3 and 4 and the related Appendices A to D of the Company's Annual Compliance Statement ('the Annual Compliance Statement') for the period 1 October 2017 to 30 September 2018 has been prepared, in all material respects, with Clause 11 of the Gas Distribution Services Default Price-Quality Path Determination 2017 ('the Determination').

In our opinion, the Company has complied, in all material respects, with the Determination in preparing its Annual Compliance Statement for the period 1 October 2017 to 30 September 2018.

### **Basis for Opinion**

We conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised): Compliance Engagements ('SAE 3100 (Revised)') issued by the External Reporting Board.

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

### **Board of Director's Responsibility**

The Board of Directors is responsible on behalf of the Company for the preparation of the Annual Compliance Statement in accordance with the Determination. This responsibility includes the design, implementation and maintenance of internal control relevant to the Company's compliance with the Determination.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* 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.

Other than in our capacity as auditor and the provision of other assurance services including the audit of regulatory disclosure statements and trustee reporting, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor.

The firm applies Professional and Ethical Standard 3 (Amended): *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* issued by the New Zealand Auditing and Assurance Standards Board, 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 Responsibilities**

Our responsibility is to express an opinion on whether the Company has complied, in all material respects, with the Determination in preparing its Annual Compliance Statement. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance that the Company has complied, in all material respects, with the Determination in preparing its Annual Compliance Statement.

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

In making those risk assessments, we consider internal control relevant to the Company's preparation of the Annual Compliance Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. A reasonable assurance engagement also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the Annual Compliance Statement.

In relation to the Price Path Compliance Information set out in Clause 8 of the Determination, our reasonable assurance engagement included an examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 4 to 11 and 14 to 20 of the Annual Compliance Statement.

In relation to the Quality Path Compliance Information for the Assessment Period ended on 30 September 2018, our reasonable assurance engagement included an examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 4 to 11 and 14 to 20 of the Annual Compliance Statement.

Our reasonable assurance engagement also included an assessment of the significant estimates and judgments, if any, made by the Company in the preparation of the Annual Compliance Statement and assessment of whether the basis of preparation has been adequately disclosed.

These procedures have been undertaken to form an opinion as to whether the Company has complied, in all material respects, with the Determination in preparing its Annual Compliance Statement for the period 1 October 2017 to 30 September 2018.

## **Inherent Limitations**

Because of the inherent limitations of evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period 1 October 2017 to 30 September 2018 and the procedures performed in respect of the Company's compliance with Determination are undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where the Company may not have complied with the Determination. The opinion expressed in this report has been formed on the above basis.

The interpretation of the Determination involves the exercise of professional judgement and in particular in relation to the discretions applied by management in preparing the Annual Compliance Statement. Accordingly, the facts, circumstances, assumptions and conclusions used in the Annual Compliance Statement may be viewed differently by others including the Commerce Commission.

## **Use of Report**

This report is provided solely for your exclusive use and solely for the purpose of Clause 11.2(d) of the Determination. However we understand that a copy of this report has been requested by the Commerce Commission solely for the purpose above. We agree that a copy of our report may be provided to the Commerce Commission. This report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written consent. We accept or assume no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement including without limitation, liability for negligence in relation to the opinion expressed in our report.

*Deloitte Limited*

## **Chartered Accountants**

22 November 2018  
Wellington, New Zealand

## 6 Appendices

The following list of appendices provides further information supporting this compliance statement.

Appendix reference	Information provided
A – Calculating notional revenue	Provide the price and quantity information used in the calculation of notional revenue for the assessment period.
B – Recording the response time to emergencies statistics	Provides in flowchart format the process described in section 3.2.
C – Response time to emergency incidents	Provides data on RTE events.
D – Compliance references	Notes the compliance requirements from the Determination and where they are evidenced in this Compliance Statement.

### 6.1 Appendix A – Calculation Notional Revenue.

This table summarises the price and quantity information used in the calculation of Notional Revenue for the assessment period. Prices include pass-through and recoverable costs.

P2018 x Q2016 \$ 48,997,542

Load Group	2018 Pricing Year (Oct 2017 - Sept 2018)							
	Price t (2018)		Quantity t-2 (2016)		Fixed Revenue	Variable Revenue	Total Revenue (\$)	
	Fixed \$/day	Variable (\$/GJ)	Avg no of ICPs	Vol (GJ)				
G06	2G06	\$0.0000	\$17.9707	1,046	13,739	\$0	\$246,900	\$246,900
G11	2G11	\$0.5752	\$4.3099	3,511	111,134	\$734,231	\$478,974	\$1,213,205
G12	2G12	\$1.4970	\$3.6958	163	44,071	\$88,951	\$162,880	\$251,831
G14	2G14	\$4.0436	\$3.2703	79	63,098	\$116,508	\$206,348	\$322,856
G16	2G16	\$5.3683	\$3.0889	62	117,121	\$121,584	\$361,780	\$483,364
G18	2G18	\$9.3451	\$3.1916	7	33,081	\$23,738	\$105,581	\$129,318
G30	2G30	\$20.6591	\$0.2815	4	15,313	\$30,245	\$4,311	\$34,556
G40	2G40	\$52.3061	\$0.3907	23	1,482,043	\$440,313	\$578,993	\$1,019,305
<b>Totals</b>				<b>4,895</b>	<b>1,879,600</b>	<b>1,555,569</b>	<b>2,145,767</b>	<b>3,701,336</b>

Load Group	2018 Pricing Year (Oct 2017 - Sept 2018)							
	Price t (2018)		Quantity t-2 (2016)		Fixed Revenue	Variable Revenue	Total Revenue (\$)	
	Fixed \$/day	Variable (\$/GJ)	Avg no of ICPs	Vol (GJ)				
G06	5G06	\$0.0000	\$19.6589	5,501	75,490	\$0	\$1,484,046	\$1,484,046
G11	5G11	\$0.5823	\$5.0861	23,921	794,571	\$5,080,461	\$4,041,264	\$9,121,725
G12	5G12	\$0.9418	\$5.5390	611	108,507	\$210,176	\$601,018	\$811,195
G14	5G14	\$5.7718	\$5.5628	133	106,926	\$280,143	\$594,815	\$874,958
G16	5G16	\$8.9086	\$4.6219	46	117,572	\$149,492	\$543,400	\$692,892
G18	5G18	\$13.6909	\$4.4803	12	24,895	\$60,130	\$111,535	\$171,666
G30	5G30	\$7.0729	\$1.2859	23	95,201	\$57,906	\$122,422	\$180,327
G40	5G40	\$20.1402	\$1.7182	17	282,886	\$125,312	\$486,068	\$611,380
<b>Totals</b>				<b>30,264</b>	<b>1,606,047</b>	<b>5,963,622</b>	<b>7,984,568</b>	<b>13,948,189</b>

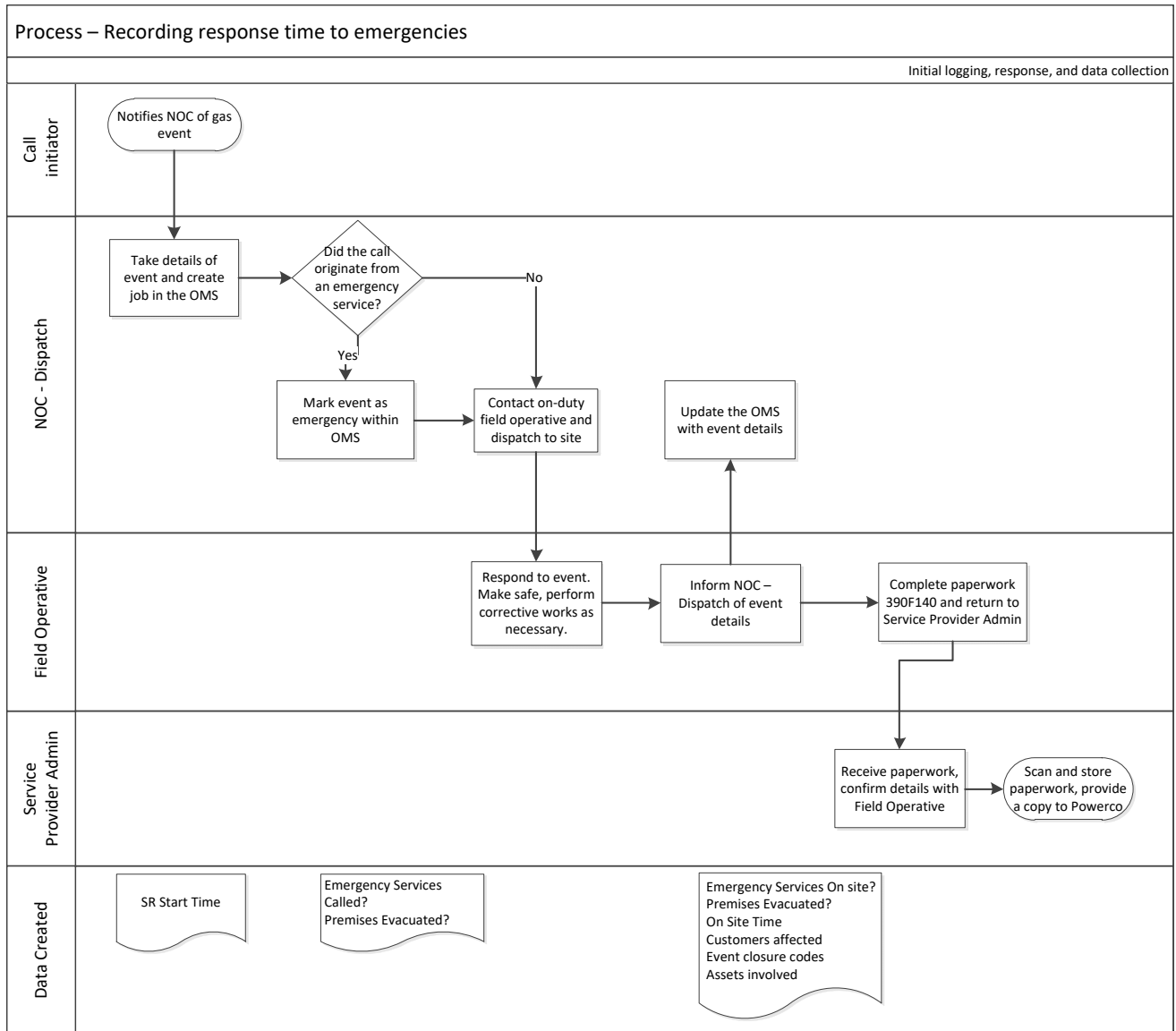
Load Group	2018 Pricing Year (Oct 2017 - Sept 2018)							
	Price t (2018)		Quantity t-2 (2016)		Fixed Revenue	Variable Revenue	Total Revenue (\$)	
	Fixed \$/day	Variable (\$/GJ)	Avg no of ICPs	Vol (GJ)				
G06	3G06	\$0.0000	\$17.9707	5,176	61,656	\$0	\$1,107,993	\$1,107,993
G11	3G11	\$0.5752	\$4.3099	14,775	431,637	\$3,090,961	\$1,860,302	\$4,951,262
G12	3G12	\$1.4970	\$3.6958	323	86,383	\$176,404	\$319,256	\$495,660
G14	3G14	\$4.0436	\$3.2703	85	71,327	\$125,164	\$233,259	\$358,423
G16	3G16	\$5.3683	\$3.0889	72	120,833	\$141,037	\$373,246	\$514,283
G18	3G18	\$9.3451	\$3.1916	12	38,436	\$40,679	\$122,673	\$163,353
G30	3G30	\$20.1996	\$2.3684	10	94,111	\$70,699	\$222,892	\$293,590
G40	3G40	\$31.6140	\$1.6912	28	685,675	\$323,981	\$1,159,600	\$1,483,581
<b>Totals</b>				<b>20,481</b>	<b>1,590,058</b>	<b>3,968,924</b>	<b>5,399,220</b>	<b>9,368,144</b>

Load Group	2018 Pricing Year (Oct 2017 - Sept 2018)							
	Price t (2018)		Quantity t-2 (2016)		Fixed Revenue	Variable Revenue	Total Revenue (\$)	
	Fixed \$/day	Variable (\$/GJ)	Avg no of ICPs	Vol (GJ)				
G06	6G06	\$0.0000	\$17.9707	5,385	64,695	\$0	\$1,162,603	\$1,162,603
G11	6G11	\$0.5752	\$4.3099	12,872	380,177	\$2,691,774	\$1,638,512	\$4,330,286
G12	6G12	\$1.4970	\$3.6958	196	54,044	\$107,035	\$199,739	\$306,774
G14	6G14	\$4.0436	\$1.9274	116	110,858	\$171,444	\$213,666	\$385,111
G16	6G16	\$5.3683	\$1.8786	36	69,563	\$70,587	\$130,683	\$201,271
G18	6G18	\$9.3451	\$1.7094	13	54,066	\$44,194	\$92,421	\$136,615
G30	6G30	\$5.2321	\$3.4777	8	12,915	\$14,268	\$44,916	\$59,184
G40	6G40	\$76.7762	\$0.4471	18	717,311	\$505,802	\$320,735	\$826,537
<b>Totals</b>				<b>18,644</b>	<b>1,463,628</b>	<b>3,605,104</b>	<b>3,803,276</b>	<b>7,408,380</b>

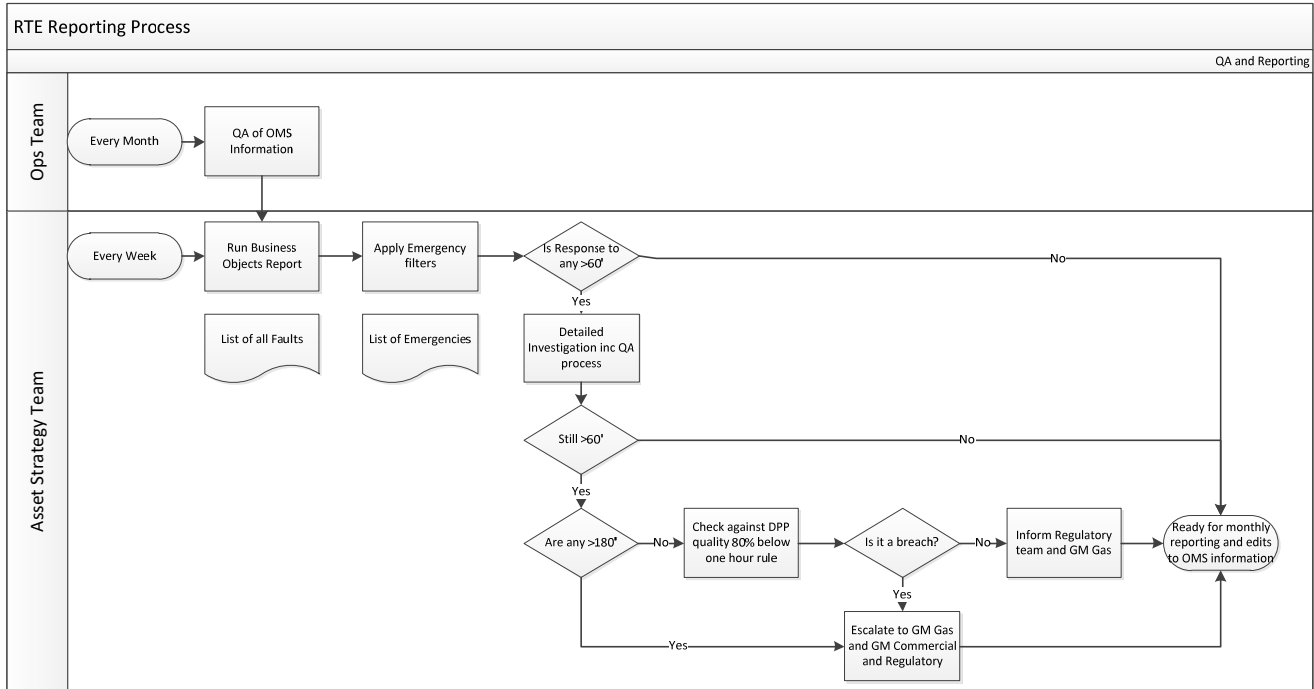
Load Group	2018 Pricing Year (Oct 2017 - Sept 2018)							
	Price t (2018)		Quantity t-2 (2016)		Fixed Revenue	Variable Revenue	Total Revenue (\$)	
	Fixed \$/day	Variable (\$/GJ)	Avg no of ICPs	Vol (GJ)				
G06	4G06	\$0.0000	\$19.6589	7,284	89,124	\$0	\$1,752,082	\$1,752,082
G11	4G11	\$0.5823	\$5.0861	22,341	900,601	\$4,739,337	\$4,580,552	\$9,319,889
G12	4G12	\$0.9418	\$5.5390	463	129,884	\$159,014	\$719,431	\$878,445
G14	4G14	\$5.7718	\$5.5628	118	78,133	\$248,570	\$434,638	\$683,208
G16	4G16	\$8.9086	\$4.6219	71	119,571	\$231,119	\$552,640	\$783,759
G18	4G18	\$13.6909	\$4.4803	9	30,648	\$45,098	\$137,312	\$182,410
G30	4G30	\$8.0893	\$1.8339	76	225,028	\$216,969	\$412,678	\$629,648
G40	4G40	\$17.8353	\$0.6793	15	359,369	\$97,916	\$244,134	\$342,050
<b>Totals</b>				<b>30,377</b>	<b>1,932,360</b>	<b>5,738,023</b>	<b>8,833,469</b>	<b>14,571,492</b>

## 6.2 Appendix B – Recording the response time to emergencies statistics

The process of collecting and reviewing data for the calculation of the response time to emergencies metric is in diagram 1 and diagram 2 below. Diagram 1 describes the process steps to collect interruption information and recording response time to emergencies. Diagram 2 describes the review process undertaken to ensure the information recorded is correct.







6.3 Appendix C – RTE incident data

Total Events:	32
Active involvement of emergency services:	25
Evacuation Events:	10
Emergency & Evacuation:	9
Customers Affected>5:	7
# Responded to greater than 1Hr:	0
# Responded to exceeding 3Hr:	0
%Responded to greater than 1Hr:	0%
%Responded to exceeding 3Hr:	0%

Work Order	Active involvement	Premises Evacuated	# Customers Affected	Time emergency started	On Site Time	Time from when emergency started	1. Equipment	2. Reason	3. Action
19757664	TRUE	Y	1	01/10/2017 14:23	01/10/2017 14:39	0:00:15:21	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	C - CAP SERVICE
20111993	TRUE	N	0	25/10/2017 9:44	25/10/2017 9:55	0:00:10:05	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
20146820	TRUE	Y	0	30/10/2017 12:18	30/10/2017 12:54	0:00:35:19	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
20360706	TRUE	N	1	10/11/2017 8:59	10/11/2017 9:45	0:00:45:25	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
20363216	TRUE	Y	0	10/11/2017 20:31	10/11/2017 20:47	0:00:16:00	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	X - DETERIORATION/AGE
20384670	TRUE	Y	0	13/11/2017 10:34	13/11/2017 10:45	0:00:10:19	S - SERVICE PIPE	A - LEAK CLASS 1	T - THIRD PARTY DAMAGE
20468968	TRUE	N	0	17/11/2017 12:14	17/11/2017 12:50	0:00:35:44	M - MP (MEDIUM PRESSURE)	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
20521944	FALSE	N	6	21/11/2017 8:04	21/11/2017 8:04	0:00:00:00	M - MP (MEDIUM PRESSURE)	B - LEAK CLASS 2	E - EQUIPMENT REPLACE/REPAIR
20766672	FALSE	N	266	04/12/2017 16:54	04/12/2017 16:55	0:00:00:00	M - MP (MEDIUM PRESSURE)	N - NO GAS	E - EQUIPMENT REPLACE/REPAIR
20784734	TRUE	N	0	06/12/2017 14:18	06/12/2017 14:47	0:00:28:30	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
21217973	TRUE	Y	1	30/12/2017 11:27	30/12/2017 11:44	0:00:16:58	S - SERVICE PIPE	A - LEAK CLASS 1	T - THIRD PARTY DAMAGE
21416988	TRUE	N	1	07/01/2018 21:47	07/01/2018 21:59	0:00:12:45	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	X - DETERIORATION/AGE
21430591	TRUE	N	1	09/01/2018 14:45	09/01/2018 14:49	0:00:04:27	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
21711338	TRUE	N	1	29/01/2018 11:42	29/01/2018 11:50	0:00:07:07	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
21720762	TRUE	N	30	30/01/2018 11:10	30/01/2018 11:29	0:00:18:38	M - MP (MEDIUM PRESSURE)	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
21837180	FALSE	N	7	02/02/2018 10:23	02/02/2018 10:46	0:00:22:18	M - MP (MEDIUM PRESSURE)	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
22194282	TRUE	N	0	22/02/2018 11:10	22/02/2018 10:00	0:00:00:00	M - MP (MEDIUM PRESSURE)	R - PUBLIC REPORTED ESCAPE/SME	E - EQUIPMENT REPLACE/REPAIR
22577121	FALSE	N	6	14/03/2018 8:30	14/03/2018 8:30	0:00:00:00	M - MP (MEDIUM PRESSURE)	B - LEAK CLASS 2	E - EQUIPMENT REPLACE/REPAIR
23229651	TRUE	Y	0	23/04/2018 16:59	23/04/2018 17:35	0:00:35:01	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
23559203	TRUE	Y	2	22/05/2018 9:30	22/05/2018 9:38	0:00:07:59	M - MP (MEDIUM PRESSURE)	A - LEAK CLASS 1	T - THIRD PARTY DAMAGE
23735733	FALSE	Y	0	29/05/2018 8:52	29/05/2018 9:16	0:00:24:16	M - MP (MEDIUM PRESSURE)	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
JG18000105	TRUE	Y	0	28/06/2018 7:39	28/06/2018 8:06	0:00:27:37	S - SERVICE PIPE	A - LEAK CLASS 1	T - THIRD PARTY DAMAGE
JG18000113	TRUE	N	1	28/06/2018 10:39	28/06/2018 11:10	0:00:30:27	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
JG18000218	FALSE	N	6	04/07/2018 8:52	04/07/2018 9:21	0:00:28:28	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
JG18000378	TRUE	N	0	15/07/2018 11:30	15/07/2018 11:47	0:00:16:23	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
JG18000444	TRUE	N	1	18/07/2018 15:43	18/07/2018 16:02	0:00:18:31	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
JG18000456	TRUE	N	1	19/07/2018 10:03	19/07/2018 10:15	0:00:11:12	S - SERVICE PIPE	A - LEAK CLASS 1	T - THIRD PARTY DAMAGE
JG18000720	FALSE	N	28	06/08/2018 16:30	06/08/2018 17:05	0:00:34:47	M - MP (MEDIUM PRESSURE)	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
JG18000734	TRUE	N	1	07/08/2018 15:31	07/08/2018 15:56	0:00:24:53	S - SERVICE PIPE	A - LEAK CLASS 1	T - THIRD PARTY DAMAGE
JG18001081	TRUE	Y	0	02/09/2018 10:51	02/09/2018 11:05	0:00:13:17	S - SERVICE PIPE	A - LEAK CLASS 1	T - THIRD PARTY DAMAGE
JG18001211	TRUE	N	1	14/09/2018 10:49	14/09/2018 11:15	0:00:25:45	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE
JG18001402	TRUE	N	1	29/09/2018 15:08	29/09/2018 15:32	0:00:23:34	S - SERVICE PIPE	R - PUBLIC REPORTED ESCAPE/SME	T - THIRD PARTY DAMAGE

## 6.4 Appendix D – Compliance References

Clause	Requirement	Section
<b>Aggregate Pricing</b>		
8.3	Notional revenue for the assessment period must not exceed the allowable notional revenue for the assessment period.	2.1
<b>Quality</b>		
9	Powerco's RTE values must be such that: <ul style="list-style-type: none"> <li>• of the total of all RTE's, the percentage greater than 60 minutes does not exceed 20%; and</li> <li>• the RTE to any emergency does not exceed 180 minutes except in instances where the Commission has confirmed the emergency call may be excluded from the quality calculation</li> </ul>	3.1
<b>Amalgamations, Mergers and Acquisitions</b>		
10.1	If Powerco completes an amalgamation, merger or acquisition with another GDB subject to a DPP then the ANR and NR, and the total number of emergencies of the GDBs are summed.	4
10.2	If Powerco completes a transaction that involves a transfer of assets to or from another GDB subject to a DPP or customised price path that results in any consumer being supplied by a different GDB the GDB must increase or decrease the ANR and NR for the assessment period following the requirements specified in Schedule 6 of the Determination.	4
10.4	Powerco must notify the Commission in writing within 30 Working Days of completing an amalgamation, merger, transfer or major transaction.	4
<b>Annual Compliance Statement</b>		
11.1	An Annual Compliance Statement must be provided to the Commerce Commission within 50 working days of each assessment period and be publicly available on Powerco's website. The compliance statement must include:	
11.2(a)	A Statement regarding compliance with the price path and quality standards and whether a restructure of prices was undertaken during the assessment period	1, 2.4
11.2(b)	state the date on which the statement was prepared	1
11.2(c)	include a certificate in the form set out in Schedule 7 of the determination, signed by at least on Director of Powerco.	p.2
11.2(d)	be accompanied by a report on the Compliance Statement that is signed by an Auditor and is in the form set out in Schedule 8 of the Determination.	5
11.3(a)	Demonstrate whether Powerco has complied with the price path including: <p>The amount of ANR and the amount of NR (including prices, quantities and units of measurement associated with the numeric data) and other relevant data, information and calculations should also be included;</p> <p>The amounts of pass-through and recoverable costs that were used to calculate ANR and NR and supporting data, information and calculations used to determine those amounts including when each pass-through cost and recoverable cost amount was paid and the period to which those costs relate;</p> <p>if Powerco has not complied with the price path, the reasons for the non-compliance; and</p> <p>if Powerco has not complied with the price path, actions taken to mitigate any non-compliance and to prevent similar non-compliance in future assessment periods.</p>	2.1, 2.2, Appendix A  2.3  N/A  N/A

<p>11.3(b)</p>	<p>Demonstrate whether Powerco has complied with the quality path including:                  relevant incident data and calculations;                  a description of policies and procedures which Powerco has used for recording the RTE statistics for the assessment period;                  a list of all emergencies that the Commission has determined may be excluded from Powerco's RTE values, and any exclusion requests that are pending a decision by the Commission for the Assessment Period;                  If Powerco has not complied with a quality standard, the reasons for not meeting the quality standard;                  if Powerco has not complied with the quality standard, actions taken to mitigate any non-compliance and to prevent similar non-compliance in future assessment periods;                  Where a quality standard has not been met, for each Emergency which exceeded the RTE for the quality standard, a description of the emergency including the nature, cause and location and the number of consumers affected by the Emergency.</p>	<p>3.1 and Appendix C                  3.2 and Appendix B                    3.1                    N/A                    N/A                    N/A</p>
<p>11.4 (a)</p>	<p>If Powerco has restructured its prices during the current or preceding assessment period, the compliance statement must state the nature of the restructure of prices and identify the consumers groups impacted by the restructure of prices</p>	<p>2.4</p>
<p>11.4(b)</p>	<p>If Powerco has restructured its prices during the current or preceding assessment period, and there is no quantity for t-2 that relates to a restructured price, the compliance statement must include the methodology used to derive the quantities in place of the actual quantities that corresponds to each restructured price, the derived quantities and an explanation of any differences between the actual</p>	<p>2.4</p>
<p>11.5</p>	<p>State whether or not Powerco has been involved in an amalgamation, merger, acquisition or transfer of assets during the assessment period and whether Powerco has subsequently complied with clause 10 of the Determination including any information or calculations that are reasonably required to demonstrate compliance with that clause; and                  If Powerco has not complied with clause 10 in any respects, the compliance statement must identify how Powerco has failed to comply and state the reasons for the non-compliance</p>	<p>4                    N/A</p>