



GasNet Limited

2016 Default Price-Quality Path Annual Compliance Statement Gas Distribution Network Services

For the Third Assessment Period
(1 October 2015 to 30 September 2016)

Pursuant to:
Gas Distribution Services Default Price-Quality Path Determination 2013
Issued 28 February 2013

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Responsible Manager: General Manager		Effective From: N/A	Page 1 of 15
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1.0 PRICE PATH AND QUALITY STANDARDS COMPLIANCE STATEMENTS

1.1 Price Path

GasNet has complied with its price path for the Second Assessment Period by not exceeding its Allowable Notional Revenue of \$4,520,808 by a margin of \$5,790 or 0.13%.

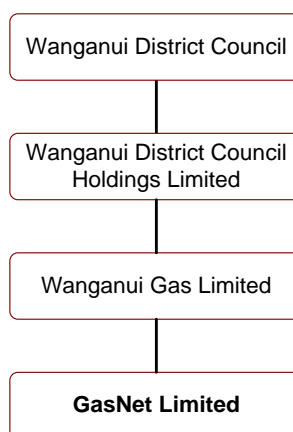
1.2 Quality Standards

GasNet has complied with both quality standards in respect to GasNet's response to the five Emergencies that occurred during the Assessment Period, with response times up to 41 minutes and therefore within the 60 minute and 180 minute thresholds.

2.0 INTRODUCTION

2.1 About GasNet

GasNet Limited is 100% owned by Wanganui Gas Limited which is itself owned by Wanganui District Council Holdings Limited, a "Council Controlled Trading Organisation".



GasNet Limited ("GasNet") commenced trading on 1 July 2008 after purchasing the network and metering business from Wanganui Gas Limited. Previously GasNet had been operating as an independent trading division of Wanganui Gas Limited and was responsible for managing the network and metering assets for the company.

2.2 Supply Area Coverage

GasNet's natural gas distribution network comprises approximately 10,000 connections across 5 discrete distribution systems located within the Wanganui, Rangitikei and South Taranaki regions serving the following areas:

- Wanganui;
- Marton;
- Bulls;
- Flockhouse; and
- Waitotara.

With its origins as far back as the late 1800's when gas was manufactured from coal, the Wanganui distribution system extends to virtually every street within the city, whilst the other 4 systems have all been constructed since the introduction of natural gas in the 1970's and as a result, are not as extensive within the urban areas.

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2.3 Default Price-quality Path Regime

As a natural monopoly service provider, GasNet is subject to government regulation under the Commerce Act 1986. Pursuant to the requirements of this Act the Commerce Commission has set a default-price quality path (“DPP”) which applies to all suppliers of gas pipelines services as defined in the Act.

The default price-quality path requirements are set out in the Gas Distribution Services Default Price-Quality Path Determination 2013 (“DPP Determination”).

2.4 Annual Compliance Statement

This Annual Compliance Statement has been prepared in accordance with the DPP Determination to demonstrate GasNet’s compliance or otherwise, with the requirements of the determination and covers the 12 month period from 1 October 2015 to 30 September 2016.

This statement has been prepared on 12 December 2016.

3.0 ALLOWABLE NOTIONAL REVENUE

In accordance with Equation 3 of Schedule 4 of the DPP Determination the Allowable Notional Revenue for the Pricing Period ending in 2016 (ANR₂₀₁₆) is equal to:

$$ANR_{2016} = (\sum_i P_{i,2015} \times Q_{i,2014} - (K_{2015} + V_{2015}) + (ANR_{2015} - NR_{2015})) \times (1 + \Delta CPI_{2016}) \times (1 - X)$$

Where:

$\sum_i P_{i,2015} \times Q_{i,2014}$	is the revenue from all Load Groups based on the 2014 quantities and the 2015 prices for each individual Load Group as calculated in the Prices & Quantities Schedule in Appendix 1 (\$2,200,140 for the Fixed Charges and \$2,345,574 for the Variable Charges); and
K_{2015}	is the sum of all Pass-through Costs for the Pricing Year ending in 2015 as previously disclosed and shown in Appendix 2 (\$72,344); and
V_{2015}	is the sum of all Recoverable Costs for the Pricing Year ending in 2015, as previously disclosed and shown in Appendix 2 (\$nil); and
ANR_{2015}	is the Allowable Notional Revenue for the Pricing Period ending in 2015 (ANR ₂₀₁₅) as previously disclosed and shown in Appendix 2 (\$4,526,327); and
NR_{2015}	is the Notional Revenue for the Pricing Period ending in 2015 as previously disclosed and shown in Appendix 2 (\$4,519,657); and
ΔCPI_{2016}	is the derived change in the CPI to be applied for the pricing Period ending in 2015 being equal to:

$$\begin{aligned} \Delta CPI_{2016} &= \frac{(CPI_{Jun\ 2014} + CPI_{Sep\ 2014} + CPI_{Dec\ 2014} + CPI_{Mar\ 2015})}{(CPI_{Jun\ 2013} + CPI_{Sep\ 2013} + CPI_{Dec\ 2013} + CPI_{Mar\ 2014})} - 1 \\ &= \frac{(1195 + 1199 + 1197 + 1195)}{(1176 + 1187 + 1188 + 1192)} - 1 \\ &= 0.0091 \end{aligned}$$

X is the rate of change specified in Schedule 2 of the DPP Determination (0).

Therefore:

$$\begin{aligned} ANR_{2016} &= ((\$4,545,714 - (\$72,344 + 0) + (\$4,526,327 - \$4,519,657)) \times (1 + 0.0091) \times (1 - 0)) \\ &= \$4,520,808 \end{aligned}$$

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4.0 PASS-THROUGH COSTS

Pass-through Costs incurred by GasNet Limited include rates on system fixed assets payable to territorial local authorities, levies payable for the Electricity and Gas Complaints Commission Scheme of which GasNet Limited is a member, and levies payable under the Commerce (Levy for Control of Natural Gas Services) Regulations 2005.

The following table provides the breakdown of Pass-through Costs incurred by GasNet Limited for the Pricing Year ending in 2016.

	Timing of Payment			Total
	Prior to 1 October 2015		1 October 2015 to 30 September 2016	
	Cost Incurred	Time Value Adjustments	Cost Incurred	
Commerce Commission	\$ -	\$ -	\$ -	\$ -
Electricity & Gas Complaints Scheme	\$ -	\$ -	\$ 2,093.57	\$ 2,093.57
Rates	\$ 5,550.58	\$ 298.62	\$ 28,684.41	\$ 34,533.61
	\$ 5,550.58	\$ 298.62	\$ 30,777.98	\$ 36,627.18

When setting prices in accordance with GasNet's published Pricing Methodology's for the 2013/14 and 2014/15 Pricing Years, each Pass-Through Cost had been identified, but the value assigned to each was based on a combination of known and estimated costs that would be payable during the Pricing Year. It had been GasNet's view that these costs were "ascertainable" in that each transaction was identifiable at the time that prices were set, despite not always knowing the exact amount that would be payable.

On 16 April 2015 the Commerce Commission sought clarification on this approach and whether it satisfied the requirements of the "Gas Distribution Services Default Price-Quality Path Determination 2013" which states that:

Schedule 5: Process for determining the amount of Pass-through Costs and Recoverable Costs for a Pricing Period

- The amount of each Pass-through Cost or Recoverable Cost that is used to calculate allowable notional revenue or notional revenue for a Pricing Period must:

- be ascertainable at the time the GDB sets its Prices for that Pricing Period;

GasNet sought further clarification from the Commission on the determination requirements and whilst it was not provided by the time that prices needed to be set, the Pass-through Costs that were provided for in the 2015/16 Pricing Methodology were only those transactions for which the exact amounts could be identified at that time. As a direct result the Pass-through Costs shown in the above table do not provide for all costs paid during the 2015/16 year but have been provided for in the prices set for the 2016/17 Pricing Year in accordance with the 2016/17 Pricing Methodology published on 26 July 2016.

5.0 NOTIONAL REVENUE

In accordance with Clause 8.5 of the determination the Notional Revenue for the Pricing Period ending in 2016 (NR_{2016}) is equal to:

$$NR_{2016} = \sum_i P_{i,2016} \times Q_{i,2014} - (K_{2016} + V_{2016})$$

Where:

$\sum_i P_{i,2016} \times Q_{i,2014}$ is the revenue from all Load Groups based on the 2014 quantities and the 2016 prices for each individual Load Group as calculated in the Prices & Quantities Schedule in Appendix 1 (\$2,243,184 for the Fixed Charges and \$2,308,461 for the Variable Charges); and

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K₂₀₁₆ is the sum of all Pass-through Costs for the Pricing Year ending in 2016 as calculated in Pass-through Costs (Section 4.0) above (\$36,627); and

V₂₀₁₆ is the sum of all Recoverable Costs for the Pricing Year ending in 2016, which is nil as GasNet incurred no such costs.

Therefore:

$$\begin{aligned} \mathbf{NR}_{2016} &= \$2,243,184 + \$2,308,461 - (36,627 + 0) \\ &= \$4,515,018 \end{aligned}$$

6.0 COMPLIANCE WITH THE PRICE PATH

In accordance with Clause 8.4 of the DPP Determination the Notional Revenue for the Assessment Period must not exceed the Allowable Notional Revenue for the same period:

$$\mathbf{ANR}_{2016} \geq \mathbf{NR}_{2016}$$

Where:

ANR₂₀₁₆ is the Allowable Notional Revenue for the Pricing Period ending in 2016 as calculated above (\$4,520,808); and

NR₂₀₁₆ is the Notional Revenue for the Pricing Period ending in 2016 as calculated above (\$4,515,018); and

Therefore:

$$\$4,520,808 > \$4,515,018$$

So the condition is satisfied

7.0 RESTRUCTURING OF PRICES

Consistent with its 2015/16 Pricing Methodology published on 31 July 2015, GasNet planned to introduce a new pricing structure from 1 October 2015 that will result in a reduction in Load Groups that are more closely aligned to that of other gas distribution network operators in New Zealand. However whilst originally planned for 1 October 2015 the implementation has been deferred a further year following further refinements in the new pricing structure. Accordingly it is now planned to introduce the new pricing structure from 1 October 2016.

With the objective of moving to the new Load Groups whilst minimising possible price shock to consumers, GasNet retained the existing Load Groups for the 2014/15 and 2015/16 Pricing Years but varied prices for each based on the prices that will apply when the new Load Groups are introduced. The following table is an extract from the 2015/16 Pricing Methodology that shows the transition from the existing to the proposed Load Groups.

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Existing		From 1 October 2016			
Load Group	Criteria	Load Group	Criteria	Consumers (No.)	Throughput (GJ)
M6	Up to 6 scmh	G12	Up to 12 scmh	9,734	244,773
M12	>6 and ≤ 12 scmh				
M23	> 12 and ≤ 23 scmh	G50	>12 and ≤ 50 scmh	111	43,349
M33	> 23 and ≤ 33 scmh				
M43	> 33 and ≤ 43 scmh				
M85	> 43 and ≤ 85 scmh	G180	> 50 and ≤ 180 scmh	36	87,143
M142	>85 and ≤ 142 scmh				
M200	> 142 and ≤ 200 scmh	G450	>180 and ≤ 450 scmh	7	114,741
M300	> 200 and ≤ 300 scmh				
M450	>300 and ≤ 450 scmh				
Large Sites	Individually priced with annual consumption >10TJ and/or at risk of bypass	G1000	Individually Priced	8	794,364
				9,896	1,284,370

Further information on the restructuring of prices can be found within the Pricing Methodology documents published on GasNet's website (www.gasnet.co.nz/disclosures).

8.0 EMERGENCIES DURING THE ASSESSMENT PERIOD

There were five events that occurred during the Assessment Period that met the criteria as an Emergency pursuant to the DPP Determination.

The first event 11 November 2015 involved a network operation where a new connection was being made to a shared service pipe. The connection work resulted in 7 other supplies being interrupted. Although brief notice was given to consumers affected the notice period was less than one day and therefore deemed to be unplanned.

The second event on 20 December 2015, involved the Fire Service which was called to a service riser damaged by a car which drove into a fence behind which the gas meter installation was located.

The third event on 23 May 2016, involved the loss of gas supply during an unplanned disruption to 6 ICPs during a network operation to repair a gas leak on a service valve. Although brief notice was given to consumers affected the notice period was less than one day and therefore deemed to be unplanned.

The fourth event on 11 July 2016 involved third party damage to a gas main that involved an unplanned disruption to 16 ICP's while repairs were made.

The fifth event on 9 August 2016 attended by the Fire Service occurred as a result of a property owner damaging the gas service pipe to the property with a shovel.

Date of Event	Type of Event	Emergency Criteria			Response Time
		Emergency Services Involved	Number of Supplies (ICPs) Affected	Properties Evacuated	
11 Nov 2015	Unplanned outage during new connection operation	Nil	7	Nil	0 mins
20 Dec 2015	Service riser damaged by a car	Fire Service	1	Nil	13 mins

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23 May 2016	Unplanned outage to repair leak	Nil	6	Nil	41 mins
11 Jul 2016	Third party damage to gas main	Nil	16	Nil	9 mins
9 Aug 2016	Third party damage to gas service	Fire Service	1	Nil	16 mins

Average Response Time 16 mins

9.0 COMPLIANCE WITH THE QUALITY STANDARDS

In accordance with Clause 9.1 of the DPP Determination GasNet's Response Time to Emergencies (RTE) for the Assessment Period must be such that:

(i) $\frac{RTE_{60}}{RTE} \geq 0.80$; and

(ii) $\frac{RTE_{180}}{(RTE - RTE_{excl})} = 1$

Where:

RTE	is the total number of Emergencies in the Assessment Period (total count of 5 as stated above);
RTE_{excl}	is the total number of Emergencies in the Assessment Period for which the Commission has granted an exclusion in writing, which is nil for GasNet for this Assessment Period;
RTE₆₀	is the total number of Emergencies in the Assessment Period where GasNet's RTE was less than or equal to 60 Minutes (total count of 5 as stated above); and
RTE₁₈₀	is the total number of Emergencies in the Assessment Period where GasNet's RTE was less than or equal to 180 Minutes (total count of 5 as stated above).

Therefore:

(i) $\frac{RTE_{60}}{RTE} = \frac{5}{5} = 1 \geq 0.80$ so condition is satisfied; and

(ii) $\frac{RTE_{180}}{(RTE - RTE_{excl})} = \frac{5}{(5 - 0)} = 1$ so condition is satisfied.

10.0 POLICIES & PROCEDURES FOR RESPONDING TO EMERGENCIES

Notifications of an emergency or event on the network are received at GasNet's offices in Cooks Street, Wanganui during business hours and at GasNet's after-hours service provider outside business hours. Information received at the time of the initial report including event details, date and time the call was received is recorded in the company's work management system and then a response is initiated.

All personnel involved in telephone call handling are trained to record the details of the emergency, provide the standard safety information and under no circumstance transfer a call and risk losing it

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A telephone management system logs call information and is used for collection and reporting of call statistics.

During business hours the details of the emergency are provided to the designated Emergency Response Coordinator (ERC) or the Technician depending on the nature of the event. A response is initiated based on the event type and procedural requirements. Using mobile devices the responding Technicians have access to the work management system and the ability to progressively update the records adding information as actions are taken, including such details as arrival on site time, departure time and interruption to supply times.

In order to ensure the necessary date and time information has been recorded to enable GasNet to meet its obligations for reporting SAIDI and SAIFI, the attending Technician is required to complete a specific form. A check is made when a job is completed that the form has been submitted.

Outside business hours the details of the emergency are recorded by the after-hours service provider and then relayed by telephone to the designated On Call Technician with a text sent to their mobile phone as a backup and to provide verification that the details are correct. An email is sent by the after-hour's provider to senior GasNet personnel shortly after the first call was received and followed up with an email when the Technician has arrived on site, and another when he has left the site. Regular welfare checks are made to ensure their ongoing safety by contacting the Technician via mobile phone every 30 minutes.

All unplanned events and emergencies are subject to an investigation in accordance with the Company's Incident Reporting and Investigation Policy and recorded in GasNet's Risk Management software application.

All incident information is reviewed and managed by the Engineering Manager to ensure correct decisions have been made on reporting criteria including reliability, interruption classes, system condition and integrity based on company Work Instructions.

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Appendix 1 – Price and Quantities Schedule

Load Group	Fixed Charges (per day)					Variable Charges (per GJ)				
	Q ₂₀₁₄	P ₂₀₁₅	P ₂₀₁₆	P ₂₀₁₅ x Q ₂₀₁₄	P ₂₀₁₆ x Q ₂₀₁₄	Q ₂₀₁₄	P ₂₀₁₅	P ₂₀₁₆	P ₂₀₁₅ x Q ₂₀₁₄	P ₂₀₁₆ x Q ₂₀₁₄
		\$	\$	\$	\$		\$	\$	\$	\$
C12323	365	\$ 40,428	\$ 47,051	\$ 14,756	\$ 17,174	116,429	\$ -	\$ -	\$ -	\$ -
C12328	365	\$ 57,769	\$ 56,033	\$ 21,086	\$ 20,452	7,043	\$ -	\$ -	\$ -	\$ -
C12329	365	\$ 22,674	\$ 20,617	\$ 8,276	\$ 7,525	58,536	\$ -	\$ -	\$ -	\$ -
C12337	365	\$ 25,127	\$ 31,173	\$ 9,171	\$ 11,378	27,863	\$ -	\$ -	\$ -	\$ -
C14688	365	\$ 172,324	\$ 176,204	\$ 62,898	\$ 64,314	67,722	\$ -	\$ -	\$ -	\$ -
C14691	365	\$ 94,131	\$ 90,003	\$ 34,358	\$ 32,851	19,968	\$ -	\$ -	\$ -	\$ -
C16459	365	\$ 25,307	\$ 19,772	\$ 9,237	\$ 7,217	35,885	\$ -	\$ -	\$ -	\$ -
C17499	365	\$ 92,813	\$ 87,892	\$ 33,877	\$ 32,081	19,344	\$ -	\$ -	\$ -	\$ -
C26262	365	\$ 21,737	\$ 25,958	\$ 7,934	\$ 9,475	28,457	\$ -	\$ -	\$ -	\$ -
C26444	365	\$ 40,073	\$ 31,500	\$ 14,627	\$ 11,498	147,282	\$ -	\$ -	\$ -	\$ -
C26779	365	\$ 279,467	\$ 262,157	\$ 102,005	\$ 95,687	19,622	\$ -	\$ -	\$ -	\$ -
C31266	365	\$ 47,421	\$ 52,266	\$ 17,309	\$ 19,077	219,787	\$ -	\$ -	\$ -	\$ -
C31778	-	\$ 47,421	\$ 46,811	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
M12	103,989	\$ 0,500	\$ 0,500	\$ 51,995	\$ 51,995	20,282	\$ 6,789	\$ 7,143	\$ 137,698	\$ 144,878
M142	4,380	\$ 2,200	\$ 5,000	\$ 9,636	\$ 21,900	30,069	\$ 5,923	\$ 4,979	\$ 178,099	\$ 149,714
M200	548	\$ 25,000	\$ 35,000	\$ 13,700	\$ 19,180	3,652	\$ 3,356	\$ 0,788	\$ 12,255	\$ 2,878
M23	24,735	\$ 0,700	\$ 1,200	\$ 17,315	\$ 29,682	23,044	\$ 6,889	\$ 7,340	\$ 158,748	\$ 169,141
M33	4,745	\$ 0,700	\$ 1,200	\$ 3,322	\$ 5,694	1,662	\$ 7,080	\$ 7,340	\$ 11,770	\$ 12,202
M43	10,516	\$ 2,200	\$ 1,200	\$ 23,135	\$ 12,619	16,971	\$ 5,821	\$ 6,581	\$ 98,789	\$ 111,687
M450	365	\$ 25,000	\$ 35,000	\$ 9,125	\$ 12,775	166	\$ 4,683	\$ 0,788	\$ 778	\$ 131
M6	3,434,681	\$ 0,500	\$ 0,500	\$ 1,717,341	\$ 1,717,341	214,979	\$ 7,128	\$ 7,143	\$ 1,532,371	\$ 1,535,596
M85	8,654	\$ 2,200	\$ 5,000	\$ 19,039	\$ 43,270	36,601	\$ 5,876	\$ 4,979	\$ 215,067	\$ 182,236
Total	3,596,993			\$ 2,200,140	\$ 2,243,184	1,115,364			\$ 2,345,574	\$ 2,308,461
				$\Sigma P_{i,2015} \times Q_{i,2014}$	$\Sigma P_{i,2016} \times Q_{i,2014}$				$\Sigma P_{i,2015} \times Q_{i,2014}$	$\Sigma P_{i,2016} \times Q_{i,2014}$

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Appendix 2 – Data from Previous Compliance Statements

The following supporting data, information and calculations were disclosed and published within the GasNet Limited “2015 Default Price-Quality Path Annual Compliance Statement – Gas Distribution Network Services”, a copy of which is available on GasNet’s website www.GasNet.co.nz/disclosures.

Attribute	Description	Value
K₂₀₁₅	is the sum of all Pass-through Costs for the Pricing Year ending in 2015	\$72,344
V₂₀₁₅	is the sum of all Recoverable Costs for the Pricing Year ending in 2015	\$nil
ANR₂₀₁₅	is the Allowable Notional Revenue for the Pricing Period ending in 2015 (ANR ₂₀₁₅)	\$4,526,327
NR₂₀₁₅	is the Notional Revenue for the Pricing Period ending in 2015	\$4,519,657

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Appendix 3 - Director Certification

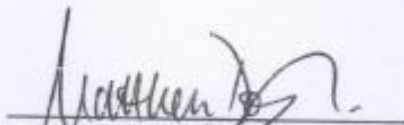
(Pursuant to the Gas Distribution Services Default Price-Quality Path Determination 2013)

Appendix 3 - Director Certification

(Pursuant to the Gas Distribution Services Default Price-Quality Path Determination 2013)

Schedule 7: Form of Directors' Certificate for Compliance Statement

We, Matthew James Doyle and Harvey George Green, being Directors of GasNet Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached compliance statement of GasNet Limited, and related information, prepared for the purposes of the Gas Distribution Services Default Price-Quality Path Determination 2013 has been prepared in accordance with all the relevant requirements.


Matthew James Doyle


Harvey George Green

12 December 2016

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Appendix 4 – Auditors Report



Independent Assurance Report

To the directors of GasNet Limited and to the Commerce Commission

The Auditor-General is the auditor of GasNet Limited (the company). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on whether the Compliance Statement on pages 3 to 11 (the Compliance Statement) for the assessment period ended on 30 September 2016 complies, in all material respects, with the Gas Distribution Services Default Price-Quality Path Determination 2013 NZCC 4 (the Determination).

Directors' responsibilities for the Compliance Statement

The Directors of the company are responsible for the preparation of the Compliance Statement in accordance with the Determination, and for such internal control as the Directors determine is necessary to enable the preparation of a Compliance Statement that is free from material misstatement.

Our qualifications

We are qualified as an 'auditor' as defined in the Determination.

Our responsibilities

Our responsibility is to express an opinion on whether the Compliance Statement has been prepared, in all material respects, in accordance with the Determination.

Basis of opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the External Reporting Board and the Standard on Assurance Engagements 3100: Compliance Engagements issued by the External Reporting Board. Copies of these standards are available on the External Reporting Board's website.

These standards require that we comply with ethical requirements and plan and perform our assurance engagement to provide reasonable assurance about whether the Compliance Statement has been prepared in all material respects in accordance with the Determination.

We have performed procedures to obtain evidence about the amounts and disclosures in the Compliance Statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Compliance Statement, whether due to fraud or error or non-compliance with the Determination. In making those risk assessments, we considered internal control relevant to the company's preparation of the Compliance Statement in order to design 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.

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In relation to the price path set out in clause 8 of the Determination, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 7 of the Compliance Statement.

In relation to the annual quality assessment formula set out in clause 9 of the Determination, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on page 7 to 8 of the Compliance Statement.

We also assessed the significant estimates and judgements, if any, made by the company in the preparation of the Compliance Statement and made an assessment of whether the basis of preparation has been adequately disclosed.

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

Use of this report

This independent assurance report has been prepared solely for the directors of the company and for the Commerce Commission for the purpose of providing those parties with reasonable assurance about whether the Compliance Statement has been prepared, in all material respects, in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company or the Commerce Commission, or for any other purpose than that for which it was prepared.

Scope and inherent limitations

Because of the inherent limitations of a reasonable assurance engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected.

We did not examine every transaction, adjustment or event underlying the Compliance Statement nor do we guarantee complete accuracy of the Compliance Statement. Also we did not evaluate the security and controls over the electronic publication of the Compliance Statement.

The opinion expressed in this independent assurance report has been formed on the above basis.

Independence and quality control

When carrying out the engagement, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

The Auditor-General, and her employees, may deal with the company on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of business, this engagement, other engagements in compliance with regulatory requirements set by the Commerce Commission and the annual

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audit of the company's financial statements, we have no relationship with or interests in the company.

Opinion

In our opinion, the Compliance Statement of company for the assessment period ended on 30 September 2016, has been prepared, in all material respects, in accordance with the Determination.



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
12 December 2016

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