

Explanatory statement regarding a non-material error in 30 June 2016 Disclosures Schedules 4 & 6a

(Section 2.12.1 of the Gas Distribution Information Disclosure Determination 2012)

1. Purpose

This document explains the corrections made to Schedules 4 & 6 disclosed by GasNet Limited in its 30 June 2016 disclosures.

2. Background

Section 2.12.1 of the Gas Distribution Information Disclosure Determination 2012 (GDIDD) outlines the process a Gas Distribution Business (GDB) must follow within 7 months of identifying a material error in publically disclosed information.

3. Description of the error (GDIDD clause 2.12.1(1)(a))

The value of Works under construction as at 30 June 2016 was incorrectly entered in the 2016 disclosures, with its omission from Schedule 6a and incorrectly entered in Schedule 4 as "Adjustment resulting from asset allocation".

4. Reason for the error (GDIDD clause 2.12.1(1)(b))

This was the first occasion when GasNet had Works under construction for disclosure and there was a misunderstanding that Schedule 6a: "Report on Capital Expenditure for the Disclosure Year" only related to assets that had been commissioned during the disclosure year.

When the 2016 disclosures were prepared it was considered at the time that Works under construction was only required to be entered in Schedule 4: "RAB Value (Rolled Forward)".

The error became apparent during the preparation of the 2017 disclosures when the Works under construction from the preceding disclosure year (2016) was brought forward and identified as incorrect.

5. Data and statements in the original disclosure affected by the error (GDIDD clause 2.12.1(1)(c))

The impact of the error on the 2016 disclosure statements is relatively minor as it is effectively a statement of the value of works that are under construction as at 30 June 2016, although it is acknowledged that the value at \$116k is material.

In order for the 2017 disclosures to be completed correctly and in accordance with the GDIDD the Opening Value of Works under construction has to be correct and this can only be achieved by correcting the relevant schedules in the preceding year.

6. Revised data or statements affected by the error (GDIDD clause 2.12.1(1)(d))

The updated Schedules 4 & 6a for the 2016 disclosures accompany this statement and replace the original Schedules 4 & 6a.

No other changes have been made to the 2016 disclosures in relation to this error.

As this was the first occasion when GasNet had incurred costs relating to Works under construction no disclosures prior to 2016 are affected by this error.

7. Directors' certificate (GDIDD clause 2.12.1(1)(e))

A directors' certificate accompanies this statement.

8. Assurance report (GDIDD clause 2.12.1(1)(f))

An assurance report is not provided as the correction to the 2016 disclosure is covered by the 2017 assurance report as it includes acceptance of the corrected opening value of the works under construction for the preceding year.

9. Original disclosures

In accordance with clause 2.12.1(2) of the GDIDD, the original Schedules 4 & 6a remain in the 2016 disclosures.

Replacement Schedules 4 and 6a for 2016 Information Disclosure

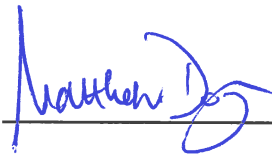
This certificate has been prepared in accordance with the requirements of sub-clause 1e of clause 2.12.1 of the Gas Distribution Information Disclosure Determination (consolidated in 2015) relating to the correction of errors in previously disclosed information.

Schedule 19: Certification for Year-end Disclosures

Clause 2.9.3

We, Matthew James Doyle and Harvey George Green, being directors of GasNet Limited (GasNet) certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) the information prepared for the purposes of clause 2.3.1 of the Gas Distribution Information Disclosure Determination 2012 in all material respects complies with that determination.



Matthew James Doyle



Harvey George Green

15 January 2018

Company Name **GasNet Limited**
 For Year Ended **30 June 2016**

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

sch ref

4(i): Regulatory Asset Base Value (Rolled Forward)		for year ended				
		RAB 30 Jun 12 (\$000)	RAB 30 Jun 13 (\$000)	RAB 30 Jun 14 (\$000)	RAB 30 Jun 15 (\$000)	RAB 30 Jun 16 (\$000)
	Total opening RAB value	23,025	23,014	22,955	23,147	23,020
	less Total depreciation	874	892	900	918	920
	plus Total revaluations	219	157	370	97	95
	plus Assets commissioned	638	676	730	703	763
	less Asset disposals	-	-	7	7	10
	plus Lost and found assets adjustment	-	-	-	-	-
	plus Adjustment resulting from asset allocation	6	-	(1)	(2)	2
	Total closing RAB value	23,014	22,955	23,147	23,020	22,950

4(ii): Unallocated Regulatory Asset Base		Unallocated RAB *		RAB	
		(\$000)	(\$000)	(\$000)	(\$000)
	Total opening RAB value		23,020		23,020
	less Total depreciation		920		920
	plus Total revaluations		95		95
	plus Assets commissioned (other than below)	763		763	
	Assets acquired from a regulated supplier	-		-	
	Assets acquired from a related party	-		-	
	Assets commissioned		763		763
	less Asset disposals (other than below)	10		10	
	Asset disposals to a regulated supplier	-		-	
	Asset disposals to a related party	-		-	
	Asset disposals		10		10
	plus Lost and found assets adjustment		-		-
	plus Adjustment resulting from asset allocation				2
	Total closing RAB value		22,948		22,950

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

Company Name **GasNet Limited**
 For Year Ended **30 June 2016**

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

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sch ref

51					
52	4(iii): Calculation of Revaluation Rate and Revaluation of Assets				
53					
54	CPI _t				1,205
55	CPI _{t-4}				1,200
56	Revaluation rate (%)				0.42%
57					
58					
59					
60	Total opening RAB value	Unallocated RAB * (\$000)	(\$000)	RAB (\$000)	(\$000)
61	less Opening value of fully depreciated, disposed and lost assets	23,020		23,020	
62		135		135	
63	Total opening RAB value subject to revaluation	22,885		22,885	
64	Total revaluations		95		95
65					
66	4(iv): Roll Forward of Works Under Construction				
67					
68	Works under construction—preceding disclosure year	Unallocated works under construction		Allocated works under construction	
69	plus Capital expenditure	879		879	
70	less Assets commissioned	763		763	
71	plus Adjustment resulting from asset allocation			-	
72	Works under construction - current disclosure year		116		116
73					
74	Highest rate of capitalised finance applied				0.00%
75					

Company Name **GasNet Limited**
 For Year Ended **30 June 2016**

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4(v): Regulatory Depreciation

	Unallocated RAB * (\$000)	(\$000)	RAB (\$000)	(\$000)
Depreciation - standard	789		789	
Depreciation - no standard life assets	131		131	
Depreciation - modified life assets	-		-	
Depreciation - alternative depreciation in accordance with CPP	-		-	
Total depreciation		920		920

4(vi): Disclosure of Changes to Depreciation Profiles

(\$000 unless otherwise specified)

Asset or assets with changes to depreciation	Reason for non-standard depreciation (text entry)	Depreciation charge for the period (RAB)	Closing RAB value under 'non-standard' depreciation	Closing RAB value under 'standard' depreciation
Nil				

* include additional rows if needed

4(vii): Disclosure by Asset Category

(\$000 unless otherwise specified)

	Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line valve	Special crossings	Other network assets	Non-network assets	Total
Total opening RAB value	2,590	5,566	6,909	6,565	202	133	466	256	333	23,020
less Total depreciation	72	162	337	202	20	4	15	5	103	920
plus Total revaluations	11	23	28	27	1	1	2	1	1	95
plus Assets commissioned	1	39	388	218	2	19	-	-	96	763
less Asset disposals	-	-	1	9	-	-	-	-	-	10
plus Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
plus Adjustment resulting from asset allocation	-	1	-	1	(1)	-	(1)	1	1	2
plus Asset category transfers	-	-	-	-	(1)	(1)	1	-	1	-
Total closing RAB value	2,530	5,467	6,987	6,600	183	148	453	253	329	22,950
Asset Life										
Weighted average remaining asset life	37.5	38.4	35.3	41.2	12.9	41.2	49.3	51.0	4.0	(years)
Weighted average expected total asset life	70.0	59.0	57.3	58.9	34.1	57.9	66.6	59.0	6.1	(years)

Company Name

GasNet Limited

For Year Ended

30 June 2016

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

sch ref		(\$000)	(\$000)
7	6a(i): Expenditure on Assets		
8	Consumer connection		119
9	System growth		183
10	Asset replacement and renewal		424
11	Asset relocations		9
12	Reliability, safety and environment:		
13	Quality of supply	47	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	-	
16	Total reliability, safety and environment		47
17	Expenditure on network assets		782
18	Expenditure on non-network assets		97
19			
20	Expenditure on assets		879
21	plus Cost of financing		-
22	less Value of capital contributions		-
23	plus Value of vested assets		-
24			
25	Capital expenditure		879
26	6a(ii): Subcomponents of Expenditure on Assets (where known)		(\$000)
27	Research and development		-
28	6a(iii): Consumer Connection		
29	Consumer types defined by GDB*	(\$000)	(\$000)
30	Residential	91	
31	Commercial	28	
32		-	
33		-	
34		-	
35	* include additional rows if needed		
36	Consumer connection expenditure		119
37			
38	less Capital contributions funding consumer connection expenditure	-	
39	Consumer connection less capital contributions		119

Company Name

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For Year Ended

30 June 2016

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sch ref		System Growth (\$000)	Asset Replacement and Renewal (\$000)
40			
41	6a(iv): System Growth and Asset Replacement and Renewal		
42			
43			
44	Intermediate pressure		
45	Main pipe	1	-
46	Service pipe	-	-
47	Stations	2	-
48	Line valve	-	-
49	Special crossings	-	-
50	Intermediate pressure -total	3	-
51	Medium pressure		
52	Main pipe	116	-
53	Service pipe	-	7
54	Stations	-	-
55	Line valve	-	10
56	Special crossings	-	-
57	Medium pressure - total	116	17
58	Low pressure		
59	Main pipe	62	308
60	Service pipe	2	90
61	Line valve	-	9
62	Special crossings	-	-
63	Low pressure - total	64	407
64	Other network assets		
65	Monitoring and control systems	-	-
66	Cathodic protection systems	-	-
67	Other assets (other than above)	-	-
68	Other network assets - total	-	-
69			
70	System growth and asset replacement and renewal expenditure	183	424
71	less Capital contributions funding system growth and asset replacement and renewal	-	-
72	System growth and asset replacement and renewal less capital contributions	183	424
73	6a(v): Asset Relocations		
74	Project or programme*	(\$000)	(\$000)
75	Dublin Street - Victoria Avenue to Wicksteed Street, Whanganui	5	
76		-	
77		-	
78		-	
79		-	
80	* include additional rows if needed		
81	All other projects or programmes - asset relocations	4	
82	Asset relocations expenditure		9
83	less Capital contributions funding asset relocations	-	
84	Asset relocations less capital contributions		9

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sch ref		(\$000)	(\$000)
85	6a(vi): Quality of Supply		
86	<i>Project or programme*</i>		
87	System Reinforcement (Whanganui Bridges MP Mains Interconnect)	33	
88		-	
89		-	
90		-	
91		-	
92	<i>* include additional rows if needed</i>		
93	All other projects or programmes - quality of supply	14	
94	Quality of supply expenditure		47
95	less Capital contributions funding quality of supply	-	
96	Quality of supply less capital contributions		47
97			
98	6a(vii): Legislative and Regulatory		
99	<i>Project or programme*</i>		
100	Nil	-	
101		-	
102		-	
103		-	
104		-	
105	<i>* include additional rows if needed</i>		
106	All other projects or programmes - legislative and regulatory	-	
107	Legislative and regulatory expenditure		-
108	less Capital contributions funding legislative and regulatory	-	
109	Legislative and regulatory less capital contributions		-
110			
111	6a(viii): Other Reliability, Safety and Environment		
112	<i>Project or programme*</i>		
113	Nil	-	
114		-	
115		-	
116		-	
117		-	
118	<i>* include additional rows if needed</i>		
119	All other projects or programmes - other reliability, safety and environment	-	
120	Other reliability, safety and environment expenditure		-
121	less Capital contributions funding other reliability, safety and environment	-	
122	Other reliability, safety and environment less capital contributions		-
123	6a(ix): Non-Network Assets		
124	Routine expenditure		
125	<i>Project or programme*</i>		
126	Office equipment, Computer Hardware & Software	40	
127	Vehicles, Plant & Equipment	57	
128		-	
129		-	
130		-	
131	<i>* include additional rows if needed</i>		
132	All other projects or programmes - routine expenditure	-	
133	Routine expenditure		97
134	Atypical expenditure		
135	<i>Project or programme*</i>		
136	Nil	-	
137		-	
138		-	
139		-	
140		-	
141	<i>* include additional rows if needed</i>		
142	All other projects or programmes - atypical expenditure	-	

Company Name

GasNet Limited

For Year Ended

30 June 2016

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<i>sch ref</i>		
143	Atypical expenditure	-
144		
145	Expenditure on non-network assets	97