

# Disclosure Requirements 2011

**Auditor's independent assurance report****To the readers of Northpower Limited's****Report for the financial year ended 31 March 2011 regarding Northpower Limited's compliance with the Electricity Distribution (Information Disclosure) Requirements 2008**

The Auditor-General is the auditor of Northpower Limited (the company). The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on the company's report for the financial year ended 31 March 2011 regarding compliance with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements) as shown in the attached report comprising the schedules FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP1, MP2, MP3 and AM1 (inclusive). In this independent assurance report we refer to the company's report as the "disclosure information". The disclosure information comprises both historical and prospective financial and non-financial information.

**Respective responsibilities**

The Board of Directors is responsible for preparing disclosure information that complies with the Requirements.

Clause 10 of the Requirements requires the Auditor-General to provide an opinion on whether the disclosure information prepared by the company complies with and is presented in all material respects in accordance with the Requirements.

**Limitations and use of this independent assurance report**

This independent assurance report has been prepared solely to discharge the Auditor-General's responsibilities under the Requirements for the financial year ended 31 March 2011. This independent assurance report is not intended to be used for any purposes, other than that for which it was prepared.

Because of the inherent limitations in 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 financial year and the procedures performed in respect of the company's compliance with the Requirements are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the company may not have complied with the Requirements. Our opinion has been formed on the above basis.

**Basis of opinion**

The company's financial statements for the year ended 31 March 2011 have been subject to audit. The audit opinion on the financial statements of the company for the year ended 31 March 2011 was unqualified and was dated 22 June 2011.

Our work has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information

complies with and has been presented in all material respects in accordance with the Requirements. We also included an assessment of the significant estimates and judgements, if any, made by the company in the preparation of the disclosure information.

A matter is material if it would affect a user's overall understanding of the disclosure information prepared by the company.

### **Historical financial and non-financial information**

Our work on the historical financial and non-financial information has been carried out in accordance with the Standard on Assurance Engagements (New Zealand) 3100: Compliance Engagements issued by the New Zealand Institute of Chartered Accountants.

Our work in respect of amounts and disclosures that were audited under the financial statement audit has been limited to agreeing the amounts and disclosures to the underlying records and audited financial statements of the company.

Our work in respect of amounts and disclosures that were not audited under the financial statement audit, has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information has been presented in all material respects in accordance with the Requirements.

### **Prospective financial and non-financial information**

Our work on the prospective financial and non-financial information has been limited to assessing whether the information has been presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the financial year ended 31 March 2011 and the immediately preceding financial year, and that the information has been calculated based on source data provided by the company. We have not performed audit procedures on the source data.

We acknowledge that it is likely that actual results will vary from those forecasted, since anticipated events frequently do not occur as expected (and those variations may be significant).

### **Independence**

When carrying out the engagement we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants. We also complied with the Independent auditor provisions on independence, as specified in clause 2(1) of the Requirements.

Other than the engagement and the annual audit of the company's financial statements carried out on behalf of the Auditor-General, we have no relationship with or interests in the company.

### **Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- the company has kept proper records to enable the complete and accurate compilation of required information, in all material respects, as far as appears from our examination of those records; and
- the disclosure information prepared by the company for the financial year ended 31 March 2011 complies with the Requirements.

### **Historical Financial and Non-Financial Information**

In our opinion, the company has:

- presented the historical financial information in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 for the financial year ended 31 March 2011 in all material respects in compliance with the Requirements, and
- compiled the historical non-financial information included in reports MP1, MP2 and MP3 in accordance with the guidance (if any) issued pursuant to the Requirements, and has calculated the historical non-financial information based on un-audited source data provided by the company.

### **Prospective Financial and Non-Financial Information**

In our opinion, the company has:

- presented the prospective financial and non-financial information in reports AM1 and MP3 on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the financial year ended 31 March 2011 and the immediately preceding financial year; and
- calculated the prospective financial and non-financial information based on un-audited source data provided by the company.



John Scott  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
23 August 2011

## CERTIFICATE FOR VALUATION REPORTS

Pursuant to Requirement 11(3)

We, Warren William Moyes and Nicole Peta Davies-Colley, directors of Northpower Ltd, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) the attached valuation report of Northpower Ltd, prepared for the purposes of Requirement 14(3) of the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 complies with those Requirements; and
- (b) the replacement cost of the line business fixed assets of Northpower Ltd is \$283,377,000; and
- (c) the depreciated replacement cost of the line business system fixed assets of Northpower Ltd is \$140,922,000; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Northpower Ltd is \$135,098,000; and
- (e) the optimised deprival valuation of the line business system fixed assets of Northpower Ltd is \$135,098,000; and
- (f) the values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004). These valuations are as at 31 March 2004.



W W Moyes



N P Davies-Colley

Date: 23/08/2011

23/08/2011

## CERTIFICATE FOR DISCLOSED INFORMATION

Pursuant to Requirement 11 (1)

We, Warren William Moyes and Nicole Peta Davies-Colley, directors of Northpower Ltd, certify that, having made all reasonable enquiry, to the best of our knowledge the following attached audited information of Northpower Ltd, prepared for the purposes of Requirements 3, 4, 6 and 7(5) of the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 complies with those Requirements:-

- (i) Report FS1 : Regulatory Profit Report;
- (ii) Report FS2 : Regulatory Asset and Financing Report;
- (iii) Report FS3 : Regulatory Tax Allowance Report;
- (iv) Report AV1 : Annual Regulatory Valuation Roll-Forward Report;
- (v) Report AV2 : Valuation Disclosure by Asset Class (for System Fixed Assets);
- (vi) Report AV3 : System Fixed Assets Replacement Cost Roll-Forward Report;
- (vii) Report AV4 : Merger or Acquisition Regulatory Asset Base Disclosure;
- (viii) Report MP1 : Network Information Report;
- (ix) Report MP2 : Performance Measures Report;
- (x) Report MP3 : Price and Quality Report; and
- (xi) Report AM1 : Expenditure Forecasts and Reconciliation

  
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W W Moyes

  
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N P Davies-Colley

Date: 23/08/2011

23/08/2011



## REPORT FS1: REGULATORY PROFIT STATEMENT

ref		Electricity Distribution Business:	Northpower Limited	
5				
6	<b>Income</b>			
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28	<b>Expenses</b>			
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**REPORT FS1: REGULATORY PROFIT STATEMENT (cont)**

**Notes to Regulatory Profit Statement**

69	<b>FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments</b>		<b>(\$000)</b>
70	Customer Rebates	-	
71	Line Charge Holidays and other Discretionary Discounts	3,917	
72	<b>Total Discretionary Discounts and Customer Rebates</b>		<b>3,917</b>

75	<b>FS1b: Related party expenditure - summary</b>		<b>(\$000)</b>
76	Avoided Transmission Charges	175	
77	Operational Expenditure	8,839	
78	Subvention Payment		
79	Other related party expenditure	9,826	
80	<b>Total Related Party Expenditure</b>		<b>18,840</b>

N.B.: The additional Related Party information that is required to be disclosed in accordance with Section 3 of the Information Disclosure Handbook is to be disclosed by way of a separate note to this Schedule and forms part of this Schedule.

87	<b>FS1c: Operational Expenditure notes</b>		<b>(\$000)</b>
88			
89	<b>Merger and Acquisition Expenses</b>		
90	Merger and Acquisition Expenses (not to be included in Operational Expenditure)		
91			
92	<b>Material items (if greater than 10% of the Operational Expenditure line item)</b>		
93	Material item amount 1	114	Notes to be provided separately
94	within expenditure category:	Pass-through Costs	
95			
96	Material item amount 2	45	Notes to be provided separately
97	within expenditure category:	Pass-through Costs	
98			
99	Material item amount 3	49	Notes to be provided separately
100	within expenditure category:	Pass-through Costs	
101			
102			
103			(further disclosures to be provided on separate page if required)

106	<b>FS1d: Vested Assets</b>		<b>(\$000)</b>
107	Consideration Paid for Vested Assets		471

110	<b>FS1e: Reclassified items in Operational Expenditure</b>		<b>(\$000)</b>
111	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
112	Previous classification:	Select one	
113	New classification:	Select one	
114			
115			<b>(\$000)</b>
116	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
117	Previous classification:	Select one	
118	New classification:	Select one	
119			
120			<b>(\$000)</b>
121	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
122	Previous classification:	Select one	
123	New classification:	Select one	
124			

*to be repeated as required for multiple reclassifications*



## REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	Northpower Limited	
5		For Year Ended	2011
6			
7	<b>Capital Expenditure on System Fixed Assets (by primary purpose)</b>		<b>(\$000)</b>
8	Customer Connection	594	to AM1
9	System Growth	1,586	to AM1
10	Reliability, Safety and Environment	203	to AM1
11	Asset Replacement and Renewal	7,419	to AM1
12	Asset Relocations	24	to AM1
13	<b>Total Capital Expenditure on System Fixed Assets</b>	<b>9,826</b>	to AM1
14			
15			
16	<b>Capital Expenditure on Non-System Fixed Assets</b>	<b>733</b>	from AV1
17			
18			
19	<b>Capital works roll-forward (for System Fixed Assets)</b>		
20	Works Under Construction at Beginning of Year	3,945	
21	plus Total Capital Expenditure on System Fixed Assets	9,826	
22	less Assets Commissioned in Year	13,035	from AV1
23	<b>Works under construction at year end</b>	<b>736</b>	
24			
25			
26	<b>Regulatory Investment Value calculation</b>		
27	System Fixed Assets: regulatory value at end of Previous Year	194,241	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	10,114	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	4,759	2.45%
30	<b>Total Regulatory Asset Base value at beginning of Current Financial Year</b>	<b>209,114</b>	
31			
32	plus System Fixed Assets Commissioned in Year	13,035	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	733	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	13,768	
36	<b>Regulatory Asset Base investment in Current Financial Year - average</b>	<b>6,884</b>	
37			
38	plus (minus) where a merger or acquisition has taken place within the year		
39	Adjustment for merger, acquisition or sale to another EDB	-	from AV4
40			
41	<b>Regulatory Investment Value</b>	<b>215,998</b>	to MP2



## REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business: Northpower Limited								
	For Year Ended: 2011						2011		
	Year of most recent ODV						2004		
	(\$000)								
	ODV Year	ODV Year	ODV Year	ODV Year	ODV Year	ODV Year	ODV Year		
	+1	+2	+3	+4	+5	+6	+7		
	For Year Ending:	2005	2006	2007	2008	2009	2010	2011	
11	<b>System Fixed Assets</b>								
12	Regulatory Value at End of Previous Year*	135,098	141,767	152,581	160,580	175,650	186,437	194,241	to FS2
13	plus								
14	Assets Commissioned	2,065	4,172	3,133	5,649	8,510	7,674	13,035	to FS2
15	Gross Value of Vested Assets	6,528	7,840	7,000	8,495	4,107	2,599	2,005	to FS1
16	Assets Acquired from (Sold to) a Non-EDB								to FS2
17	Asset Additions	8,593	12,012	10,133	14,144	12,617	10,373	15,040	
18	plus								
19	Indexed Revaluation	3,639	4,760	3,873	5,406	5,216	3,815	8,676	to FS1
20	less								
21	Depreciation of System Fixed Assets	5,532	5,906	5,878	6,176	6,729	6,938	7,570	
22	Regulatory Value of Assets Decommissioned	31	53	128	340	317	1,961	1,755	
23	Regulatory Depreciation (incl. value of assets decommissioned)	5,563	5,959	6,006	6,516	7,046	8,899	9,325	to FS1
24									
25	plus (minus)								
26	Acquisition of System Fixed Assets from another EDB	-	-	-	-	-	-	-	from AV4
27	less Sale of System Fixed Assets to another EDB	-	-	-	-	-	-	-	from AV4
28	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	-	-	-	-	-	-	
29									
30	plus (minus)								
31	Net Increase (Decrease) Due to Changes in Asset Register Information				2,036		2,515		
32									
33	<b>Regulatory Value of System Fixed Assets at Year End</b>	<b>141,767</b>	<b>152,581</b>	<b>160,580</b>	<b>175,650</b>	<b>186,437</b>	<b>194,241</b>	<b>208,632</b>	
34									
35	<b>Non-System Fixed Assets</b>								
36	Regulatory value at end of previous year	5,827	5,409	7,210	7,185	9,370	9,807	10,114	
37									
38	plus Asset Additions	(363)	63	155	797	624	491	733	to FS2
39	plus Revaluations		1,905		1,544				to FS1
40	less Depreciation (incl. value of assets decommissioned)	35	167	180	156	187	184	219	to FS1
41	plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-	-	-	from AV4
42	Regulatory Value of Non-System Fixed Assets at Year end	5,409	7,210	7,185	9,370	9,807	10,114	10,628	
43									
44									
45	<b>Total Regulatory Asset Base Value (excluding FDC)</b>	<b>147,176</b>	<b>159,791</b>	<b>167,765</b>	<b>185,020</b>	<b>196,244</b>	<b>204,355</b>	<b>219,260</b>	
46									
47									
48	* The commencing figure for completing this schedule is the most recent ODV value								
49	Note: Additional columns to be added if required								

## Notes to Annual Regulatory Valuation Roll-forward Report

57	<b>AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets</b>								
58	CPI as at date of ODV 928								
59									
60	For Year Ended	2005	2006	2007	2008	2009	2010	2011	
61	CPI at CPI reference date	953	985	1010	1044	1075	1097	1146	
62	Revaluation Rate	2.69%	3.36%	2.54%	3.37%	2.97%	2.05%	4.47%	
63									
64	System Fixed Assets: Regulatory Value at End of Previous Year	135,098	141,767	152,581	160,580	175,650	186,437	194,241	
65	Indexed Revaluation of System Fixed Assets	3,639	4,760	3,873	5,406	5,216	3,815	8,676	to FS1, AV1

68	<b>AV1b: input for prior year Acquisitions (Sales) of Assets to (from) another ELB</b>							(\$000)
69	For Year Ended	2005	2006	2007	2008	2009	2010	2011
70	Acquisition of System Fixed Assets from another EDB							
71	Sale of System Fixed Assets to another EDB							
72	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB							

**REPORT AV2: REGULATORY VALUATION DISCLOSURE BY ASSET CLASS**  
 (for System Fixed Assets)

Electricity Distribution Business: **Northpower Limited**  
 For Year Ended: **2011**

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**Subtotals by Asset Class (for System Fixed Assets)**

	Subtransmission	Zone Substations	Distribution & LV Lines	Distribution & LV Cables	Distribution Substations and Transformers	Distribution Switchgear	Other System Fixed Assets	Total for System Fixed Assets (per AV1)	
<b>System Fixed Assets</b>									
Regulatory Value of System Fixed Assets (as per most recent ODV)	8,962	13,339	66,125	18,981	21,513	5,323	855	<b>135,098</b>	from AV1
<b>Cumulative roll-forward since most recent ODV:</b>									
Asset Additions								82,912	from AV1
Indexed Revaluation (of System Fixed Assets)								35,385	from AV1
less Regulatory Depreciation (of System Fixed Assets)								49,314	from AV1
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								-	from AV1
Net Increase (Decrease) Due to Changes in Asset Register Information								4,551	from AV1
<b>Regulatory Value of System Fixed Assets at Year End</b>								<b>208,632</b>	from AV1



**REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT**

ref		Electricity Distribution Business:	Northpower Limited
		For Year Ended:	2011
5			
6	<b>System Fixed Assets - Replacement Cost</b>		
7		<b>(\$000)</b>	
8	Replacement cost at end of previous year	393,658	
9			
10	Asset Additions	15,040	AV3a
11	Indexed Revaluation (of System Fixed Assets)	17,584	
12	less Replacement Cost of Assets Decommissioned	4,411	
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
14	Net Increase (Decrease) Due to Changes in Asset Register Information		
15	<b>Replacement cost of System Fixed Assets at year end</b>	<b>421,871</b>	
16			
17			
18	<b>System Fixed Assets - Depreciated Replacement Cost</b>		
19			
20	Depreciated Replacement Cost at end of previous year	196,366	
21			
22	Asset Additions	15,040	AV3a
23	Indexed Revaluation (of System Fixed Assets)	8,771	
24	less Depreciation of Replacement Cost	7,759	
25	less Depreciated Replacement Cost of Assets Decommissioned	1,755	
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	from AV4
27	Net Increase (Decrease) Due to Changes in Asset Register Information		
28	<b>Depreciated replacement cost of System Fixed Assets at year end</b>	<b>210,663</b>	

**REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (cont)**

**Notes to Price and Quality Measures**

36	<b>AV3a: New Asset Additions</b>		
37			
38	Asset Additions - Depreciated Replacement Cost	15,040	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		
40			
41	<b>Asset Additions - Replacement Cost</b>	<b>15,040</b>	
42			

**REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE**

Electricity Distribution Business: Northpower Limited

6 Disclosure required? (YES or NIL DISCLOSURE): NO DISCLOSURE REQUIRED

As at (date): \_\_\_\_\_  
 Proportion of year following transfer of assets: 0%

**PART 1: Most recent ODV valuation of System Fixed Assets transferred**

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transform	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
Replacement Cost (RC)								
less Depreciation								
Depreciated Replacement Cost (DRC)								
less Optimisation adjustment								
Optimised Depreciated Replacement Cost (ODRC)								
less Economic Value Adjustment (EVA)								
Most recent ODV value								

**PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)**

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
Regulatory Value of System Fixed Assets (as per most recent ODV)			
<b>Cumulative roll-forward since most recent ODV:</b>			
Asset Additions			
Indexed Revaluation (of System Fixed Assets)			
less Regulatory Depreciation (of System Fixed Assets)			
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB			
Net Increase (Decrease) due to Changes in Asset Register Information			
RAB Value of Transferred Assets at Transfer Date			
Acquisition of Assets from Another EDB			to AV1
Sale of Assets to Another EDB			to AV1
RAB Value of Transferred Assets at Transfer Date			
"p" factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB			to FS2

**PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred**

	RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired(sold) assets
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		to AV3
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		to AV3

Signed by: \_\_\_\_\_ Selling Entity  
 \_\_\_\_\_ Acquiring Entity



**REPORT MP1: NETWORK INFORMATION**

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business: <b>Northpower Limited</b>		For Year Ended: <b>2011</b>
6			
7	Network Name: <b>Northpower</b>	(enter "Total Business" or name of network)	
9	Disclosure: <b>Annual Disclosure - Requirement 6(1)</b>		
10	<b>Circuit Length by Operating Line Voltage (at year end)</b>	<b>Overhead (km)</b>	<b>Underground (km)</b>
11			<b>Total (km)</b>
12	> 66kV		
13	50kV & 66kV		
14	33kV	220	19
15	SWER (all SWER voltages)		
16	22kV (other than SWER)		
17	6.6kV to 11kV (inclusive - other than SWER)	3,466	231
18	Low Voltage (< 1kV)	1,284	606
19	<b>Total circuit length (for Supply)</b>	<b>4,970</b>	<b>856</b>
20			<i>to MP2</i>
21	<b>Dedicated Street Lighting Circuit Length</b>	175	214
22			389
23	<b>Overhead Circuit Length by Terrain (at year end)</b>	<b>(km)</b>	<b>(%)</b>
24	Urban (only)	666	13%
25	Rural (only)	3,916	79%
26	Remote (only)		0%
27	Rugged (only)		0%
28	Rural & rugged (only)	388	8%
29	Remote & rugged (only)		0%
30	Unallocated overhead lines		0%
31	<b>Total overhead length</b>	<b>4,970</b>	<b>100%</b>
32			
33			
34	<b>Transformer capacity (at year end)</b>		<i>Previous Year</i>
35	Distribution Transformer Capacity (EDB Owned)	511 MVA	483
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	3 MVA	3
37	<b>Total Distribution Transformer Capacity</b>	<b>514 MVA (to MP2)</b>	<b>485</b>
38			
39	Zone Substation Transformer Capacity	281 MVA	271
40			
41	<b>System Fixed Assets age (at year end)</b>		
42	Average Age of System Fixed Assets	24 Years	
43	Average Expected Total Life of System Fixed Assets	51 Years	
44	Average Age as a Proportion of Average Expected Total Life	48% %	
45			
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	18% %	
47			
48			
49			
50		<b>Maximum coincident system demand (MW)</b>	<b>Non-coincident Sum of maximum demands (MW)</b>
51	<b>Electricity demand</b>		
52	<b>GXP Demand</b>	150	178
53	<i>plus</i> Embedded Generation Output at HV and Above	3	
54	<b>Maximum System Demand</b>	<b>153</b>	
55	<i>less</i> Net Transfers to (from) Other EDBs at HV and Above		
56	<b>Demand on system for supply to customers' Connection Points</b>	153	
57	<i>less</i> Subtransmission Customers' Connection Point Demand	56	63
58	<b>Maximum Distribution Transformer Demand</b>	<b>97</b>	
59			<i>to MP2</i>
60			
61	GXP Demand not Supplied at Subtransmission Level	10	
62	Embedded Generation Output - Connected to Subtransmission System	3	3
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only		
64			
65	<b>Estimated Controlled Load Shed at Time of Maximum System Demand (MW)</b>	<b>2</b>	
66			
67	<b>Five-Year System Maximum Demand Growth Forecast</b>	<b>1.2 % p.a.</b>	
68			
69	<b>Electricity volumes carried</b>	<b>(GWh)</b>	
70	Electricity Supplied from GXPs	973	
71	<i>less</i> Electricity Exports to GXPs		
72	<i>plus</i> Electricity Supplied from Embedded Generators	20	
73	<i>less</i> Net Electricity Supplied to (from) Other EDBs		
74	<b>Electricity entering system for supply to customers' Connection Points</b>	<b>993</b>	
75	<i>less</i> Electricity Supplied to Customers' Connection Points	957	
76	<b>Electricity Losses (loss ratio)</b>	<b>36</b>	<b>3.6% %</b>
77			<i>to MP2</i>
78	Electricity Supplied to Customers' Connection Points	957	
79	<i>less</i> Electricity Supplied to Largest 5 Connection Points	429	
80	<b>Electricity supplied other than to Largest 5 Connection Points</b>	<b>528</b>	<b>55% %</b>
81			
82	<b>Load Factor</b>	<b>74% %</b>	
83			
84	<b>Number of Connection Points (at year end)</b>	<b>54,416</b> ICPs	<i>to MP2</i>
85			
86	<b>Intensity of service requirements</b>		
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	17 kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	164 MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	9 ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	17,583 kWh/ICP	

## REPORT MP2: PERFORMANCE MEASURES

		Electricity Distribution Business: <b>Northpower Limited</b>				
		For Year Ended: <b>2011</b>				
<b>Performance comparators</b>		<b>Previous Years:</b>			<b>Current Financial Year</b>	
		<b>Current Yr - 3</b>	<b>Current Yr - 2</b>	<b>Current Yr - 1</b>		
9	<b>Operational expenditure ratio</b>					
10	Total Operational Expenditure	15	16	16	15 \$m from FS1	
11	Replacement Cost of System Fixed Assets (at year end*)	361	383	394	422 \$m from AV3	
12	Ratio (%)	4.04%	4.17%	3.95%	3.51% %	
14	<b>Capital expenditure ratio</b>					
15	Total Capital Expenditure on System Fixed Assets	4	8	11	10 \$m from FS2	
16	Replacement Cost of System Fixed Assets (at year end*)	361	383	394	422 \$m from AV3	
17	Ratio (%)	1.23%	1.99%	2.78%	2.33% %	
19	<b>Capital expenditure growth ratio</b>					
20	Capital Expenditure: Customer Connection and System Growth	2		4	2 \$m from FS2	
21	Change in Total Distribution Transformer Capacity	18	19	5	29 MVA from MP1	
22	\$/kVA	121	-	755	75 \$/kVA	
24	<b>Renewal expenditure ratio</b>					
25	Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal	6	4	10	11 \$m from FS1 & 2	
26	Regulatory Depreciation of System Fixed Assets	7	7	9	9 \$m from AV1	
27	Ratio (%)	88%	58%	114%	114% %	
29	<b>Distribution Transformer Capacity Utilisation</b>					
30	Maximum Distribution Transformer Demand	98	101	100	97 MW from MP1	
31	Total Distribution Transformer Capacity (at year end*)	461	480	485	514 kVA from MP1	
32	Ratio (%)	21.3%	21.0%	20.6%	18.9% %	
34	<b>Return on Investment</b>					
35	Regulatory Profit / Loss (pre-financing and distributions)	22	16	15	20 \$m from FS1	
36	less Interest Tax Shield Adjustment	2	2	1	2 \$m from FS3	
37	Adjusted Regulatory Profit	20	14	14	18 \$m	
38	Regulatory Investment Value	175	194	205	216 \$m from FS2	
39	Ratio (%)	11.64%	7.46%	6.79%	8.26% %	
40	* If a Merger or Asset Transfer with another EDG was entered into during the year, the denominators are calculated as time-weighted averages.					
42	<b>Expenditure comparison table</b>	<b>Expenditure metrics (\$ per):</b>				
43		<b>Total circuit length (for Supply) (\$/km)</b>	<b>Electricity Supplied to Customers' Connection Points (\$/MWh)</b>	<b>Maximum coincident system demand (\$/MW)</b>	<b>Distribution Transformer Capacity (EDB-Owned) (\$/MVA)</b>	
44				<b>Connection Point (\$/ICP)</b>		
45	Capital Expenditure (\$) per	1,812	11	69,013	194	20,652 from FS2 & MP1
46	Operational Expenditure (\$) per	2,539	15	96,693	272	28,936 from FS1 & MP1

**REPORT MP3: PRICE & QUALITY MEASURES**

(Separate report required for each Non-contiguous Network)

Electricity Distribution Business: **Northpower Limited**For Year Ended: **2011**Network Name: **Northpower**  
Disclosure: **Annual Disclosure - Requirement 6(1)****QUALITY****Interruptions****Interruptions by class**

Class A		planned interruptions by Transpower
Class B	326	planned interruptions on the network
Class C	262	unplanned interruptions on the network
Class D		unplanned interruptions by Transpower
Class E		unplanned interruptions of network owned generation
Class F		unplanned interruptions of generation (non-network)
Class G		unplanned interruptions caused by other electricity industry participant
Class H		planned interruptions caused by other electricity industry participant
<b>Total</b>	<b>588</b>	<b>Total of above</b>

**Interruption targets for Forecast Year**

	<b>2012</b>	<b>Current Financial Year +1</b>
Class B	320	planned interruptions on the network
Class C	280	unplanned interruptions on the network

**Average interruption targets for 5 Forecast Years**

	<b>2012-2016</b>	<b>Current Financial Year +1 to +5</b>
Class B	320	planned interruptions on the network
Class C	280	unplanned interruptions on the network

**Class C Interruptions restored within**

	<b>&lt;3hrs</b>	<b>&gt;3hrs</b>
	211	51

**Faults****Faults per 100 circuit kilometres**

The total number of faults for Current Financial Year	6.73	in year	2011
The total number of faults forecast for the Forecast Year	7.04	in year	2012
The average annual number of faults forecast for the 5 Forecast Years	7.04	average over years	2012-2016

**Fault information per 100 circuit kilometres by Voltage and Type**

	6.6kV & 11kV non-SWGR	22kV non-SWGR	SWGR	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Select one	Select one	Select one	Select one	Select one	Select one
Current Financial Year	6.90				4.18	
Forecast Year	7.50				2.00	
Average annual for 5 Forecast Years	7.50				2.00	

**Fault information per 100 circuit kilometres by Voltage and Type**

	6.6kV & 11kV non-SWGR	22kV non-SWGR	SWGR	33kV	50kV & 66kV	>66kV
Underground	0.43					
Overhead	7.33			4.55		

**Reliability****Overall reliability**

Based on the total number of interruptions	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
	134.81	2.32	58.00

**Reliability by interruption class**

	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
Class B	30.73	0.23	132.50
Class C	104.08	2.09	49.70

**Targets for Forecast Year**

	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
Class B	30.00	0.24	125.00
Class C	87.00	2.20	39.00

**Average targets for 5 Forecast Years**

	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
Class B	30.00	0.24	125.00
Class C	87.00	2.20	39.00

**PRICES****Price information by Connection Point Class**

	<b>Connection Point Class</b>					
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total	
<b>Gross line charge income (\$000)</b>	24,786	11,094	7,948	6,197	50,025	from FS1
<b>Electricity Supplied to Customers' Connection Points (MWh)</b>	276,656	116,548	134,330	429,278	956,812	from MP1
<b>Number of Connection Points (ICPs) at year end</b>	43,793	10,124	494	5	54,416	from MP1
<b>Unit Price (cents/kWh)</b>	<b>9.0</b>	<b>9.5</b>	<b>5.9</b>	<b>1.4</b>	<b>5.2</b>	
<b>Relative Unit Price Index</b>	1.00	1.06	0.66	0.16	0.58	

**REPORT MP3: PRICE AND QUALITY (cont)**

**Notes to Price and Quality Measures**

89	<b>MP3a: Connection Point Class breakpoints</b>	
90		
91	<b>Connection Point Class breakpoints methodology</b>	Metering installation category based breakpoints
92		
93	<b>kVA based breakpoints - additional disclosure</b>	
94	Breakpoint between small and medium classes	_____ kVA
95	Breakpoint between large and medium classes	_____ kVA
96		

**REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION**

Electricity Distribution Business: **Northpower Limited**  
 For Year Ended **2011**  
 (\$000)

**A) Five year forecasts of expenditure**  
 From most recent Asset Management Plan

for year ended	Actual for Current Financial Year	Forecast Years					
		year 1	year 2	year 3	year 4	year 5	
		2011	2012	2013	2014	2015	
Capital Expenditure: Customer Connection	594	375	381	386	392	398	from FS2
Capital Expenditure: System Growth	1,586	4,892	5,089	4,129	4,667	2,998	from FS2
Capital Expenditure: Reliability, Safety and Environment	203	1,264	706	352	482	220	from FS2
Capital Expenditure: Asset Replacement and Renewal	7,419	10,206	7,206	6,930	7,176	9,410	from FS2
Capital Expenditure: Asset Relocations	24	406	103	105	107	110	from FS2
<b>Subtotal - Capital Expenditure on asset management</b>	<b>9,826</b>	<b>17,143</b>	<b>13,485</b>	<b>11,902</b>	<b>12,824</b>	<b>13,135</b>	
Operational Expenditure: Routine and Preventative Maintenance	1,659	1,961	2,064	2,004	2,078	2,136	from FS1
Operational Expenditure: Refurbishment and Renewal Maintenance	3,172	3,805	3,856	3,924	3,994	4,083	from FS1
Operational Expenditure: Fault and Emergency Maintenance	1,285	1,148	1,165	1,189	1,212	1,243	from FS1
<b>Subtotal - Operational Expenditure on asset management</b>	<b>6,116</b>	<b>6,914</b>	<b>7,085</b>	<b>7,116</b>	<b>7,284</b>	<b>7,461</b>	
<b>Total direct expenditure on distribution network</b>	<b>15,942</b>	<b>24,057</b>	<b>20,570</b>	<b>19,018</b>	<b>20,108</b>	<b>20,596</b>	
<b>Overhead to Underground Conversion Expenditure</b>	-	-	-	-	-	-	

The Electricity Distribution Business is to provide the amount of Overhead to Underground Conversion Expenditure included in each of the above Expenditure Categories (explanatory notes can be provided in a separate note if necessary). No significant overhead to underground expenditure incurred or planned

**B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure**

	Actual for Current Financial Year	Previous forecast for Current Financial Year	% Variance	
	(a)	(b)	(a)/(b)-1	
Capital Expenditure: Customer Connection	594	375	58.4%	from row 10
Capital Expenditure: System Growth	1,586	3,040	-47.8%	from row 11
Capital Expenditure: Reliability, Safety and Environment	203	685	-70.4%	from row 12
Capital Expenditure: Asset Replacement and Renewal	7,419	7,226	2.7%	from row 13
Capital Expenditure: Asset Relocations	24	-	Not defined	from row 14
<b>Subtotal - Capital Expenditure on asset management</b>	<b>9,826</b>	<b>11,326</b>	<b>-13.2%</b>	
Operational Expenditure: Routine and Preventative Maintenance	1,659	1,870	-11.3%	from row 17
Operational Expenditure: Refurbishment and Renewal Maintenance	3,172	4,623	-31.4%	from row 18
Operational Expenditure: Fault and Emergency Maintenance	1,285	1,148	11.9%	from row 19
<b>Subtotal - Operational Expenditure on asset management</b>	<b>6,116</b>	<b>7,641</b>	<b>-20.0%</b>	
<b>Total direct expenditure on distribution network</b>	<b>15,942</b>	<b>18,967</b>	<b>-15.9%</b>	

**Explanation of variances**

Distribution Business must provide a brief explanation for any line item variance of more than 10%

- Explanatory notes (can be provided in a separate note if necessary):
- 1) Customer connections over due to more connection than planned.
  - 2) System growth under due to deferral of some large projects.
  - 3) Reliability, Safety and Environment under due to delay and deferral following on from risk review.
  - 4) Following on from inspections some Routine and Preventative Maintenance has been deferred.
  - 5) Asset relocation over due to unplanned relocation.
  - 6) Refurbishment and renewal under due to projects being re-classified as Asset replacement.
  - 7) Fault and emergency maintenance exceeded forecast due to storm damage.



## Transitional Provisions – Requirement Part 4 14 (8)

	2011	2010	2009	2008	2007
<b>Statistics</b>					
(a) System length, broken down by voltage:					
33 kV	243.0km	237.0km	235.0km	234.0km	231.0km
11 kV	3,697.0km	3,615.0km	3,424.0km	3,375.0km	3,239.0km
400 V	1,890.0km	1,977.0km	1,968.0km	2,147.0km	2,176.0km
<b>Total</b>	<b>5,830.0km</b>	<b>5,829.0km</b>	<b>5,627.0km</b>	<b>5,756.0km</b>	<b>5,646.0km</b>
(b) Circuit length of overhead lines, broken down by voltage:					
33 kV	224.0km	220.0km	218.0km	217.0km	215.0km
11 kV	3,466.0km	3,394.0km	3,227.0km	3,184.0km	3,103.0km
400 V	1,284.0km	1,390.0km	1,449.0km	1,597.0km	1,577.0km
<b>Total</b>	<b>4,974.0km</b>	<b>5,004.0km</b>	<b>4,894.0km</b>	<b>4,998.0km</b>	<b>4,895.0km</b>
(c) Circuit length of underground cables broken down by voltage:					
33 kV	19.0km	17.0km	17.0km	17.0km	16.0km
11 kV	231.0km	221.0km	197.0km	191.0km	136.0km
400 V	606.0km	587.0km	519.0km	550.0km	599.0km
<b>Total</b>	<b>856.0km</b>	<b>825.0km</b>	<b>733.0km</b>	<b>758.0km</b>	<b>751.0km</b>
(d) Transformer capacity	514,486kVA	485,300kVA	480,000kVA	461,000kVA	442,875kVA
(e) Maximum demand	153,000kW	150,000kW	151,000kW	154,000kW	144,014kW
(f) Total customers	54,416	53,706	53,331	52,876	51,669
<b>Efficiency Performance Measures</b>					
(a) Direct line cost per kilometre	\$1,849	\$1,921	\$2,042	\$1,863	\$1,500
(b) Indirect line cost per customer	\$71	\$79	\$84	\$72	\$61



## Additional Notes

### FS1b – Related Parties Expenditure Note

**\$000**

**Operational Expenditure** **\$8,839**

Maintenance expenditure on System Fixed Assets.

**Other Related Parties Expenditure** **\$9,826**

Construction of new assets:-

(a) Subtransmission assets	\$ 823,268
(b) Zone Substations	\$2,396,779
(c) Distribution Lines and Cables	\$5,827,945
(d) Medium Voltage Switchgear	\$ 439,301
(e) Distribution Transformers	\$ 231,865
(f) Low Voltage Reticulation	\$ 77,119
(g) Scada & Communications	\$ 30,008

Network Maintenance and other services are provided in accordance with a Service Level Agreement.

- No balance is outstanding at balance date.
- No amounts have been written off or forgiven during the year.
- No transactions have been made at nil or nominal value.
- 

### FS1c - Operational Expenditure Note

Electricity Commission Levy	\$113,810	55%
Local Body Rates	\$ 44,921	21%
Commerce Commission Levy	\$ 49,347	22%
<b>Total</b>	<b>\$208,078</b>	