



Voluntary submission consistent with the Commerce Act
(Vector Natural Gas Services) Authorisation 2008

Annual Compliance Statement

1 May 2013

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Introduction

- 1.1 Under the Commerce Act (Vector Natural Gas Services) Authorisation 2008 (the Authorisation), compliance statements are only required during the control period. The control period ended on 1 July 2012. In order to satisfy the intent of the Authorisation (reporting of certain performance measures over the compliance period) Vector offered (and the Commission accepted) that this disclosure of certain performance measures and other information up to 30 June 2012 would be made on a voluntary basis. It has also been agreed that the information would not require external assurance or certification by the company's directors.
- 1.2 The performance measures and other information provided in this voluntary compliance statement are consistent with the reporting requirements described in clauses 10.1.2 (c) and 10.3.1 of the Authorisation. The Statement has been prepared for 1 May 2013. In the Statement, references to Vector relate only to Vector's gas business controlled under the Authorisation.

New services

- 2.1 Under Form 6 of Schedule 7 of the Authorisation Vector provides details on customers who have moved from standard to non-standard distribution services. Vector has provided this information in Table 1 in Appendix 1.
- 2.2 There have been no movements from standard to non-standard distribution services over the period 1 July 2011 to 30 June 2012.

Excluded services

- 2.3 Under Form 7 of Schedule 7 of the Authorisation Vector provides information on its revenue from excluded services. Vector has provided this information in Table 2 in Appendix 2.
- 2.4 For the financial year ending 30 June 2012, Vector received revenue from disconnection and reconnection services. Disconnection and reconnection services were previously not charged on the Auckland gas distribution network; however, Vector has aligned service charges between its North Island and Auckland gas distribution networks and now has a nominal service charge to cover administrative costs across both networks.

- 2.5 Vector did not receive revenue from decommissioning services as these are either provided for free (predominantly for safety reasons), or are provided by other parties.
- 2.6 Table 2 in Appendix 2 includes revenue from five new non-standard distribution services supplied after 30 September 2007.
- 2.7 In reporting revenue for excluded services, Vector has reported the numbers directly from its financial reporting system except for excluded non-standard distribution services, which have been reported from Vector's billing system.

Quality performance

- 3.1. Under Form 8 of Schedule 7 of the Authorisation Vector discloses information on the quality of services supplied.
- 3.2. This Statement discloses information on the quality of Vector's controlled services from 1 July 2011 to 30 June 2012 (2011/12 year), and demonstrates Vector's performance during the reporting period against the thresholds provided in Schedule 5 of the Authorisation..

Performance against thresholds

3.3. Unplanned SAIDI calculation¹

$$\begin{aligned} \text{Definition} &= (\text{Customer Minutes}/\text{Avg Customer count}) \times 1000 \\ &= 71,225/90,392 \times 1000 \\ &= 788.0 \end{aligned}$$

$$\text{Target} = 121 \text{ (measured in thousandths of minutes)}$$

Result: Threshold not met

3.4. Unplanned SAIFI calculation²

$$\begin{aligned} \text{Definition} &= (\text{Customers Affected}/\text{Avg Customer count}) \times 1000 \\ &= 587/90,392 \times 1000 \\ &= 6.5 \end{aligned}$$

$$\text{Target} = 4.4$$

Result: Threshold not met

- 3.5. The thresholds in Schedule 5 are derived from historical data that was collected for internal management purposes. Prior to the

¹ SAIDI: System Average Interruption Duration Index

² SAIFI: System Average Interruption Frequency Index

Authorisation it was industry practice to assign a notional 30 minute interruption time to all outages. It is also difficult to confirm that the historical data was complete and accurate or that it necessarily aligned with the definitions prescribed in the Authorisation.

- 3.6. The 2011/12 system reliability results were prepared in the same manner as the 2010/11 statement and are roughly comparable in magnitude. As described in detail in last year’s statement, the new data collection procedures are extremely rigorous and intended to yield accurate results. Due to the differences in data collection standards between contemporary statements and the historical periods upon which the thresholds have been based, the reported figures are not comparable to the threshold values.
- 3.7. For these reasons, detailed explanation of the reasons for instances of quality performance (in this case SAIDI and SAIFI) not meeting the threshold in schedule 4, as required by clause 10.3.1 of the Authorisation, have not been provided.

3.8. Responses to Emergency

$$\begin{aligned}
 \text{Definition} &= \frac{\text{\# of Emergencies responded to within one hour}}{\text{Total number of Emergencies}} \\
 &= 125/129 \\
 &= 96.9\%
 \end{aligned}$$

Target = 95% responded to within one hour

Result: Threshold met

- 3.9. Vector has implemented a number of processes to reduce response to emergency (RTE) times over the last four years. As a result, RTE performance has improved steadily as shown in the table below;

Table 1, Historical Response to Emergency Performance

Regulation Year	RTE (%)
2008/09	82.8
2009/10	89.7
2010/11	91.9
2011/12	96.9

3.10. Public Reported Escapes of Gas

Definition = $\frac{\# \text{ of confirmed public reported escapes of gas}}{\text{total length of pipeline [km]} \times 1000}$

$$= \frac{395}{5,621} \times 1000$$
$$= 70.3$$

Target = 219.6

Result: Threshold met

Appendix 1, New Services

Form 6 of Schedule 7 of the Authorisation requires Vector to provide information on movement from standard to non-standard distribution services.

Table 1, Movement from Standard to non-Standard Distribution Services, (Form 6, Schedule 7)

For the reporting period 1 July 2011 to 30 June 2012

Date of commencement of new service	Movement from Standard to Non-Standard Distribution Service (ICP)	Move at the request of business or client?	Annual Quantity (kWh)	Previous Standard Load Group	Previous Pricing Terms (\$/day)	Previous Pricing Terms (\$/kWh)	New Pricing Terms (\$/day)	New Pricing Terms (\$/kWh)
-	-	-	-	-	-	-	-	-

There have been no movements from standard to non-standard distribution services over the reporting period.

Appendix 2, Excluded Services**Table 2, Excluded Services, (Form 7, Schedule 7)**

For the reporting period 1 July 2011 to 30 June 2012

Excluded Services	Revenue (\$'000)
Disconnection services	34
Reconnection services	76
Decommission services	-
Gas connection services for new services	1,269
Excluded non-standard distribution services	365
Total	1,744

Appendix 3, Quality Performance

For the Reporting Period 1 July 2011 to 30 June 2012

Table 2, System Reliability Information, (Form 8, Schedule 7)

Indicator	Calculation	Threshold	Value
SAIDI – unplanned, excluding transmission faults	$[(\text{Sum of (unplanned interruption durations)} - \text{Sum of (unplanned interruption durations caused by transmission faults)}) / \text{average total customer numbers}] \times 1000$	121	788.0
SAIFI – unplanned, excluding transmission faults	$[(\text{Sum of (no of customers affected by each unplanned interruption not caused by transmission faults)} / \text{average total customer numbers})] \times 1000$	4.4	6.5
CAIDI – unplanned, excluding transmission faults	SAIDI – unplanned, excl transmission faults / SAIFI – unplanned, excl transmission faults	Not applicable	121
SAIDI planned	Sum of (planned interruption durations) / average total customer numbers	Not applicable	5.6
SAIFI – planned	Sum of (number of planned interruptions) / average total customer numbers	Not applicable	0.017
Outage Events	Number of Outage events	Not applicable	15
Outage Events caused by third party damage	Number of Outage events caused by Third Party Damage	Not applicable	13

Table 3, System Condition and Integrity Information, (Form 8, Schedule 7)

Indicator	Calculation	Threshold	Value
Third Party Damage Events	Number of third party damage events/total length of pipeline [km]	Not applicable	0.052
Leaks	Number of leaks detected on distributor's network by routine network survey / total length of pipeline [km] * 1000	Not applicable	2.5
Public Reported Escapes (PRE)	Number of confirmed public reported escapes of gas / total length of pipeline [km] * 1000	219.6	70.3
Poor pressure due to network causes	Number of poor pressure events	Not applicable	1
Unaccounted for Gas	Unaccounted for gas/total gas input at entry points	Not applicable	0.63%

Table 4, Customer Service Information, (Form 8, Schedule 7)

Indicator	Calculation	Threshold	Value
Responses to Emergency	Number responded to within one hour/total number of emergencies	95% responded to within one hour	96.9%
Answering Telephone calls	Telephone calls to the emergency number will be answered by a individual within 30 seconds	Not applicable	94.2%
Complaints	Number of complaints/average total customer numbers	Not applicable	0.00108