



Pursuant to the Commerce Act (Vector Natural Gas
Services) Authorisation 2008

Annual Compliance Statement Section 1, Price

1 May 2010

(Public Version)

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Introduction

- 1.1 This Annual Compliance Statement (the Statement) is submitted by Vector Limited pursuant to *clause 10.1* of the Commerce Act (Vector Natural Gas Services) Authorisation 2008 (the Authorisation). The Statement has been prepared on 1 May 2010. In the Statement, references to Vector relate only to Vector's gas business controlled under the Authorisation.
- 1.2 The Authorisation requires Vector to demonstrate that prices from 1 October 2010 to 30 September 2011 (the forthcoming pricing year) are compliant with *clause 6*. The Statement demonstrates that Vector's notional revenue does not exceed the allowable notional revenue as provided for in the Authorisation.
- 1.3 The Statement also includes relevant information supporting Vector's pricing and its compliance with the Authorisation during the forthcoming pricing year.
- 1.4 The Authorisation requires Vector to submit specific information on pricing compliance including pass-through costs, new services and excluded services. This information is also contained in the Statement.
- 1.5 Vector considers that this Statement contains sufficient information to enable the Commerce Commission (the Commission) to properly determine that Vector has complied with the terms of the Authorisation.

No Breaches of the Authorisation

- 1.6 Vector can confirm that to date, and since our previous Annual Compliance Statement there has been no breach of any of the provisions of the Authorisation.

Prices after the commencement period

2.1 Vector confirms that prices (set in accordance with *clause 7*, the pricing methodology requirements of the Authorisation) comply with the weighted average price cap, *clause 6.2.2* of the Authorisation. *Clause 6.2.2* requires Vector to demonstrate that its notional revenue in the pricing year commencing on 1 October 2010, calculated in accordance with the left hand side of the formula in Table 1, does not exceed the allowable notional revenue calculated in accordance with the right hand side of the formula in Table 1.

Table 1, Summary price compliance with the weighted average price cap

Authorisation requirement	Notional revenue is not to exceed Allowable notional revenue		
Authorisation expression	$\sum P_{i,2010} Q_{i,2009}$	\leq	$(\sum P_{i,2009} Q_{i,2009} - C_{2009})(1 + \Delta CPI_{2010})(1 - X) + C_{2010}$
Vector Result	\$46,722,358	\leq	\$46,722,463

2.2 Form 3 of Schedule 7 of the Authorisation requires Vector to provide information on the pricing compliance for the pricing period from 1 October 2010 to 30 September 2011. This information has been included in Table 3 of Appendix 1 and Tables 4, 5, 6 and 7 of Appendix 2 which detail the required information.

2.3 In reporting quantity information for standard and non-standard services, Vector has reported the information directly from its billing system. Form 3 of Schedule 7 specifies both price and quantity information to be supplied in GJ units. On the Auckland network Vector sets prices and records consumption in kWh as opposed to GJ. For simplicity and to avoid translational errors, the information has been presented in the units in which it is published and recorded (kWh). Expressing the volumes in kWh does not affect the notional revenue calculation.

New standard services

2.4 Vector confirms that it complies with the weighted average price cap, new standard services, *clause 6.2.3* of the Authorisation. Vector's pricing proposal includes the introduction of a number of new standard services for the period 1 October 2010 to 30 September 2011. The introduction of new services is consistent with the Auckland Gas Distribution Network Pricing Methodology Report, 1 May 2009 (Section 4: Medium Term Pricing Strategy) as approved by the Commerce Commission and does not reflect an amendment to the pricing methodology.

2.5 From 1 October 2010 the medium term price strategy allowed for: the consolidation of a number of load groups which remove zone 2 from the price structure and the introduction of new primary and secondary load groups for customers supplied at >200 scm/h capacity. Table 2 shows the price structure from 1 October 2009 with the proposed price structure from 1 October 2010.

Table 2, Mapping existing standard services to new standard services

Load Group (t-1)	Segment description	Load Group (t)	Segment description
GA0R	Residential	GA0R	Residential
GA01	≤10 scm/h	GA01	≤10 scm/h
GA22	>10 and ≤40 scm/h, Zone 2	GA12	>10 and ≤40 scm/h, Zone 1
GA12	>10 and ≤40 scm/h, Zone 1	GA12	>10 and ≤40 scm/h, Zone 1
GA02	>10 and ≤40 scm/h, Zone 0	GA02	>10 and ≤40 scm/h, Zone 0
GA23	>40 and ≤200 scm/h, Zone 2	GA13	>40 and ≤200 scm/h, Zone 1
GA13	>40 and ≤200 scm/h, Zone 1	GA13	>40 and ≤200 scm/h, Zone 1
GA03	>40 and ≤200 scm/h, Zone 0	GA03	>40 and ≤200 scm/h, Zone 0
GA24	>200 scm/h, Zone 2	GAS4	>200 scm/h, Secondary
GA14	>200 scm/h, Zone 1	GAS4	>200 scm/h, Secondary
GA04	>200 scm/h, Zone 0	GAS4	>200 scm/h, Secondary
GA24	>200 scm/h, Zone 2	GAT4	>200 scm/h, Tertiary
GA14	>200 scm/h, Zone 1	GAT4	>200 scm/h, Tertiary
GA04	>200 scm/h, Zone 0	GAT4	>200 scm/h, Tertiary

2.6 *Clause 6.2.3* requires Vector to estimate quantities for new standard services in an amendment to the pricing methodology under clause 7.5. As outlined above, Vector has not applied for an amendment to the pricing methodology. The introduction of new standard services from 1 October 2010 is part of the approved pricing methodology and consequently does not represent an amendment. In order to comply with the intention of clause 6.2.3, the changes Vector made to determine the quantities in relation to the new standard services from 1 October 2010 include:

- (a) consolidated the quantities (kWh and days) for all GA22 and GA23 ICPs into the GA12 and GA13 load groups respectively; and
- (b) determined the connection type (primary, secondary or tertiary) and quantities (kWh and days) for each GA24, GA14, GA04 ICP under the 2009 price structure and mapped all quantities to the appropriate price under the proposed 2010 price structure.

- 2.7 Based on the approach above, the quantities under the 2010 price structure sum to the reference quantities, with no further forecasts or estimates required.

Treatment of non-standard services that have changed to standard services

- 2.8 As part of setting prices under the Authorisation, Vector has reviewed all of its non-standard contracts that will expire on or before 1 October 2010. Vector has applied its non-standard criteria formalised as part of the commencement period compliance process to all contracts expired by 1 October 2010. As a result, 26 non-standard customers no longer meet the eligibility requirements for non-standard pricing. From 1 October 2010 these 26 customers will be transferred to standard load groups and prices.

Excluded services

- 2.9 Vector confirms it has not included revenue from excluded services in the weighted average price cap as required by *clause 6.3.2* of the Authorisation.
- 2.10 Form 7 of Schedule 7 of the Authorisation requires Vector to provide information on the revenue from excluded services. Vector has provided this information in Table 10 in Appendix 5.
- 2.11 Vector does not currently receive revenue from a number of the excluded services listed by the Commission including disconnection services, reconnection services and decommission services as these are either provided for free (predominantly for safety reasons), or are provided by other parties.
- 2.12 Vector has excluded revenue from one new non-standard distribution service supplied after 30 September 2007. The revenue for this service is included in Table 10 in Appendix 5.
- 2.13 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.

Pass-through costs

- 2.14 Vector has included pass-through costs as specified in the Authorisation to determine its compliance with the weighted average price cap.

- 2.15 Form 5 of Schedule 7 of the Authorisation requires Vector to provide information relating to pass-through costs where actual costs have become certain so a difference in pass-through costs can be established. This information has been included in Table 8 of Appendix 3.
- 2.16 Vector has incorporated the difference between the allowed increase (or decrease) in pass-through costs above (or below) the forecast allowance specified in the Authorisation into prices and has not applied to the Commission to invoice customers directly with a direct pass-through charge.
- 2.17 To determine the total difference in pass-through costs incorporated into prices, Vector has allowed for the time cost of money at the regulated rate of return. Vector has calculated the pre-tax regulated rate of return based on the post tax cost of capital described by the Commission in its 30 October 2008 Decisions Paper on the Authorisation for the Control of Supply of Natural Gas Distribution Services by Powerco Limited and Vector Limited. The pre-tax regulated rate of return has been used as the revenues set to recover the difference in pass-through costs are recorded on a pre-tax basis. Using a post-tax regulated rate of return would double count the impact of tax.
- 2.18 Vector has not identified or applied for any additional categories of costs as pass-through costs as allowed for under *clause 6.4.3* of the Authorisation.
- 2.19 In reporting revenue for pass-through costs, Vector has reported the numbers directly from its financial reporting system.

Appendix 1, Summary Price Compliance Information

Table 3, Summary Pricing Compliance Information, (Form 3, Schedule 7)
Pricing compliance for the period from 1 October 2010 to 30 September 2011.

Definition	Variable	Amount
Previous Year Pass-through Costs Adjustment	C_{t-1}	\$ 611,685
Current Year Pass-through Costs Adjustment	C_t	\$ 800,923
Change in CPI (in %)	ΔCPI_t	1.89%
X Factor	X	0%
Previous Year Authorised Revenue	$\sum P_{ij,t-1} Q_{ij,ref}$	\$ 45,681,267
Current Year Authorised Revenue	$\sum P_{ij,t} Q_{ij,ref}$	\$ 46,722,358
Maximum Current Year Authorised Revenue	$(\sum P_{ij,t-1} Q_{ij,ref} - C_{t-1})(1 + \Delta CPI_t)(1 - X) + C_t$	\$ 46,722,463
Compliance with Pricing Terms met?		YES

Figures in the table above have been rounded for presentation purposes only. The full figures were used in the calculation for compliance, specifically the change in CPI.

Appendix 2, Detailed Price and Quantity Information

Pricing compliance for the period from 1 October 2010 to 30 September 2011.

Table 4, Distribution – Standard Services (t-1), (Form 3, Schedule 7)

Load Group (t-1)	Previous Pricing Year - Actual (t-1)				
	Price _{t-1}		Quantity _{t-1}		Revenue _{t-1}
	Fixed \$/day	Variable \$/kWh	Fixed Average ICPs	Variable kWh	Total \$
GA01	\$ 0.29	\$ 0.0263	2,138	54,989,668	\$ 1,672,546
GA02	\$ 1.12	\$ 0.0228	2,112	200,312,052	\$ 5,430,677
GA03	\$ 4.89	\$ 0.0129	692	374,053,293	\$ 6,059,523
GA04	\$ 14.79	\$ 0.0108	62	188,574,952	\$ 2,370,331
GA0R	\$ 0.24	\$ 0.0256	80,169	612,163,064	\$ 22,694,167
GA12	\$ 1.04	\$ 0.0132	70	7,062,362	\$ 119,795
GA13	\$ 3.77	\$ 0.0113	25	10,580,062	\$ 153,956
GA14	\$ 11.30	\$ 0.0094	2	7,041,452	\$ 74,439
GA22	\$ 0.89	\$ 0.0118	95	7,868,541	\$ 123,698
GA23	\$ 2.96	\$ 0.0099	47	26,828,324	\$ 316,379
GA24	\$ 8.88	\$ 0.0079	12	22,280,922	\$ 214,230
$\Sigma P_{ij,t-1} Q_{ij,ref}$			85,423	1,511,754,692	\$ 39,229,742

Table 5, Distribution – Standard Services (t), (Form 3, Schedule 7)

Load Group (t)	Forthcoming Pricing Year (t)				
	Price _t		Quantity _t		Revenue _t
	Fixed \$/day	Variable \$/kWh	Fixed Average ICPs	Variable kWh	Total \$
GA01	\$ 0.32	\$ 0.0267	2,138	54,989,668	\$ 1,717,954
GA02	\$ 1.20	\$ 0.0212	2,112	200,312,052	\$ 5,171,861
GA03	\$ 4.50	\$ 0.0134	692	374,053,293	\$ 6,148,114
GA0R	\$ 0.24	\$ 0.0279	80,169	612,163,064	\$ 24,102,142
GA12	\$ 0.98	\$ 0.0130	165	14,930,904	\$ 253,110
GA13	\$ 3.26	\$ 0.0109	72	37,408,387	\$ 493,424
GAS4	\$ 9.61	\$ 0.0086	15	61,954,443	\$ 585,385
GAT4	\$ 9.77	\$ 0.0087	61	155,942,883	\$ 1,572,874
$\Sigma P_{ij,t} Q_{ij,ref}$			85,423	1,511,754,692	\$ 40,044,863



Table 6, Distribution – Non-Standard Services (t-1), (Form 3, Schedule 7)

Code (t-1)	Previous Pricing Year - Actual (t-1)				
	Price _{t-1}		Quantity _{t-1}		Revenue _{t-1}
	Fixed \$/day	Variable \$/kWh	Fixed Days	Variable kWh	Total \$
ABC001	\$ 0.920171	\$ 0.012905	365	63,051	\$ 1,150
ABC002	\$ 106.000000	\$ 0.000800	365	8,760,224	\$ 45,698
ABC003	\$ -	\$ -	365	-	\$ -
ABC004	\$ 40.000000	\$ 0.000800	365	21,319,717	\$ 31,656
ABC005	\$ 200.000000	\$ 0.000350	365	227,958,726	\$ 152,786
ABC006	\$ 10.000000	\$ 0.000800	243	112,624	\$ 2,520
ABC007	\$ 40.000000	\$ 0.000800	365	2,939,313	\$ 16,951
ABC008	\$ 13.350000	\$ 0.002225	365	9,652,109	\$ 26,349
ABC009	\$ -	\$ 0.001737	365	35,801,269	\$ 62,187
ABC010	\$ 15.580700	\$ 0.001800	365	11,227,245	\$ 25,896
ABC011	\$ 113.721619	\$ -	365	12,001,017	\$ 41,508
ABC012	\$ 20.680000	\$ -	365	4,872,223	\$ 7,548
ABC013	\$ 42.414107	\$ -	365	7,039,479	\$ 15,481
ABC014	\$ 6.525124	\$ -	365	368,845	\$ 2,382
ABC015	\$ 60.000000	\$ 0.000800	365	9,307,288	\$ 29,346
ABC016	\$ 12.247468	\$ -	365	1,910,697	\$ 4,470
ABC017	\$ 18.070000	\$ -	365	998,759	\$ 6,596
ABC018	\$ 160.000000	\$ 0.000800	365	107,160,657	\$ 144,129
ABC019	\$ 100.000000	\$ 0.010000	365	19,336,814	\$ 229,868
ABC020	\$ 15.000000	\$ 0.010000	365	1,042,607	\$ 15,901
ABC021	\$ 35.013312	\$ 0.001691	365	19,653,531	\$ 46,014
ABC022	\$ 45.100000	\$ 0.007500	365	10,963,245	\$ 98,686
ABC023	\$ 6.000000	\$ 0.004500	365	1,702,008	\$ 9,849
ABC024	\$ 100.460000	\$ 0.002900	365	27,289,725	\$ 115,808
ABC025	\$ 57.850000	\$ 0.002047	365	15,805,824	\$ 53,470
ABC026	\$ 57.850000	\$ 0.002047	365	31,627,108	\$ 85,856
ABC027	\$ 17.000000	\$ -	365	3,140,086	\$ 6,205
ABC028	\$ 10.000000	\$ 0.000800	365	1,275,750	\$ 4,671
ABC029	\$ 20.000000	\$ 0.000800	365	3,767,979	\$ 10,314
ABC030	\$ 78.430000	\$ 0.000850	365	32,208,471	\$ 56,004
ABC031	\$ 37.690000	\$ 0.007600	365	2,140,351	\$ 30,024
ABC032	\$ 5.500000	\$ 0.001300	365	3,316,228	\$ 6,319
ABC033	\$ 79.265091	\$ 0.003827	365	23,735,411	\$ 119,767
ABC034	\$ 10.680000	\$ 0.005340	365	3,320,093	\$ 21,627
ABC035	\$ 57.850000	\$ 0.002047	365	35,307,681	\$ 93,390
ABC036	\$ 8.900000	\$ 0.001602	365	4,729,776	\$ 10,826
ABC037	\$ 9.000000	\$ 0.001100	365	8,148,798	\$ 12,249
ABC038	\$ 31.973695	\$ -	365	2,154,377	\$ 11,670
ABC039	\$ 10.440323	\$ -	365	702,213	\$ 3,811
ABC040	\$ 28.008300	\$ -	365	3,123,213	\$ 10,223
ABC041	\$ 27.100000	\$ 0.007500	365	9,507,442	\$ 81,197
ABC042	\$ 40.050000	\$ 0.004450	365	7,712,786	\$ 48,940
ABC043	\$ 70.000000	\$ 0.004500	365	16,222,125	\$ 98,550
ABC044	\$ 20.915000	\$ 0.002670	365	11,086,530	\$ 37,235
ABC045	\$ 22.550000	\$ 0.003400	365	52,206,154	\$ 185,732
ABC046	\$ 30.000000	\$ 0.004000	365	4,349,096	\$ 28,346
ABC047	\$ 11.343851	\$ -	365	950,957	\$ 4,141
ABC048	\$ 45.100000	\$ 0.001000	365	11,298,837	\$ 27,760
ABC049	\$ 15.359353	\$ -	365	1,775,876	\$ 5,606
ABC050	\$ 15.058355	\$ -	365	365,529	\$ 5,496



Annual Compliance Statement

Code (t-1)	Previous Pricing Year - Actual (t-1)				
	Price _{t-1}		Quantity _{t-1}		Revenue _{t-1}
	Fixed \$/day	Variable \$/kWh	Fixed Days	Variable kWh	Total \$
ABC051	\$ 160.000000	\$ 0.000800	365	105,743,583	\$ 142,995
ABC052	\$ 60.000000	\$ 0.000800	365	3,425,661	\$ 24,641
ABC053	\$ 68.331975	\$ 0.008633	365	12,556,383	\$ 133,340
ABC054	\$ 15.000000	\$ 0.008000	365	539,658	\$ 9,792
ABC055	\$ 86.158319	\$ 0.003916	365	27,137,503	\$ 137,718
ABC056	\$ 30.000000	\$ 0.010000	365	3,360,015	\$ 44,550
ABC057	\$ 222.500000	\$ 0.005785	365	29,934,971	\$ 254,386
ABC058	\$ 227.430000	\$ -	365	6,469,174	\$ 83,012
ABC059	\$ 58.750000	\$ 0.000850	365	25,136,020	\$ 42,809
ABC060	\$ 45.100000	\$ 0.007700	365	7,477,688	\$ 74,040
ABC061	\$ 54.050000	\$ 0.004700	365	11,032,087	\$ 71,579
ABC062	\$ 35.600000	\$ 0.006675	365	6,864,095	\$ 58,812
ABC063	\$ 45.554650	\$ 0.007298	365	5,888,555	\$ 59,602
ABC064	\$ 35.000000	\$ 0.009000	365	5,653,420	\$ 63,656
ABC065	\$ 18.000000	\$ 0.005500	365	3,375,325	\$ 25,134
ABC066	\$ 6.468787	\$ 0.012905	365	552,956	\$ 9,497
ABC067	\$ 0.273319	\$ 0.012905	365	40,359	\$ 621
ABC068	\$ 0.273319	\$ 0.012905	365	73,021	\$ 1,042
ABC069	\$ 98.787508	\$ 0.000925	365	82,263	\$ 36,134
ABC070	\$ 6.468787	\$ 0.012905	365	190,290	\$ 4,817
ABC071	\$ 6.468787	\$ 0.012905	365	132,941	\$ 4,077
ABC072	\$ 6.468787	\$ 0.012905	365	730,241	\$ 11,785
ABC073	\$ 36.981280	\$ 0.012905	365	12,954,074	\$ 180,670
ABC074	\$ 0.920171	\$ 0.012905	365	96,306	\$ 1,579
ABC075	\$ 91.109300	\$ 0.009078	365	15,663,518	\$ 175,448
ABC076	\$ 2,028.890000	\$ -	365	146,966,862	\$ 740,545
ABC077	\$ 6.230000	\$ 0.011570	365	908,038	\$ 12,780
ABC078	\$ 50.000000	\$ 0.010000	365	4,391,153	\$ 62,162
ABC079	\$ 10.440323	\$ -	365	656,667	\$ 3,811
ABC080	\$ 60.000000	\$ 0.000800	365	11,940,197	\$ 31,452
ABC081	\$ -	\$ -	365	-	\$ -
ABC082	\$ 188.390000	\$ 0.000700	365	22,398,682	\$ 84,441
ABC083	\$ 25.510604	\$ 0.003827	365	9,182,453	\$ 44,453
ABC084	\$ 20.000000	\$ 0.000800	365	3,411,331	\$ 10,029
ABC085	\$ 4.619278	\$ 0.009256	365	640,544	\$ 7,615
ABC086	\$ 33.820000	\$ 0.008455	365	2,775,933	\$ 35,815
ABC087	\$ 28.962024	\$ -	365	1,514,491	\$ 10,571
ABC088	\$ 23.550000	\$ 0.005100	365	6,072,448	\$ 39,565
ABC089	\$ 31.150000	\$ 0.008900	365	3,288,104	\$ 40,634
ABC090	\$ 6.377651	\$ 0.005162	365	1,207,942	\$ 8,563
ABC091	\$ 1.000000	\$ 0.010000	365	23,342	\$ 598
ABC092	\$ 15.811295	\$ -	365	1,523,186	\$ 5,771
ABC093	\$ 28.000000	\$ 0.001500	365	20,083,605	\$ 40,345
ABC094	\$ 38.549193	\$ -	365	985,519	\$ 14,070
ABC095	\$ 15.269908	\$ 0.005963	365	6,520,637	\$ 44,456
ABC096	\$ 3.560000	\$ 0.005340	365	361,862	\$ 3,232
ABC097	\$ 13.866823	\$ 0.012905	365	381,355	\$ 9,983
ABC098	\$ 8.900000	\$ 0.010680	365	607,725	\$ 9,739
ABC099	\$ 15.811295	\$ -	365	561,353	\$ 5,771
ABC100	\$ 36.100000	\$ 0.009100	365	10,159,707	\$ 105,630



Annual Compliance Statement

Code (t-1)	Previous Pricing Year - Actual (t-1)				
	Price _{t-1}		Quantity _{t-1}		Revenue _{t-1}
	Fixed \$/day	Variable \$/kWh	Fixed Days	Variable kWh	Total \$
ABC101	\$ 17.800000	\$ 0.010680	365	1,118,978	\$ 18,448
ABC102	\$ 22.250000	\$ 0.002047	365	4,731,644	\$ 17,807
ABC103	\$ 22.250000	\$ 0.002047	365	6,481,007	\$ 21,388
ABC104	\$ 3.700000	\$ 0.002700	365	4,440,291	\$ 13,339
ABC105	\$ 11.042675	\$ -	365	2,455,793	\$ 4,031
ABC106	\$ 8.000000	\$ 0.003800	365	2,085,219	\$ 10,844
ABC107	\$ 40.950000	\$ 0.002600	365	16,771,743	\$ 58,553
ABC108	\$ 13.350000	\$ 0.011570	365	522,529	\$ 10,918
ABC109	\$ 17.800000	\$ 0.001602	365	18,227,593	\$ 35,698
ABC110	\$ 26.700000	\$ 0.001780	365	13,235,309	\$ 33,304
ABC111	\$ 6.230000	\$ 0.011570	365	477,809	\$ 7,802
ABC112	\$ 98.787508	\$ 0.000925	365	42,967,003	\$ 75,802
ABC113	\$ 3.700000	\$ 0.012800	365	10,105,643	\$ 130,703
ABC114	\$ 2.409333	\$ -	365	1,377,294	\$ 879
ABC115	\$ 9.000000	\$ 0.000500	365	2,764,281	\$ 4,667
ABC116	\$ 51.531000	\$ 0.006764	365	7,351,298	\$ 68,533
ABC117	\$ 98.787508	\$ 0.000925	365	18,203,141	\$ 52,895
ABC118	\$ 30.000000	\$ 0.010000	365	3,407,291	\$ 45,023
ABC119	\$ 24.030000	\$ 0.007120	365	2,219,030	\$ 24,570
ABC120	\$ 13.350000	\$ 0.011570	365	726,439	\$ 13,278
ABC121	\$ 170.790000	\$ 0.001800	365	21,004,439	\$ 100,146
ABC122	\$ 26.700000	\$ 0.010680	365	3,003,055	\$ 41,818
ABC123	\$ 6.230000	\$ 0.012460	365	70,653	\$ 3,154
ABC124	\$ 25.000000	\$ 0.008000	365	2,389,317	\$ 28,240
ABC125	\$ 41.110000	\$ 0.003500	365	7,361,265	\$ 40,770
ABC126	\$ 3.700000	\$ 0.009700	365	4,526,472	\$ 45,257
ABC127	\$ 98.787508	\$ 0.000925	365	11,284,836	\$ 46,496
ABC128	\$ 30.000000	\$ 0.010000	365	4,464,124	\$ 55,591
ABC129	\$ 28.050000	\$ 0.007300	365	4,846,770	\$ 45,620
ABC130	\$ 13.666395	\$ 0.015486	365	1,638,342	\$ 30,360
ABC131	\$ 4.450000	\$ 0.002047	365	708,677	\$ 3,075
ABC132	\$ 45.000000	\$ 0.001600	365	22,988,783	\$ 53,207
ABC133	\$ 40.000000	\$ 0.001600	365	32,544,301	\$ 66,671
ABC134	\$ 5.000000	\$ 0.005500	365	445,627	\$ 4,276
ABC135	\$ 2.733279	\$ 0.005963	365	264,092	\$ 2,572
ABC136	\$ 26.550000	\$ 0.001500	365	15,547,125	\$ 33,011
Non-standard scaling		\$ 0.003514		- 3,755,000	-\$ 13,195
ΣP_{ij,t-1} Q_{ij,ref}				1,662,135,317	\$ 6,451,526



Table 7, Distribution – Non-Standard Services (t), (Form 3, Schedule 7)

Code (t)	Forthcoming Pricing Year (t)				
	Price _t		Quantity _t		Revenue _t
	Fixed \$/day	Variable \$/kWh	Fixed Average ICPs	Variable kWh	Total \$
ABC001	\$ 1.200000	\$ 0.021200	365	63,051	\$ 1,775
ABC002	\$ 106.000000	\$ 0.000800	365	8,760,224	\$ 45,698
ABC003	\$ -	\$ -	365	-	\$ -
ABC004	\$ 40.000000	\$ 0.000800	365	21,319,717	\$ 31,656
ABC005	\$ 200.000000	\$ 0.000350	365	227,958,726	\$ 152,786
ABC006	\$ 10.000000	\$ 0.000800	243	112,624	\$ 2,520
ABC007	\$ 40.000000	\$ 0.000800	365	2,939,313	\$ 16,951
ABC008	\$ 13.350000	\$ 0.002225	365	9,652,109	\$ 26,349
ABC009	\$ -	\$ 0.002200	365	35,801,269	\$ 78,763
ABC010	\$ 15.580700	\$ 0.001800	365	11,227,245	\$ 25,896
ABC011	\$ 145.340000	\$ -	365	12,001,017	\$ 53,049
ABC012	\$ 26.430000	\$ -	365	4,872,223	\$ 9,647
ABC013	\$ 54.210000	\$ -	365	7,039,479	\$ 19,787
ABC014	\$ 5.500000	\$ 0.006700	365	368,845	\$ 4,479
ABC015	\$ 60.000000	\$ 0.000800	365	9,307,288	\$ 29,346
ABC016	\$ 10.700000	\$ 0.004400	365	1,910,697	\$ 12,313
ABC017	\$ 11.300000	\$ 0.006700	365	998,759	\$ 10,816
ABC018	\$ 160.000000	\$ 0.000800	365	107,160,657	\$ 144,129
ABC019	\$ 100.000000	\$ 0.010000	365	19,336,814	\$ 229,868
ABC020	\$ 15.000000	\$ 0.010000	365	1,042,607	\$ 15,901
ABC021	\$ 35.013312	\$ 0.001691	365	19,653,531	\$ 46,014
ABC022	\$ 9.770000	\$ 0.008700	365	10,963,245	\$ 98,946
ABC023	\$ 6.000000	\$ 0.004500	365	1,702,008	\$ 9,849
ABC024	\$ 102.430000	\$ 0.003000	365	27,289,725	\$ 119,256
ABC025	\$ 63.640000	\$ 0.002300	365	15,805,824	\$ 59,582
ABC026	\$ 63.640000	\$ 0.002300	365	31,627,108	\$ 95,971
ABC027	\$ 18.700000	\$ -	365	3,140,086	\$ 6,826
ABC028	\$ 10.000000	\$ 0.000800	365	1,275,750	\$ 4,671
ABC029	\$ 20.000000	\$ 0.000800	365	3,767,979	\$ 10,314
ABC030	\$ 86.270000	\$ 0.000900	365	32,208,471	\$ 60,476
ABC031	\$ 9.770000	\$ 0.008700	365	2,140,351	\$ 22,187
ABC032	\$ 5.500000	\$ 0.001300	365	3,316,228	\$ 6,319
ABC033	\$ 79.265091	\$ 0.003827	365	23,735,411	\$ 119,767
ABC034	\$ 10.680000	\$ 0.005340	365	3,320,093	\$ 21,627
ABC035	\$ 65.000000	\$ 0.002300	365	35,307,681	\$ 104,933
ABC036	\$ 8.900000	\$ 0.001602	365	4,729,776	\$ 10,826
ABC037	\$ 11.500000	\$ 0.001400	365	8,148,798	\$ 15,606
ABC038	\$ 17.300000	\$ 0.005500	365	2,154,377	\$ 18,164
ABC039	\$ 6.800000	\$ 0.005500	365	702,213	\$ 6,344
ABC040	\$ 35.790000	\$ -	365	3,123,213	\$ 13,063
ABC041	\$ 9.770000	\$ 0.008700	365	9,507,442	\$ 86,281
ABC042	\$ 45.000000	\$ 0.005000	365	7,712,786	\$ 54,989
ABC043	\$ 70.000000	\$ 0.004500	365	16,222,125	\$ 98,550
ABC044	\$ 20.915000	\$ 0.002670	365	11,086,530	\$ 37,235
ABC045	\$ 24.810000	\$ 0.003700	365	52,206,154	\$ 202,218
ABC046	\$ 30.000000	\$ 0.004000	365	4,349,096	\$ 28,346
ABC047	\$ 7.900000	\$ 0.006700	365	950,957	\$ 9,255
ABC048	\$ 49.610000	\$ 0.001100	365	11,298,837	\$ 30,536
ABC049	\$ 9.770000	\$ 0.003600	365	1,775,876	\$ 9,959
ABC050	\$ 4.500000	\$ 0.013400	365	365,529	\$ 6,541



Annual Compliance Statement

Code (t)	Forthcoming Pricing Year (t)				
	Price _t		Quantity _t		Revenue _t
	Fixed \$/day	Variable \$/kWh	Fixed Average ICPs	Variable kWh	Total \$
ABC051	\$ 160.000000	\$ 0.000800	365	105,743,583	\$ 142,995
ABC052	\$ 60.000000	\$ 0.000800	365	3,425,661	\$ 24,641
ABC053	\$ 68.331975	\$ 0.008633	365	12,556,383	\$ 133,340
ABC054	\$ 15.000000	\$ 0.008000	365	539,658	\$ 9,792
ABC055	\$ 94.770000	\$ 0.004300	365	27,137,503	\$ 151,282
ABC056	\$ 30.000000	\$ 0.010000	365	3,360,015	\$ 44,550
ABC057	\$ 222.500000	\$ 0.005785	365	29,934,971	\$ 254,386
ABC058	\$ 9.770000	\$ 0.008700	365	6,469,174	\$ 59,848
ABC059	\$ 64.630000	\$ 0.009000	365	25,136,020	\$ 46,212
ABC060	\$ 9.770000	\$ 0.008700	365	7,477,688	\$ 68,622
ABC061	\$ 59.460000	\$ 0.005200	365	11,032,087	\$ 79,070
ABC062	\$ 35.600000	\$ 0.006675	365	6,864,095	\$ 58,812
ABC063	\$ 9.610000	\$ 0.008600	365	5,888,555	\$ 54,149
ABC064	\$ 35.000000	\$ 0.009000	365	5,653,420	\$ 63,656
ABC065	\$ 18.000000	\$ 0.005500	365	3,375,325	\$ 25,134
ABC066	\$ 4.500000	\$ 0.013400	365	552,956	\$ 9,052
ABC067	\$ 1.200000	\$ 0.021200	365	40,359	\$ 1,294
ABC068	\$ 1.200000	\$ 0.021200	365	73,021	\$ 1,986
ABC069	\$ 9.770000	\$ 0.008700	365	82,263	\$ 4,282
ABC070	\$ 4.500000	\$ 0.013400	365	190,290	\$ 4,192
ABC071	\$ 4.500000	\$ 0.013400	365	132,941	\$ 3,424
ABC072	\$ 4.500000	\$ 0.013400	365	730,241	\$ 11,428
ABC073	\$ 37.000000	\$ 0.007500	365	12,954,074	\$ 110,661
ABC074	\$ 1.200000	\$ 0.021200	365	96,306	\$ 2,480
ABC075	\$ 9.770000	\$ 0.008700	365	15,663,518	\$ 139,839
ABC076	\$ 2,231.780000	\$ -	365	146,966,862	\$ 814,600
ABC077	\$ 6.230000	\$ 0.011570	365	908,038	\$ 12,780
ABC078	\$ 50.000000	\$ 0.010000	365	4,391,153	\$ 62,162
ABC079	\$ 6.800000	\$ 0.005500	365	656,667	\$ 6,094
ABC080	\$ 60.000000	\$ 0.000800	365	11,940,197	\$ 31,452
ABC081	\$ -	\$ -	365	-	\$ -
ABC082	\$ 207.230000	\$ 0.000800	365	22,398,682	\$ 93,558
ABC083	\$ 25.510604	\$ 0.003827	365	9,182,453	\$ 44,453
ABC084	\$ 20.000000	\$ 0.000800	365	3,411,331	\$ 10,029
ABC085	\$ 3.260000	\$ 0.010900	365	640,544	\$ 8,172
ABC086	\$ 9.770000	\$ 0.008700	365	2,775,933	\$ 27,717
ABC087	\$ 16.700000	\$ 0.006700	365	1,514,491	\$ 16,243
ABC088	\$ 25.910000	\$ 0.005600	365	6,072,448	\$ 43,463
ABC089	\$ 31.150000	\$ 0.008900	365	3,288,104	\$ 40,634
ABC090	\$ 4.900000	\$ 0.008000	365	1,207,942	\$ 11,452
ABC091	\$ 1.000000	\$ 0.010000	365	23,342	\$ 598
ABC092	\$ 4.890000	\$ 0.006500	365	1,523,186	\$ 11,686
ABC093	\$ 28.000000	\$ 0.001500	365	20,083,605	\$ 40,345
ABC094	\$ 4.500000	\$ 0.013400	365	985,519	\$ 14,848
ABC095	\$ 19.510000	\$ 0.007600	365	6,520,637	\$ 56,678
ABC096	\$ 3.560000	\$ 0.005340	365	361,862	\$ 3,232
ABC097	\$ 9.770000	\$ 0.008700	365	381,355	\$ 6,884
ABC098	\$ 8.900000	\$ 0.010680	365	607,725	\$ 9,739
ABC099	\$ 4.890000	\$ 0.007600	365	561,353	\$ 6,051
ABC100	\$ 9.770000	\$ 0.008700	365	10,159,707	\$ 91,956



Annual Compliance Statement

Code (t)	Forthcoming Pricing Year (t)				
	Price _t		Quantity _t		Revenue _t
	Fixed \$/day	Variable \$/kWh	Fixed Average ICPs	Variable kWh	Total \$
ABC101	\$ 17.800000	\$ 0.010680	365	1,118,978	\$ 18,448
ABC102	\$ 24.480000	\$ 0.002300	365	4,731,644	\$ 19,818
ABC103	\$ 24.480000	\$ 0.002300	365	6,481,007	\$ 23,842
ABC104	\$ 4.070000	\$ 0.003000	365	4,440,291	\$ 14,806
ABC105	\$ 9.770000	\$ 0.003200	365	2,455,793	\$ 11,425
ABC106	\$ 9.500000	\$ 0.006200	365	2,085,219	\$ 16,396
ABC107	\$ 45.050000	\$ 0.002900	365	16,771,743	\$ 65,081
ABC108	\$ 13.350000	\$ 0.011570	365	522,529	\$ 10,918
ABC109	\$ 17.800000	\$ 0.001602	365	18,227,593	\$ 35,698
ABC110	\$ 34.120000	\$ 0.002300	365	13,235,309	\$ 42,895
ABC111	\$ 6.230000	\$ 0.011570	365	477,809	\$ 7,802
ABC112	\$ 128.420000	\$ 0.001200	365	42,967,003	\$ 98,434
ABC113	\$ 3.700000	\$ 0.012200	365	10,105,643	\$ 124,639
ABC114	\$ 4.500000	\$ 0.004000	365	1,377,294	\$ 7,152
ABC115	\$ 9.000000	\$ 0.000500	365	2,764,281	\$ 4,667
ABC116	\$ 51.531000	\$ 0.006764	365	7,351,298	\$ 68,533
ABC117	\$ 128.420000	\$ 0.001200	365	18,203,141	\$ 68,717
ABC118	\$ 30.000000	\$ 0.010000	365	3,407,291	\$ 45,023
ABC119	\$ 24.030000	\$ 0.007120	365	2,219,030	\$ 24,570
ABC120	\$ 13.350000	\$ 0.011570	365	726,439	\$ 13,278
ABC121	\$ 187.870000	\$ 0.002000	365	21,004,439	\$ 110,581
ABC122	\$ 26.700000	\$ 0.010680	365	3,003,055	\$ 41,818
ABC123	\$ 4.500000	\$ 0.013400	365	70,653	\$ 2,589
ABC124	\$ 25.000000	\$ 0.008000	365	2,389,317	\$ 28,240
ABC125	\$ 45.220000	\$ 0.003900	365	7,361,265	\$ 45,214
ABC126	\$ 4.070000	\$ 0.010700	365	4,526,472	\$ 49,919
ABC127	\$ 128.420000	\$ 0.001200	365	11,284,836	\$ 60,415
ABC128	\$ 30.000000	\$ 0.010000	365	4,464,124	\$ 55,591
ABC129	\$ 9.770000	\$ 0.008700	365	4,846,770	\$ 45,733
ABC130	\$ 4.500000	\$ 0.013400	365	1,638,342	\$ 23,596
ABC131	\$ 3.260000	\$ 0.010900	365	708,677	\$ 8,914
ABC132	\$ 57.510000	\$ 0.002000	365	22,988,783	\$ 66,969
ABC133	\$ 51.120000	\$ 0.002000	365	32,544,301	\$ 83,747
ABC134	\$ 5.000000	\$ 0.005500	365	445,627	\$ 4,276
ABC135	\$ 2.733279	\$ 0.005963	365	264,092	\$ 2,572
ABC136	\$ 30.000000	\$ 0.002000	365	15,547,125	\$ 42,044
Non-standard scaling		\$ 0.003514	-	3,755,000	-\$ 13,195
ΣP_{ij,t} Q_{ij,ref}				1,662,135,317	\$ 6,677,494

Appendix 3, Pass-through Costs

Table 8, Pass-through costs, (Form 5, Schedule 7)

Pass-through costs for the pricing period from 1 July 2007 to 30 June 2009.

	2008	2009	2010	2011	2012
Local Authority Rates					
Allowance in Authorisation	\$ 476,000	\$ 489,000			
Actual amount	\$ 703,967	\$ 547,042			
Increase (decrease) from allowance	\$ 227,967	\$ 58,042			
Previously claimed (Y/N?)	N	N			
Difference claimed in this application	\$ 227,967	\$ 58,042			
Levy under the Commerce (Levy for Control of Natural Gas Services) Regulations 2005					
Allowance in Authorisation	\$ 962,500	\$ 251,500			
Actual amount	\$ 1,287,902	\$ 801,345			
Increase (decrease) from allowance	\$ 325,402	\$ 549,845			
Previously claimed (Y/N?)	N	N			
Difference claimed in this application	\$ 325,402	\$ 549,845			
Electricity and Gas Complaints Commissioner Scheme membership levy					
Allowance in Authorisation	\$ 13,180	\$ 14,130			
Actual amount	\$ 7,523	\$ 13,402			
Increase (decrease) from allowance	-\$ 5,657	-\$ 728			
Previously claimed (Y/N?)	N	N			
Difference claimed in this application	-\$ 5,657	-\$ 728			
Levies under section 53ZE of the Commerce Act 1986 (as continued in force by section 55G of that Act)					
Allowance in Authorisation	\$ -	\$ -			
Actual amount	\$ -	\$ -			
Increase (decrease) from allowance	\$ -	\$ -			
Previously claimed (Y/N?)	N	N			
Difference claimed in this application	\$ -	\$ -			
Levies (if any) under the Gas Act 1992					
Allowance in Authorisation	\$ -	\$ -			
Actual amount	\$ -	\$ -			
Increase (decrease) from allowance	\$ -	\$ -			
Previously claimed (Y/N?)	N	N			
Difference claimed in this application	\$ -	\$ -			
Audit fees for issuing reports in Forms 2 and 10 of Schedule 7 of the Authorisation					
Allowance in Authorisation	\$ -	\$ -			
Actual amount	\$ -	\$ 110,000			
Increase (decrease) from allowance	\$ -	\$ 110,000			
Previously claimed (Y/N?)	N	N			
Difference claimed in this application	\$ -	\$ 110,000			
Total difference claimed (before allowing for return)	\$ 547,712	\$ 717,159			
Pre-tax Regulated Rate of Return	11.68%	11.68%	11.68%	11.68%	11.68%
Total difference claimed (after allowing for the time cost of money at the regulated rate of return)					
Total difference claimed	\$ 611,685	\$ 800,923			
Amount proposed to be directly invoiced	\$ -	\$ -			
Amount to be used in weighted average price cap	\$ 611,685	\$ 800,923			

Appendix 4, 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 9, Movement from Standard to non-Standard Distribution Services, (Form 6, Schedule 7)

For the reporting period 1 July 2008 to 30 June 2009

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)

Appendix 5, Excluded Services**Table 10, Excluded Services, (Form 7, Schedule 7)**

For the reporting period 1 July 2008 to 30 June 2009.

Excluded Services	Revenue (\$'000)
Disconnection services	
Reconnection services	
Decommission services	
Gas connection services for new services	635
Excluded non-standard distribution services	29
Total	664



Pursuant to the Commerce Act (Vector Natural Gas
Services) Authorisation 2008

Annual Compliance Statement

Section 2 - Quality

1 May 2010

(Public Version)

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Introduction

- 1.1 This annual compliance statement ("the Statement") is submitted by Vector Limited pursuant to *clause 10.1* of the Commerce Act (Vector Natural Gas Services) Authorisation 2008 ("the Authorisation"). This Statement has been prepared on 1 May 2010. In this statement, references to Vector relate only to Vector's gas business controlled under the Authorisation.
- 1.2 The Authorisation requires Vector to disclose information on the quality of services supplied in accordance with *clause 10, Schedules 5 and 6, and Form 8 of Schedule 7*. This section of the Statement only pertains to those requirements for the 30 June 2009 assessment date.
- 1.3 This Statement discloses information on the quality of Vector's controlled services from 1 July 2008 to 30 June 2009, and demonstrates Vector's performance against the thresholds provided in *Schedule 5* during the reporting period. The Statement contains detailed explanations of the reasons for instances of quality performance not meeting the thresholds in *Schedule 5*.
- 1.4 The Authorisation required Vector to compile statistics that pre-dated the Authorisation, which was issued in October 2008. This has impacted Vector's ability to compile full data sets and report accurately on each of the quality performance measures. Attempts to retrieve or reconstruct the data retrospectively from field service provider ("FSP") paper records have proved unsuccessful. Accordingly, Vector is in breach of the provisions of the Authorisation in respect of the quality of the data used to prepare the quality section of the Statement.
- 1.5 The data at issue principally relates to Public Report Escapes of Gas, Third Party Damage and planned shutdowns by a Field Service Provider (FSP). The data issues impacted the accuracy of the calculations for unplanned SAIDI, SAIFI and CAIDI; planned SAIDI and SAIFI; outage events; outage events due to third parties; and responses to emergencies.
- 1.6 As required by the Authorisation, the Statement provides details of the nature and extent of these issues, the period(s) concerned, and outlines the action(s) Vector has taken, or will be taking, to mitigate such occurrences in future.
- 1.7 Vector considers that this Statement contains sufficient information to enable the Commission to properly determine Vector's compliance with the terms of *clause 10.5* of the Authorisation

Reporting of quality performance

Breach of Thresholds

2.1 Unplanned SAIDI calculation

$$\begin{aligned}
 SAIDI &= (Customer\ Minutes / Avg\ Customer\ count) \times 1000 \\
 &= 36,635 / 84,987 * 1000 \\
 &= 431.1
 \end{aligned}$$

$$SAIDI\ Target = 121$$

Result: Breach of Threshold

2.2 During the year there were two major third party strikes:

1) The largest was on 8/12/2008 [] resulting in an interruption of 30 customers for 600 minutes (211.8 SAIDI thousandth minutes).

2) The second significant third party strike occurred on 30/1/09 []. This resulted in 10 customers being interrupted for 180 minutes each (21.2 SAIDI thousandth minutes)

2.3 No other outages were on the same scale. If the effects of these two third party events are ignored (for analysis purposes), the network still breached target by 77.1 SAIDI thousandth minutes (64%).

2.4 Reviewing historical performance sheds some light on this breach. Table 1 below compares 2008/09 performance to historical years. Note that the historical statistics (years 2003/04 – 2007/08) were collected for internal reporting, they are for indicative purposes only and were not included in the audit of this Statement:

Table 1 : Comparison of 2008/09 reliability to historical years

Regulation Year	TPD count	SAIDI	SAIFI	CAIDI
2008/09 ⁱ	335 (333)	431 (198)	3.8 (3.4)	112 (59)
2007/08 ⁱⁱ	477	2,337	7.3	321
2006/07	435	132	4.4	30
2005/06	391	82	4.2	20
2004/05	431	108	3.9	28
2003/04	441	125	5.6	22

ⁱ Figures in brackets exclude the impact of the two major Third Party Damage (TPD) events.

ⁱⁱ 2007/08 was affected by several major Third Party strikes.

- 2.5 The majority of Vector's unplanned SAIDI is caused by third party damage, however the count of Third Party Damage events (TPD) for 2008/09 was significantly lower than any of the 5 preceding years. This rules out an increasing trend in outside interference as the cause of the SAIDI breach.
- 2.6 Similarly, SAIFI for 2008/09 is also relatively low. Therefore the number of customers affected by interruptions has not increased. CAIDI, however, is unusually high. Even when the two major TPD events are excluded CAIDI is roughly twice that of the stable historical periods (i.e. ignoring 2007/08). CAIDI is a measure of how long an interruption lasts. At face value this appears to imply that Vector's time to complete repairs has increased.
- 2.7 No changes have been made to the restoration process. Vector's Field Service Provider (FSP) during the reporting period, Siemens (SES) operated to a primary key performance indicator (KPI) related to response time that incentivised them to attend interruptions as soon as possible.
- 2.8 One factor that has changed in recent years is the focus on improved data quality. Over the past 2 years Vector and its FSPs have been making a major effort to streamline data capture and improve accuracy. Examples of these initiatives include:
- 1) Appointment of a 'Reactive Supervisor' at Siemens to oversee and report on all unplanned gas activities. Prior to this appointment no individual had overall responsibility for tracking and recording of unplanned events.
 - 2) Increased rigour on accurate data capture by Siemens' dispatching team
 - 3) Improved data capture from March 2009, notably around emergency services attendance, and details of Public Reported Escape (PRE) data, which was initiated as a result of the Commerce Commission's final authorisation (Decision No. 657 dated 30 October 2008).
- 2.9 As acknowledged by the Commerce Commission in the decisions paper dated 30 October 2008, there are questions surrounding the robustness of the historical data on which the targets are based. Instead of a true deterioration in time to complete repairs (and by association, SAIDI), Vector maintains that the apparent worsening of reported figures is due to improved reporting accuracy, rather than a deterioration in network

performance or response time. It is important to recognise that the SAIDI measure multiplies the average duration of outages by 1000, so the average duration of unplanned outages is still less than half a minute per annum across all customers, in comparison to Vector’s electricity networks where annual SAIDI is of the order 100 minutes per customer.

2.10 Because the absolute figure for SAIDI is so low, it is highly sensitive to a small number of incidents. Consequently, in practical terms, it is rarely possible to translate fluctuations in SAIDI into targeted improvement activities.

2.11 Responses to Emergency

$$\begin{aligned}
 \text{Responses to Emergency} &= \frac{\text{\# of Emergencies responded to within one hour}}{\text{Total number of Emergencies}} \\
 &= 48/58 \\
 &= 82.8\%
 \end{aligned}$$

Responses to Emergency Target = 95% responded to within one hour

Result: Exceeded threshold

2.12 Issues with Vector’s dispatching process played a major role in the breach of this indicator. The process in place at the time (now replaced) involved Vector’s call centre, Telnet, receiving the call and recording the details in Vector’s Customer Management System (CMS), Siebel. A file transfer program (“Biztalk”) then transferred the details to SES to enable SES to dispatch the job. Given the importance of responding to emergency situations, the policy was for Telnet to back-up this system by calling SES directly.

2.13 A review of the emergency response times found that this backup system did not function as designed. Occasionally, the Biztalk system froze without warning. Sometimes this was not detected immediately and could result in file-transfer delays, hence the dual system for dealing with emergency situations.

2.14 Biztalk failed during nine of the 58 emergencies (electronic transfer times exceeded 20 minutes). On seven of these nine occasions, the 60-minute response target was breached. However, the fact that these emergencies exceeded the response target demonstrates that the back-up system was not performing sufficiently swiftly. Only three emergency events which did

not experience electronic dispatching delays exceeded the allowed timeframe.

- 2.15 The handover system described above was made redundant when Vector transitioned its FSP contract from SES to Electrix on 18 September 2009 (as described below). Arrangements have been put in place so that Electrix share Vector's CMS system, so that job handover from Telnet to Electrix is in effect instantaneous. Vector expects that emergencies will be resolved more quickly in future as a result.

Additional Data Requirements

- 2.16 Selection of appropriate performance indicators has been a collaborative process between Gas Industry representatives and the Commerce Commission. The process concluded on 23 September 2009 with the agreement between Vector and the Commerce Commission on definitions to apply in recording and reporting quality performance. Vector accelerated the definitions process relative to the Commission's expectations in order to expedite the collection of suitable data. This approach has yielded a robust suite of performance indicators.
- 2.17 The Authorisation, which required Vector to provide information on quality data from 1 July 2008, accordingly requires Vector to compile information on a retrospective basis. While in many instances Vector was able to obtain the information from management reporting systems (including from FSPs who have been subject to KPI incentive arrangements relating to network performance and responsiveness), the collection of such information for regulatory reporting has necessitated development of enhanced data capture and reporting systems. This reflects the fact that audit and Commission requirements tend to be more stringent in data quality terms for some aspects of the data than management requirements: network reliability statistics are typically used to prioritise and drive asset integrity and service delivery improvement programmes, for which relatively coarser data may suffice. Consequently, corresponding data quality improvements may be expected. Due to the retrospective nature of the disclosure requirements, this data does not cover the entire 1 July 2008 to 30 June 2009 period.
- 2.18 Following the release of the Authorisation, Vector has reviewed its existing data capture processes and introduced new data collection channels and processes to fulfil the additional requirements.

2.19 In addition, during the period following the release of the Authorisation Vector entered into a process of negotiations with FSPs, to better align the business processes and cultures of Vector and its FSPs. This is expected to deliver a more effective partnership to better ensure value for money and customer experiences in terms of network reliability and responsiveness to network events. A key focus of such contracting approaches is to use improved KPI incentive mechanisms to align contractor performance with desired customer outcomes. Vector transitioned to new FSP arrangements (and in some cases new FSPs) on 18 September 2009.

2.20 As part of the transition arrangements Vector has been working closely with its contractors to ensure that data capture processes both at Vector and in its FSPs meet the needs of the regulatory regime. Clearly the development of IT-based reporting systems does not occur instantaneously (or retrospectively), which has led to some limited data integrity issues in the data presented in this Compliance Statement. The following paragraphs describe the information requirements and Vector's steps to meet them.

2.21 Public Reported Escape (PRE) Data Requirements

Additional Requirement: The following details were not historically recorded for some PRE events;

- customers affected by an outage,
- total outage duration,
- emergency-services attendance.

Consequences: The following indicators rely on the details listed above;

- Unplanned SAIDI,
- Unplanned SAIFI,
- Unplanned CAIDI,
- Outage Events,
- Responses to Emergency.

The missing data will impact the accuracy of these calculations.

Period affected: 1/7/08 to 18/9/09. During this period Vector and its field service-providers operated a spreadsheet-based system for recording events. There was less integrity around this system, compared to the new system introduced to ensure more robust data capture.

Systems Introduced: Following a review of the existing data collection and recording processes, from March 2009 Vector and its FSP, SES, introduced initiatives to improve the capture of data on responses to PRE events. On 18/9/09 Vector transitioned both FSP and reporting system, as described earlier.

2.22 Third Party Damage (TPD) Data

Additional Requirement: Details on emergency-services attendance were not historically recorded for TPD events.

Consequences: Without this information not all Emergency events will be identified.

Period affected: 1/7/08-28/2/09.

Systems Introduced: Vector began collecting this information from 01/03/2009. The missing data cannot be recovered retrospectively.

2.23 Planned Shutdowns

Additional Requirement: Historically, planned shutdowns performed by SES were not recorded in the detail envisaged by the Authorisation. No records of individual shutdowns are available, only monthly summaries of customers affected and customer-minutes of outages.

Consequences: The accuracy of the Planned SAIDI and SAIFI calculations are not affected, however a breakdown of the individual outages that make up these calculations cannot be provided.

Period affected: 1/7/08-18/9/09.

Systems Introduced: This data cannot be recovered retrospectively. From 18/09/2009 Vector's new FSP, Electrix, is recording full details of any planned shutdowns that they perform.

Breaches of the Authorisation

- 3.1 Vector has breached the provisions of the Authorisation in respect of the quality of the data used to prepare the quality section of the Statement.
- 3.2 As outlined above, due primarily to the retrospective nature of the disclosure requirements, some of the data used to prepare the quality section of the Statement does not cover the entire 1 July 2008 to 30 June 2009 period and cannot be recovered retrospectively.
- 3.3 Although the timing of the Authorisation largely explains Vector's breach for 2008/09, it is likely that Vector will also breach the Authorisation in the 2009/10 reporting year. This is because some of the new data collection processes introduced to fulfil the additional information requirements in 2008/09 lapsed during organisational restructuring by the then-incumbent FSP. This resulted in a failure to collect some of the required data for a period of three months up to the time of the planned replacement of the FSP on 18 September 2009 (one month of the 2008/09 year and 2 1/2 months of 2009/10).
- 3.4 Additional business processes have since been implemented, and periodic audits are now conducted of FSP data, to ensure the required data is captured going forward.

Appendix 1, Quality Performance

For the Reporting Period 1 July 2008 to 30 June 2009

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	431.1
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	3.8
CAIDI – unplanned, excluding transmission faults	SAIDI – unplanned, excl transmission faults / SAIFI – unplanned, excl transmission faults	Not applicable	112
SAIDI planned	Sum of (planned interruption durations) / average total customer numbers	Not applicable	0.3911
SAIFI – planned	Sum of (number of planned interruptions) / average total customer numbers	Not applicable	0.003
Outage Events	Number of Outage events	Not applicable	2
Outage Events caused by third party damage	Number of Outage events caused by Third Party Damage	Not applicable	2

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 [kms]	Not applicable	0.061
Leaks	Number of leaks detected on distributor's network by routine network survey / total length of pipeline [kms] * 1000	Not applicable	2.73
Public Reported Escapes (PRE)	Number of confirmed public reported escapes of gas / total length of pipeline [kms] * 1000	219.6	86.4
Poor pressure due to network causes	Number of poor pressure events	Not applicable	22
Unaccounted for Gas	Unaccounted for gas/total gas input at entry points	Not applicable	2.73%

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	82.8%
Answering Telephone calls	Telephone calls to the emergency number will be answered by a individual within 30 seconds	Not applicable	76.5%
Complaints	Number of complaints/average total customer numbers	Not applicable	0.00064