Company Name Vector

For Year Ended 31 March 2016

Schedule 14 Mandatory Explanatory Notes

1. This schedule requires EDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and subclauses 2.5.1(1)(f),and 2.5.2(1)(e).

2. This schedule is mandatory—EDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 12 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.

3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for EDBs to give additional explanation of disclosed information should they elect to do so.

Return on Investment (Schedule 2)

4. In the box below, comment on return on investment as disclosed in Schedule 2. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 1: Explanatory comment on return on investment

The 2016 ROI for Vector's Electricity Distribution Business (EDB) is ~5.7%. This is lower than the 67th percentile vanilla WACC of 7.19%. The key factor depressing the return is a significantly lower RAB revaluation CPI than that used by the Commission to set Vector's Maximum Allowable Revenue (MAR). The Commission forecast CPI at 1.74%. Actual CPI was 0.42%.

EBDs should have an ex-ante expectation of earning the 67th percentile vanilla WACC over a regulatory period. Persistent and asymmetric forecast errors, particularly in respect of CPI, are significantly undermining this expectation. Vector's MAR for the current reset period would have been higher by $33.4m had the Commission's forecast CPI been accurate in 2016. This same issue contributed to revenue under-recovery of $127m by Vector in the first DPP period.

Regulatory Profit (Schedule 3)

5. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-

   5.1 a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in 3(i) of Schedule 3

5.2 information on reclassified items in accordance with subclause 2.7.1(2).

Box 2: Explanatory comment on regulatory profit
The other regulated income as disclosed in 3(i) relates to an early termination fee on termination of an existing Network Connection & Services Agreement. There has been no re-classification of items in the disclosure year.

Merger and acquisition expenses (3(iv) of Schedule 3)

6. If the EDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below-

   6.1 information on reclassified items in accordance with subclause 2.7.1(2)

   6.2 any other commentary on the benefits of the merger and acquisition expenditure to the EDB.

Box 3: Explanatory comment on merger and acquisition expenditure
No merger and acquisition expenditure has been incurred during the disclosure year.

Value of the Regulatory Asset Base (Schedule 4)

7. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 4: Explanatory comment on the value of the regulatory asset based (rolled forward)
There has been no re-classification of items in the disclosure year. The value of the regulatory asset base has been determined by rolling forward the initial regulatory asset base with allowance made for additions, disposals, depreciation and revaluation in accordance with the Electricity Distribution Services Input Methodologies Determination 2012. As explained in detail in schedule 15, Vector has adjusted its opening RAB for Statistics New Zealand's correction of CPI in September 2015.

Regulatory tax allowance: disclosure of permanent differences (5a(i) of Schedule 5a)

8. In the box below, provide descriptions and workings of the material items recorded in the following asterisked categories of 5a(i) of Schedule 5a-

   8.1 Income not included in regulatory profit / (loss) before tax but taxable;

8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible;

8.3 Income included in regulatory profit / (loss) before tax but not taxable;

8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax.

Box 5: Regulatory tax allowance: permanent differences
Income under section EI 7 of the Income Tax Act 2007 $8.8m RAB loss on disposal of assets after excluding amount in deferred tax $6.6m. This relates to non-deductible unamortised initial differences of RAB assets disposed.

Regulatory tax allowance: disclosure of temporary differences (5a(vi) of Schedule 5a)

9. In the box below, provide descriptions and workings of material items recorded in the asterisked category 'Tax effect of other temporary differences' in 5a(vi) of Schedule 5a.

Box 6: Tax effect of other temporary differences (current disclosure year)
Movement in provisions and accruals $1.7m

Related party transactions: disclosure of related party transactions (Schedule 5b)

10. In the box below, provide descriptions of related party transactions beyond those disclosed on Schedule 5b including identification and descriptions as to the nature of directly attributable costs disclosed under subclause 2.3.6(1)(b).

Box 7: Related party transactions
A detailed description of related party transactions has been disclosed on Schedule 5b. There have been no related party transactions within the disclosure year that require disclosure under clause 2.3.6 (1) (b).

Cost allocation (Schedule 5d)

11. In the box below, comment on cost allocation as disclosed in Schedule 5d. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 8: Cost allocation

There has been no re-classification of items in the disclosure year.

ABAA (accounting-based allocation approach) has been applied to allocate not directly attributable costs in the disclosure year in accordance with the IM determination.

Asset allocation (Schedule 5e)

12. In the box below, comment on asset allocation as disclosed in Schedule 5e. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 9: Commentary on asset allocation

There has been no re-classification of items in the disclosure year.

Vector satisfies the thresholds in the IM determination to enable the application of ACAM to allocate not directly attributable fixed assets.

Capital Expenditure for the Disclosure Year (Schedule 6a)

13. In the box below, comment on expenditure on assets for the disclosure year, as disclosed in Schedule 6a. This comment must include-

    13.1 a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;

    13.2 information on reclassified items in accordance with subclause 2.7.1(2),

Box 10: Explanation of capital expenditure for the disclosure year

The materiality threshold applied to identify material projects or programmes is $9.8m.

There were no material projects or programmes during the period.

There were no reclassifications in the year.

Operational Expenditure for the Disclosure Year (Schedule 6b)

14. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-

    14.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b;

    14.2 Information on reclassified items in accordance with subclause 2.7.1(2);

14.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, a including the value of the expenditure the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

Box 11: Explanation of operational expenditure for the disclosure year

Vector has not replaced any assets under operational expenditure in the disclosure year (excludes replacement of components of assets that do extend the life of the asset). All asset replacement and renewal of asset expenditure has been classified as capital expenditure.

There was no atypical expenditure during the period which exceeded our materiality threshold, as described above.

Variance between forecast and actual expenditure (Schedule 7)

15. In the box below, comment on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 7. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 12: Explanatory comment on variance in actual to forecast expenditure

Capital Expenditure:

Overall capital expenditure was roughly in line with the prior year but 26% below forecast. This was primarily due to lower than expected expenditure for Consumer Connection and System Growth. The variance in these categories was caused by the following factors:

- Our forecasts assumed a further significant step up in connection activity based upon Auckland Council, Unitary Plan, and Auckland Housing Accord forecasts. Whilst connection growth remains significantly higher than recent averages, this additional step up has not yet materialised; and

- Several large reinforcement projects were deferred.

Operating Expenditure:

Overall operating expenditure was within 2% of forecast.

Information relating to revenues and quantities for the disclosure year

16. In the box below provide-

16.1 a comparison of the target revenue disclosed before the start of the disclosure year, in accordance with clause 2.4.1 and subclause 2.4.3(3) to total billed line charge revenue for the disclosure year, as disclosed in Schedule 8; and

16.2 explanatory comment on reasons for any material differences between target revenue and total billed line charge revenue.

Box 13: Explanatory comment relating to revenue for the disclosure year

Vector's target revenue for the year ended on 31 March 2016, as included in our pricing methodology disclosure pursuant to clause 2.4.1(1) and 2.4.3(3) of the electricity Distribution Information Disclosure Determination 2012, was $607m.

Total billed line charge revenue for the disclosure year ended on 31 March 2016 was $618m, as disclosed in schedule 8 of this disclosure. The variance between target revenue and total billed line charge is $11m.

The variance is mainly due to higher than forecasted volumes over autumn and winter periods. This is partly offset by lower than forecasted connections.

Network Reliability for the Disclosure Year (Schedule 10)

17. In the box below, comment on network reliability for the disclosure year, as disclosed in Schedule 10.

Box 14: Commentary on network reliability for the disclosure year

Vector has completed Schedule 10 and disclosed information consistent with the normalisation requirements contained within the Electricity Distribution Information Disclosure Determination 2012 (amended 2015). It should be noted that the disclosed SAIDI and SAIFI values are therefore not aligned with those presented in Vector's 2016 Compliance Statement (which is based on the Electricity Default Price-Quality Path Determination 2015). This is in line with guidance from the Commerce Commission's Issues Register item #447.

During the RY2016 disclosure year Vector experienced one day where the daily SAIDI value exceeded the boundary value and therefore could be normalised (in line with the EDB ID Determination 2012). On this day Auckland experienced strong winds and heavy rain. The storm period continued from 23–25 March with wind speeds peaking at 74 kph, resulting in asset failures and a loss of supply to customers.

More detail on Vector's network reliability including actions and initiatives to improve reliability performance can be found in Vector's 2016 Price-Quality Annual Compliance Statement.

When reviewing the metrics presented in Schedule 10, the following point should also be noted. Vector has elected to report normalised SAIFI and SAIDI values for each sub-network based on normalised assessment datasets for each sub-network, with boundary values calculated using the reference dataset for the sub-networks. This is one of two options the Commission provides for EDBs to report on sub-network reliability (ref: External Issues Register response #231). Vector has chosen this option on the basis that this methodology provides more meaningful analysis of the actual performance of each sub-network.

Insurance cover

18. In the box below, provide details of any insurance cover for the assets used to provide electricity distribution services, including-

    18.1 The EDB's approaches and practices in regard to the insurance of assets used to provide electricity distribution services, including the level of insurance;

    18.2 In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

Box 15: Explanation of insurance cover
Vector Limited takes insurance cover for a large number of group assets. These policies cover material damage, business interruption and contract works insurance. Insurance costs are allocated to the EDB using the proportion these assets represent relative to Vector's overall insured assets. In respect of the insurance cover the information reflects "insurance years" running from 1 September to 31 August each year and premium costs are allocated to the appropriate regulatory years to derive the premium values.

Amendments to previously disclosed information

19. In the box below, provide information about amendments to previously disclosed information disclosed in accordance with clause 2.12.1 in the last 7 years, including:

    19.1 a description of each error; and

    19.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

Box 16: Disclosure of amendment to previously disclosed information
In September 2015 Statistics New Zealand issued a correction its CPI recorded for March 2015. This correction was issued after Vector had lodged its Electricity Distribution Business (EDB) information disclosures for the 2015 regulatory year. Vector chose to correct this error in its EDB disclosures for 2016 regulatory year, following the error disclosure process as set out in the Electricity Distribution Business Information Disclosure Determination 2012 (consolidated 2015) (the Determination). The Commerce Commission has granted Vector an exemption from some of the disclosure of error requirements in the Determination. The exemption applies to clauses 2.12.1(1)(d)/ 2.12.1(1)(e) and 2.12.1(1)(f), 2.12.1(2); and the requirement to disclose this as an error within Box 16 of Schedule 14. The exemption also applies to the related clauses at 2.8.2, 2.8.3, 2.9.3 and 2.9.4 of the Determination.

Company Name	Vector
For Year Ended	31 March 2016

Schedule 15 Voluntary Explanatory Notes

1. This schedule enables EDBs to provide, should they wish to-

   1.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1 and 2.5.2;

   1.2 information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.

2. Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.

3. Provide additional explanatory comment in the box below.

Box 1: Voluntary explanatory comment on disclosed information

Sale of Vector Gas Limited

In April 2016 Vector sold Vector Gas Limited, which owns the Gas Transmission business and non-Auckland gas distribution business previously operated by Vector. As at 31 March 2016, the transaction remained conditional upon approval from the Overseas Investment Office. The cost and asset allocations reflected in these disclosures have therefore been prepared on a pre-sale basis.

CPI restatement

In September 2015 Statistics New Zealand made a correction to its recorded CPI for March 2015. This correction occurred after all EDBs published their information disclosures for the 2015 regulatory period.

Using the updated CPI, Vector has calculated the impact on the closing RAB for disclosure year 2015 (RY15) at $4.4 million, and has updated the RY16 comparatives accordingly. This is not a material error.

Key impacts on EID for the 2015 regulatory year are set out below.

EID 2015 schedules	Values with correct CPI	Values with incorrect CPI previously disclosed
Schedule 2: (ROI – comparable to a post tax WACC - reflecting all revenue earned)	4.81%	4.64%
Schedule 2: (ROI – comparable to a vanilla WACC- reflecting all revenue earned)	5.59%	5.42%
Schedule 3 and 4: revaluation	6.6 million	2.2 million
Schedule 4: the closing RAB for RY 2015	2,660 million	2,656 million

The impacted schedules 2 (ROI), 3 (Regulatory Profit) and 4 (RAB) for the 2015 regulatory year are attached as Appendix 1.

The 2015 data affected by this non-material error is summarised as follows:

- Schedule 2(i): ROI – comparable to a post tax WACC; ROI – comparable to a vanilla WACC
- Schedule 2(iv): ref 92 (year-end ROI rates for comparison purposes)
- Schedule 3 (i): ref 23 (total revaluations), ref 25 and ref 31 (regulatory profit)

- Schedule 4 (i): ref 14 (total revaluations) and ref 24 (total closing RAB value)
- Schedule 4 (ii): ref 33 (total revaluations) and ref 49 (total closing RAB value)
- Schedule 4 (iii): ref 54 (CPI_4), ref 56 (revaluation rate) and ref 64 (total revaluations)
- Schedule 4 (vii): ref 101 (total revaluations) and ref 107 (the closing RAB value)

Appendix 1: The impacted schedules 2, 3 and 4 for the 2015 regulatory year

Company Name	**Vector**
For Year Ended	**31 March 2015**

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the EDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. EDBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID Determination or if they elect to. If an EDB makes this election, information supporting this calculation must be provided in 2(iii).

EDBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref		CY-2	CY-1	Current Year CY
7	**2(i): Return on Investment**			
8		31 Mar 13	31 Mar 14	31 Mar 15
9	**ROI – comparable to a post tax WACC**	%	%	%
10	Reflecting all revenue earned	7.44%	6.68%	4.81%
11	Excluding revenue earned from financial incentives	7.44%	6.68%	4.81%
12	Excluding revenue earned from financial incentives and wash-ups	7.44%	6.68%	5.26%
14	**Mid-point estimate of post tax WACC**	5.85%	5.43%	6.10%
15	25th percentile estimate	5.13%	4.71%	5.39%
16	75th percentile estimate	6.56%	6.14%	6.82%
19	**ROI – comparable to a vanilla WACC**			
20	Reflecting all revenue earned	8.22%	7.37%	5.59%
21	Excluding revenue earned from financial incentives	8.22%	7.37%	5.59%
22	Excluding revenue earned from financial incentives and wash-ups	8.22%	7.37%	6.04%
24	**WACC rate used to set regulatory price path**	8.77%	8.77%	8.77%
26	**Mid-point estimate of vanilla WACC**	6.62%	6.11%	6.89%
27	25th percentile estimate	5.91%	5.39%	6.17%
28	75th percentile estimate	7.34%	6.83%	7.60%

sch ref				($000)	
30		**2(ii): Information Supporting the ROI**			
32		Total opening RAB value	2,618,855		
33	*plus*	Opening deferred tax	(52,259)		
34		**Opening RIV**		2,566,596	
36		**Line charge revenue**		625,681	
38		Expenses cash outflow	340,741		
39	*add*	Assets commissioned	137,234		
40	*less*	Asset disposals	9,358		
41	*add*	Tax payments	36,106		
42	*less*	Other regulated income	(8,819)		
43		**Mid-year net cash outflows**		513,542	
45		**Term credit spread differential allowance**		520	
47		Total closing RAB value	2,660,795		
48	*less*	Adjustment resulting from asset allocation	(195)		
49	*less*	Lost and found assets adjustment	–		
50	*plus*	Closing deferred tax	(62,328)		
51		**Closing RIV**		2,598,661	
53		**ROI – comparable to a vanilla WACC**			5.59%
55		Leverage (%)			44%
56		Cost of debt assumption (%)			6.36%
57		Corporate tax rate (%)			28%
59		**ROI – comparable to a post tax WACC**			4.81%

2(iii): Information Supporting the Monthly ROI

Opening RIV	N/A

	Line charge revenue	Expenses cash outflow	Assets commissioned	Asset disposals	Other regulated income	Monthly net cash outflows
April						–
May						–
June						–
July						–
August						–
September						–
October						–
November						–
December						–
January						–
February						–
March						–
Total	–	–	–	–	–	–

Tax payments	N/A
Term credit spread differential allowance	N/A
Closing RIV	N/A
Monthly ROI – comparable to a vanilla WACC	N/A
Monthly ROI – comparable to a post tax WACC	N/A

2(iv): Year-End ROI Rates for Comparison Purposes

Year-end ROI – comparable to a vanilla WACC	6.05%
Year-end ROI – comparable to a post tax WACC	5.27%

** these year-end ROI values are comparable to the ROI reported in pre 2012 disclosures by EDBs and do not represent the Commission's current view on ROI.*

2(v): Financial Incentives and Wash-Ups

Net recoverable costs allowed under incremental rolling incentive scheme	–	
Purchased assets – avoided transmission charge	–	
Energy efficiency and demand incentive allowance	–	
Quality incentive adjustment	–	
Other financial incentives	–	
Financial incentives		–
Impact of financial incentives on ROI		–
Input methodology claw-back	(15,780)	
Recoverable customised price-quality path costs	–	
Catastrophic event allowance	–	
Capex wash-up adjustment	–	
Transmission asset wash-up adjustment	–	
2013–2015 NPV wash-up allowance	–	
Reconsideration event allowance	–	
Other wash-ups	–	
Wash-up costs		(15,780)
Impact of wash-up costs on ROI		–0.45%

Company Name: **Vector**
For Year Ended: **31 March 2015**

SCHEDULE 3: REPORT ON REGULATORY PROFIT

This schedule requires information on the calculation of regulatory profit for the EDB for the disclosure year. All EDBs must complete all sections and provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes).
This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref				
7		**3(i): Regulatory Profit**		($000)
8		**Income**		
9		Line charge revenue		625,681
10	*plus*	Gains / (losses) on asset disposals		(9,004)
11	*plus*	Other regulated income (other than gains / (losses) on asset disposals)		185
12				
13		**Total regulatory income**		616,862
14		**Expenses**		
15	*less*	Operational expenditure		112,188
16				
17	*less*	Pass-through and recoverable costs excluding financial incentives and wash-ups		228,553
18				
19		**Operating surplus / (deficit)**		276,121
20				
21	*less*	Total depreciation		92,306
22				
23	*plus*	Total revaluations		6,565
24				
25		**Regulatory profit / (loss) before tax**		190,380
26				
27	*less*	Term credit spread differential allowance		520
28				
29	*less*	Regulatory tax allowance		46,175
30				
31		**Regulatory profit/(loss) including financial incentives and wash-ups**		143,684
32				
33		**3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups**	($000)	
34		**Pass through costs**		
35		Rates	8,353	
36		Commerce Act levies	1,271	
37		Industry levies	1,916	
38		CPP specified pass through costs	–	
39		**Recoverable costs excluding financial incentives and wash-ups**		
40		Electricity lines service charge payable to Transpower	194,113	
41		Transpower new investment contract charges	12,381	
42		System operator services	–	
43		Distributed generation allowance	10,519	
44		Extended reserves allowance	–	
45		Other recoverable costs excluding financial incentives and wash-ups	–	
46		**Pass-through and recoverable costs excluding financial incentives and wash-ups**		228,553
47				
48		**3(iii): Incremental Rolling Incentive Scheme**	($000)	
49			CY-1	CY
50			31 Mar 14	31 Mar 15
51		Allowed controllable opex	–	–
52		Actual controllable opex	–	–
53				
54		Incremental change in year		–
55				
56			Previous years' incremental change	Previous years' incremental change adjusted for inflation
57		CY-5 31 Mar 10	–	–
58		CY-4 31 Mar 11	–	–
59		CY-3 31 Mar 12	–	–
60		CY-2 31 Mar 13	–	–
61		CY-1 31 Mar 14	–	–
62		**Net incremental rolling incentive scheme**		–
63				
64		**Net recoverable costs allowed under incremental rolling incentive scheme**		–
65		**3(iv): Merger and Acquisition Expenditure**		
70				($000)
66		Merger and acquisition expenditure		–
67				
68		*Provide commentary on the benefits of merger and acquisition expenditure to the electricity distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)*		
69		**3(v): Other Disclosures**		
70				($000)
71		Self-insurance allowance		–

Company Name	Vector
For Year Ended	31 March 2015

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

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2.
EDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

4(i): Regulatory Asset Base Value (Rolled Forward)

		RAB	RAB	RAB	RAB	RAB
	for year ended	31 Mar 11	31 Mar 12	31 Mar 13	31 Mar 14	31 Mar 15
		($000)	($000)	($000)	($000)	($000)
	Total opening RAB value	2,364,452	2,453,324	2,489,280	2,536,404	2,618,855
less	**Total depreciation**	82,989	87,420	84,718	90,831	92,306
plus	**Total revaluations**	56,914	38,147	21,339	38,684	6,565
plus	**Assets commissioned**	121,346	102,442	113,902	143,062	137,234
less	**Asset disposals**	7,255	17,091	3,348	8,447	9,358
plus	**Lost and found assets adjustment**	–	–	–	–	–
plus	**Adjustment resulting from asset allocation**	856	(122)	(51)	(17)	(195)
	Total closing RAB value	2,453,324	2,489,280	2,536,404	2,618,855	2,660,795

4(ii): Unallocated Regulatory Asset Base

		Unallocated RAB *		RAB	
		($000)	($000)	($000)	($000)
	Total opening RAB value		2,628,105		2,618,855
less					
	Total depreciation		95,235		92,306
plus					
	Total revaluations		6,587		6,565
plus					
	Assets commissioned (other than below)	141,049		137,234	
	Assets acquired from a regulated supplier				
	Assets acquired from a related party				
	Assets commissioned		141,049		137,234
less					
	Asset disposals (other than below)	9,358		9,358	
	Asset disposals to a regulated supplier				
	Asset disposals to a related party				
	Asset disposals		9,358		9,358
plus	**Lost and found assets adjustment**		–		–
plus	**Adjustment resulting from asset allocation**				(195)
	Total closing RAB value		2,671,148		2,660,795

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

4(iii): Calculation of Revaluation Rate and Revaluation of Assets

CPI_4	1,195
CPI_4^{-4}	1,192
Revaluation rate (%)	0.25%

		Unallocated RAB *		RAB	
		($000)	($000)	($000)	($000)
	Total opening RAB value	2,628,105		2,618,855	
less	Opening value of fully depreciated, disposed and lost assets	10,791		10,512	
	Total opening RAB value subject to revaluation	2,617,314		2,608,343	
	Total revaluations		6,587		6,565

4(iv): Roll Forward of Works Under Construction

		Unallocated works under construction		Allocated works under construction	
	Works under construction—preceding disclosure year		56,919		56,332
plus	Capital expenditure	136,025		130,910	
less	Assets commissioned	141,049		137,234	
plus	Adjustment resulting from asset allocation			(71)	
	Works under construction - current disclosure year		51,895		49,937
	Highest rate of capitalised finance applied				6.82%

4(v): Regulatory Depreciation

	Unallocated RAB *		RAB	
	($000)	($000)	($000)	($000)
Depreciation - standard	77,813		77,813	
Depreciation - no standard life assets	17,422		14,493	
Depreciation - modified life assets				
Depreciation - alternative depreciation in accordance with CPP				
Total depreciation		95,235		92,306

4(vi): Disclosure of Changes to Depreciation Profiles

($000 unless otherwise specified)

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

** include additional rows if needed*

4(vii): Disclosure by Asset Category

($000 unless otherwise specified)

		Subtransmission lines	Subtransmission cables	Zone substations	Distribution and LV lines	Distribution and LV cables	Distribution substations and transformers	Distribution switchgear	Other network assets	Non-network assets	Total
	Total opening RAB value	82,131	407,043	211,667	274,089	738,040	256,485	140,258	480,265	28,877	2,618,855
less	Total depreciation	2,110	11,056	8,149	8,382	24,039	8,237	6,365	15,287	8,681	92,306
plus	Total revaluations	207	1,021	528	685	1,856	641	348	1,208	71	6,565
plus	Assets commissioned	50	1,268	27,206	20,266	19,558	10,308	14,334	35,552	8,692	137,234
less	Asset disposals	13	1,155	1,568	1,959	391	1,949	1,964	359	–	9,358
plus	Lost and found assets adjustment	–	–	–	–	–	–	–	–	–	–
plus	Adjustment resulting from asset allocation	–	–	–	–	–	–	–	–	(195)	(195)
plus	Asset category transfers	(12)	12	–	–	–	–	–	(5,840)	5,840	–
	Total closing RAB value	80,253	397,133	229,684	284,699	735,024	257,248	146,611	495,539	34,604	2,660,795

	Subtransmission lines	Subtransmission cables	Zone substations	Distribution and LV lines	Distribution and LV cables	Distribution substations and transformers	Distribution switchgear	Other network assets	Non-network assets	
Asset Life										
Weighted average remaining asset life	47	48	34	41	37	36	28	34	13	(years)
Weighted average expected total asset life	59	69	44	58	61	45	38	43	19	(years)