

Orion New Zealand Limited

Information for disclosure for the year ended 31 March 2024

Electricity distribution information disclosure determination 2012

Approved 7 August 2024

Company Name **Orion New Zealand Limited**

For Year Ended **31 March 2024**

SCHEDULE 1: ANALYTICAL RATIOS

This schedule calculates expenditure, revenue and service ratios from the information disclosed. The disclosed ratios may vary for reasons that are company specific and, as a result, must be interpreted with care. The Commerce Commission will publish a summary and analysis of information disclosed in accordance with this ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of this determination.

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

sch ref

7 1(i): Expenditure metrics

	Expenditure per GWh energy delivered to ICPs (\$/GWh)	Expenditure per average no. of ICPs (\$/ICP)	Expenditure per MW maximum coincident system demand (\$/MW)	Expenditure per km circuit length (\$/km)	Expenditure per MVA of capacity from EDB-owned distribution transformers (\$/MVA)
Operational expenditure	23,456	366	117,940	6,806	34,602
Network	8,797	137	44,232	2,552	12,977
Non-network	14,659	229	73,708	4,253	21,625
Expenditure on assets	39,352	614	197,869	11,418	58,052
Network	37,018	577	186,132	10,741	54,608
Non-network	2,334	36	11,737	677	3,444

17 1(ii): Revenue metrics

	Revenue per GWh energy delivered to ICPs (\$/GWh)	Revenue per average no. of ICPs (\$/ICP)
Total consumer line charge revenue	68,419	1,067
Standard consumer line charge revenue	67,245	1,049
Non-standard consumer line charge revenue	1,174	272,342

23 1(iii): Service intensity measures

Demand density	58	Maximum coincident system demand per km of circuit length (for supply) (kW/km)
Volume density	290	Total energy delivered to ICPs per km of circuit length (for supply) (MWh/km)
Connection point density	19	Average number of ICPs per km of circuit length (for supply) (ICPs/km)
Energy intensity	15,600	Total energy delivered to ICPs per average number of ICPs (kWh/ICP)

30 1(iv): Composition of regulatory income

	(\$000)	% of revenue
Operational expenditure	81,613	33.73%
Pass-through and recoverable costs excluding financial incentives and wash-ups	62,569	25.86%
Total depreciation	55,548	22.96%
Total revaluations	58,173	24.04%
Regulatory tax allowance	10,151	4.20%
Regulatory profit/(loss) including financial incentives and wash-ups	88,686	36.66%
Total regulatory income	241,945	

40 1(v): Reliability

Interruption rate	16.13	Interruptions per 100 circuit km
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Company Name **Orion New Zealand Limited**

For Year Ended **31 March 2024**

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 this 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).

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	CY-2	CY-1	Current Year CY
2(i): Return on Investment			
	%	%	%
ROI – comparable to a post tax WACC			
Reflecting all revenue earned	10.02%	8.61%	5.59%
Excluding revenue earned from financial incentives	10.00%	8.53%	5.54%
Excluding revenue earned from financial incentives and wash-ups	9.95%	8.49%	5.50%
Mid-point estimate of post tax WACC			
25th percentile estimate	3.52%	4.88%	6.05%
75th percentile estimate	2.84%	4.20%	5.37%
	4.20%	5.56%	6.73%
ROI – comparable to a vanilla WACC			
Reflecting all revenue earned	10.32%	9.13%	6.29%
Excluding revenue earned from financial incentives	10.30%	9.05%	6.24%
Excluding revenue earned from financial incentives and wash-ups	10.25%	9.01%	6.20%
WACC rate used to set regulatory price path			
	4.23%	4.23%	4.23%
Mid-point estimate of vanilla WACC			
25th percentile estimate	3.82%	5.39%	6.75%
75th percentile estimate	3.14%	4.71%	6.07%
	4.50%	6.07%	7.43%
2(ii): Information Supporting the ROI			
			(\$000)
Total opening RAB value	1,450,079		
plus Opening deferred tax	(70,345)		
Opening RIV		1,379,734	
Line charge revenue		238,059	
Expenses cash outflow	144,182		
add Assets commissioned	114,133		
less Asset disposals	783		
add Tax payments	243		
less Other regulated income	3,886		
Mid-year net cash outflows		253,889	
Term credit spread differential allowance		1,551	
Total closing RAB value	1,566,054		
less Adjustment resulting from asset allocation	(0)		
less Lost and found assets adjustment	-		
plus Closing deferred tax	(80,253)		
Closing RIV		1,485,801	
ROI – comparable to a vanilla WACC			6.29%
Leverage (%)			42%
Cost of debt assumption (%)			5.97%
Corporate tax rate (%)			28%
ROI – comparable to a post tax WACC			5.59%

Company Name **Orion New Zealand Limited**

For Year Ended **31 March 2024**

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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

5.35%

* 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

IRIS incentive adjustment	-
Purchased assets – avoided transmission charge	310
Energy efficiency and demand incentive allowance	
Quality incentive adjustment	610
Other financial incentives	
Financial incentives	920
Impact of financial incentives on ROI	0.05%
Input methodology claw-back	
CPP application recoverable costs	
Catastrophic event allowance	
Capex wash-up adjustment	777
Transmission asset wash-up adjustment	
2013–15 NPV wash-up allowance	
Reconsideration event allowance	

Company Name

Orion New Zealand Limited

For Year Ended

31 March 2024

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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118	Other wash-ups		
119	Wash-up costs		777
120			
121	Impact of wash-up costs on ROI		0.04%

Company Name **Orion New Zealand Limited**

For Year Ended **31 March 2024**

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 this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

sch ref		(\$000)
7	3(i): Regulatory Profit	(5000)
8	Income	
9	Line charge revenue	238,059
10	plus Gains / (losses) on asset disposals	(602)
11	plus Other regulated income (other than gains / (losses) on asset disposals)	4,488
12		
13	Total regulatory income	241,945
14	Expenses	
15	less Operational expenditure	81,613
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	62,569
18		
19	Operating surplus / (deficit)	97,763
20		
21	less Total depreciation	55,548
22		
23	plus Total revaluations	58,173
24		
25	Regulatory profit / (loss) before tax	100,389
26		
27	less Term credit spread differential allowance	1,551
28		
29	less Regulatory tax allowance	10,151
30		
31	Regulatory profit/(loss) including financial incentives and wash-ups	88,686
32		
33	3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups	(5000)
34	Pass through costs	
35	Rates	5,053
36	Commerce Act levies	758
37	Industry levies	734
38	CPP specified pass through costs	
39	Recoverable costs excluding financial incentives and wash-ups	
40	Electricity lines service charge payable to Transpower	55,162
41	Transpower new investment contract charges	730
42	System operator services	
43	Distributed generation allowance	
44	Extended reserves allowance	
45	Other recoverable costs excluding financial incentives and wash-ups	132
46	Pass-through and recoverable costs excluding financial incentives and wash-ups	62,569
47		
48	3(iv): Merger and Acquisition Expenditure	
49		(5000)
50	Merger and acquisition expenditure	
51		
52	<i>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)</i>	
53	3(v): Other Disclosures	
54		(5000)
55	Self-insurance allowance	

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 this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

	RAB CY-4 (\$000)	RAB CY-3 (\$000)	RAB CY-2 (\$000)	RAB CY-1 (\$000)	RAB CY (\$000)
4(i): Regulatory Asset Base Value (Rolled Forward)					
Total opening RAB value	1,088,531	1,150,406	1,177,019	1,307,972	1,450,079
less Total depreciation	43,007	43,559	45,534	50,427	55,548
plus Total revaluations	27,543	17,483	81,111	86,682	58,173
plus Assets commissioned	78,414	53,187	97,104	106,220	114,133
less Asset disposals	1074	449	1,728	368	783
plus Lost and found assets adjustment	-	-	-	-	-
plus Adjustment resulting from asset allocation	0	-	-	-	(0)
Total closing RAB value	1,150,406	1,177,019	1,307,972	1,450,079	1,566,054

4(ii): Unallocated Regulatory Asset Base

	Unallocated RAB * (\$000)	RAB (\$000)
Total opening RAB value	1,451,401	1,450,079
less Total depreciation	55,568	55,548
plus Total revaluations	58,227	58,173
plus Assets commissioned (other than below)	53,823	53,823
plus Assets acquired from a regulated supplier	60,310	60,310
less Assets commissioned	114,133	114,133
less Asset disposals (other than below)	783	783
less Asset disposals to a regulated supplier	-	-
less Asset disposals to a related party	-	-
plus Lost and found assets adjustment	-	-
plus Adjustment resulting from asset allocation	-	(0)
Total closing RAB value	1,567,410	1,566,054

* 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.

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 this ID determination), and so is subject to the assurance report required by section 2.8.

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

51					
52					
53					
54	CPI _t				1,267
55	CPI _{t-4}				1,218
56	Revaluation rate (%)				4.02%
57					
58					
59					
60	Total opening RAB value				
61	less				
62	Opening value of fully depreciated, disposed and lost assets				
63					
64	Total opening RAB value subject to revaluation				
65	Total revaluations				
66					
		Unallocated RAB *		RAB	
		(5000)	(5000)	(5000)	
		1,451,401	1,450,079	1,450,079	
		4,056	4,656	4,656	
		1,447,345	1,446,023	1,446,023	
			58,227		58,173

4(iv): Roll Forward of Works Under Construction

67					
68					
69	Works under construction—preceding disclosure year				
70	plus				
71	Capital expenditure				
72	less				
73	Assets commissioned				
74	plus				
75	Adjustment resulting from asset allocation				
	Works under construction - current disclosure year				
		Unallocated works under construction		Allocated works under construction	
		(5000)	(5000)	(5000)	
		131,614	131,614	131,614	
		114,133	114,133	114,133	
		245,747	245,747	245,747	
			80,157		80,157
			62,676		62,676

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 this ID determination), and so is subject to the assurance report required by section 2.8.

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4(v): Regulatory Depreciation		Unallocated RAB * (\$'000)	RAB (\$'000)
76	Depreciation - standard	48,999	48,999
77	Depreciation - no standard life assets	6,569	6,569
78	Depreciation - modified life assets		
79	Depreciation - alternative depreciation in accordance with CPP		
80	Total depreciation	55,568	55,568

4(vi): Disclosure of Changes to Depreciation Profiles

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
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95				

* include additional rows if needed

4(vii): Disclosure by Asset Category

	(\$'000 unless otherwise specified)							Total		
	Subtransmission lines	Subtransmission cables	Zone substations	Distribution and LV lines	Distribution and LV cables	Distribution and substations and transformers	Distribution switcheq		Other network assets	Non-network assets
98										
99										
100	81,007	104,129	178,917	155,607	468,494	166,524	191,658	42,494	61,249	1,450,079
101	2,916	3,110	8,530	6,443	15,669	4,771	7,397	2,005	4,987	55,548
102	3,250	4,189	7,176	6,254	18,844	6,692	7,698	1,709	2,861	58,173
103	10,884	3,310	18,067	19,760	25,202	9,636	19,176	5,449	2,559	114,133
104	191	-	85	-	-	135	256	-	116	783
105	-	-	-	-	-	-	-	-	-	-
106	-	-	-	-	-	-	-	-	-	-
107	92,114	108,518	195,545	175,478	496,871	177,936	210,879	47,647	61,066	1,566,054
108										
109										
110	34.8	40.3	32.0	32.5	38.6	34.5	32.5	23.9	25.6	(years)
111	45.6	57.3	44.0	46.9	57.6	45.1	41.7	30.7	32.4	(years)

SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). EDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 10

sch ref

			(\$000)
7	5a(i): Regulatory Tax Allowance		
8	Regulatory profit / (loss) before tax		100,389
9			
10	<i>plus</i> Income not included in regulatory profit / (loss) before tax but taxable		*
11	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	1,679	*
12	Amortisation of initial differences in asset values	15,583	
13	Amortisation of revaluations	11,955	
14			29,217
15			
16	<i>less</i> Total revaluations	58,173	
17	Income included in regulatory profit / (loss) before tax but not taxable		*
18	Discretionary discounts and customer rebates		
19	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	65	*
20	Notional deductible interest	35,114	
21			93,352
22			
23	Regulatory taxable income		36,254
24			
25	<i>less</i> Utilised tax losses		
26	Regulatory net taxable income		36,254
27			
28	Corporate tax rate (%)	28%	
29	Regulatory tax allowance		10,151

* Workings to be provided in Schedule 14

5a(ii): Disclosure of Permanent Differences

In Schedule 14, Box 5, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i).

5a(iii): Amortisation of Initial Difference in Asset Values

(\$000)

36	Opening unamortised initial differences in asset values	296,082	
37	<i>less</i> Amortisation of initial differences in asset values	15,583	
38	<i>plus</i> Adjustment for unamortised initial differences in assets acquired		
39	<i>less</i> Adjustment for unamortised initial differences in assets disposed	394	
40	Closing unamortised initial differences in asset values		280,105
41			
42	Opening weighted average remaining useful life of relevant assets (years)		19

SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). EDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes).

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44	5a(iv): Amortisation of Revaluations		(\$000)
45			
46	Opening sum of RAB values without revaluations	1,162,991	
47			
48	Adjusted depreciation	43,593	
49	Total depreciation	55,548	
50	Amortisation of revaluations		11,955
51			
52	5a(v): Reconciliation of Tax Losses		(\$000)
53			
54	Opening tax losses		
55	plus Current period tax losses		
56	less Utilised tax losses		
57	Closing tax losses		-
58	5a(vi): Calculation of Deferred Tax Balance		(\$000)
59			
60	Opening deferred tax	(70,345)	
61			
62	plus Tax effect of adjusted depreciation	12,206	
63			
64	less Tax effect of tax depreciation	13,951	
65			
66	plus Tax effect of other temporary differences*	(3,827)	
67			
68	less Tax effect of amortisation of initial differences in asset values	4,363	
69			
70	plus Deferred tax balance relating to assets acquired in the disclosure year		
71			
72	less Deferred tax balance relating to assets disposed in the disclosure year	(27)	
73			
74	plus Deferred tax cost allocation adjustment	0	
75			
76	Closing deferred tax		(80,253)
77			
78	5a(vii): Disclosure of Temporary Differences		
79	<i>In Schedule 14, Box 6, provide descriptions and workings of items recorded in the asterisked category in Schedule 5a(vi) (Tax effect of other temporary differences).</i>		
80			
81	5a(viii): Regulatory Tax Asset Base Roll-Forward		
82			(\$000)
83	Opening sum of regulatory tax asset values	568,706	
84	less Tax depreciation	49,825	
85	plus Regulatory tax asset value of assets commissioned	96,069	
86	less Regulatory tax asset value of asset disposals	148	
87	plus Lost and found assets adjustment		
88	plus Adjustment resulting from asset allocation		
89	plus Other adjustments to the RAB tax value	(3,033)	
90	Closing sum of regulatory tax asset values		611,769

Company Name **Orion New Zealand Limited**
 For Year Ended

SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

This schedule provides information on the valuation of related party transactions, in accordance with clause 2.3.6 of this ID determination.
 This information is part of audited disclosure information (as defined in clause 1.4 of this ID determination), and so is subject to the assurance report required by clause 2.8.

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	(\$000)	(\$000)
5b(i): Summary—Related Party Transactions		
Total regulatory income		2,465
Market value of asset disposals		
Service interruptions and emergencies	13,485	
Vegetation management	604	
Routine and corrective maintenance and inspection	10,552	
Asset replacement and renewal (opex)	156	
Network opex		24,797
Business support	342	
System operations and network support - other	—	
Non-network solutions provided by a related party or third party (Not required before DY2025)	—	
Operational expenditure		25,139
Consumer connection	6,570	
System growth	734	
Asset replacement and renewal (capex)	27,909	
Asset relocations	2,441	
Quality of supply	16,586	
Legislative and regulatory	—	
Other reliability, safety and environment	6,070	
Expenditure on non-network assets		—
Expenditure on assets		60,310
Cost of financing	—	
Value of capital contributions	—	1,455
Value of vested assets	—	
Capital Expenditure		58,855
Total expenditure		83,994
Other related party transactions		5,353

5b(iii): Total Opex and Capex Related Party Transactions

Name of related party	Nature of opex or capex service provided	Total value of transactions (\$000)
Connetics	System growth	603
Connetics	Consumer connection	6,570
Connetics	Asset relocations	2,441
Connetics	Other reliability, safety and environment	6,070
Connetics	Quality of supply	16,573
Connetics	Asset replacement and renewal (capex)	27,888
Connetics	Business support	284
Connetics	Routine and corrective maintenance and inspection	10,509
Connetics	Service interruptions and emergencies	13,485
Connetics	Asset replacement and renewal (opex)	156
City Care	Vegetation management	604
Christchurch City Council	System growth	4
Christchurch City Council	Routine and corrective maintenance and inspection	41
Christchurch City Council	Quality of supply	3
Christchurch City Council	Asset replacement and renewal (capex)	21
Christchurch City Council	Business support	35
Christchurch City Holdings Limited	Business support	14
Corde Limited	System growth	125
Selwyn District Council	System growth	2
Selwyn District Council	Routine and corrective maintenance and inspection	2
Selwyn District Council	Quality of supply	10
Selwyn District Council	Business support	9
Total value of related party transactions		85,449

* include additional rows if needed

SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE

This schedule is only to be completed if, as at the date of the most recently published financial statements, the weighted average original tenor of the debt portfolio (both qualifying debt and non-qualifying debt) is greater than five years. This information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

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5c(i): Qualifying Debt (may be Commission only)

Issuing party	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)	Term Credit Spread Difference	Debt issue cost readjustment
US Private Placement (USPP) 2018 Series A - NZD \$45m	12/09/2018	27/07/2018	10 BKBM + margin	10 BKBM + margin	45,000,000	45,000,000	168,750	-45,000
US Private Placement (USPP) 2018 Series B - NZD \$95m	12/09/2018	27/07/2018	12 BKBM + margin	12 BKBM + margin	95,000,000	95,000,000	498,750	-110,833
Christchurch City Holdings Limited - NZD \$50m	20/10/2022	30/06/2032	10 BKBM + margin	10 BKBM + margin	50,000,000	50,000,000	187,500	-50,000
Christchurch City Holdings Limited - NZD \$50m	20/03/2023	30/06/2031	8 BKBM + margin	8 BKBM + margin	50,000,000	50,000,000	112,500	-37,500
US Private Placement (USPP) 2023 Series C - NZD \$100m	22/11/2023	25/10/2023	10 BKBM + margin	10 BKBM + margin	100,000,000	100,000,000	375,000	-100,000
US Private Placement (USPP) 2023 Series D - NZD \$100m	22/11/2023	25/10/2023	12 BKBM + margin	12 BKBM + margin	100,000,000	100,000,000	525,000	-116,667
<i>* include additional rows if needed</i>					440,000,000	440,000,000	1,867,500	(460,000)

5c(ii): Attribution of Term Credit Spread Differential

Gross term credit spread differential

1,407,500

Total book value of interest bearing debt

574,700,000

Leverage

42%

Average opening and closing RAB values

1,508,067

Attribution Rate (%)

0%

Term credit spread differential allowance

1,551

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. EDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications. This information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

sch.ref

	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	OV/ABAA allocation increase (\$000s)
5d(i): Operating Cost Allocations					
Service interruptions and emergencies					
10 Directly attributable		13,166			
11 Not directly attributable					
12 Total attributable to regulated service		13,166			
Vegetation management					
14 Directly attributable		4,379			
15 Not directly attributable					
16 Total attributable to regulated service		4,379			
Routine and corrective maintenance and inspection					
18 Directly attributable		13,063			
19 Not directly attributable					
20 Total attributable to regulated service		13,063			
Asset replacement and renewal					
22 Directly attributable					
23 Not directly attributable					
24 Total attributable to regulated service					
Non-network solutions provided by a related party or third party					
26 Directly attributable					
27 Not directly attributable					
28 Total attributable to regulated service					
System operations and network support					
30 Directly attributable		28,675			
31 Not directly attributable					
32 Total attributable to regulated service		28,675			
Business support					
34 Directly attributable		21,952			
35 Not directly attributable		378	1,106	1,484	
36 Total attributable to regulated service		22,330			
37 Operating costs directly attributable		81,235			
38 Operating costs not directly attributable		378	1,106	1,484	
39 Operational expenditure		81,613			
40					
41					
42					

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. EDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications. This information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

5d(ii): Other Cost Allocations

Pass through and recoverable costs

Pass through costs

Directly attributable

Not directly attributable

Total attributable to regulated service

Recoverable costs

Directly attributable

Not directly attributable

Total attributable to regulated service

(\$000)

6,546

6,546

56,023

56,023

5d(iii): Changes in Cost Allocations* †

Change in cost allocation 1

Cost category

Original allocator or line items

New allocator or line items

Rationale for change

(\$000)

Original allocation

New allocation

Difference

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

Change in cost allocation 2

Cost category

Original allocator or line items

New allocator or line items

Rationale for change

(\$000)

Original allocation

New allocation

Difference

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

Change in cost allocation 3

Cost category

Original allocator or line items

New allocator or line items

Rationale for change

(\$000)

Original allocation

New allocation

Difference

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

CV-1

* a change in cost allocation must be completed for each cost allocator change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or component.
† include additional rows if needed

SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

This schedule requires information on the allocation of asset values. This information supports the calculation of the RAB value in Schedule 4. EDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any changes in asset allocations. This information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

5e(i): Regulated Service Asset Values		Value allocated (\$000s)
		Electricity distribution services
Subtransmission lines		
Directly attributable		92,114
Not directly attributable		
Total attributable to regulated service		92,114
Subtransmission cables		
Directly attributable		108,538
Not directly attributable		
Total attributable to regulated service		108,538
Zone substations		
Directly attributable		195,545
Not directly attributable		
Total attributable to regulated service		195,545
Distribution and LV lines		
Directly attributable		175,478
Not directly attributable		
Total attributable to regulated service		175,478
Distribution and LV cables		
Directly attributable		496,871
Not directly attributable		
Total attributable to regulated service		496,871
Distribution substations and transformers		
Directly attributable		177,936
Not directly attributable		
Total attributable to regulated service		177,936
Distribution switchgear		
Directly attributable		210,879
Not directly attributable		
Total attributable to regulated service		210,879
Other network assets		
Directly attributable		47,647
Not directly attributable		
Total attributable to regulated service		47,647
Non-network assets		
Directly attributable		50,338
Not directly attributable		10,728
Total attributable to regulated service		61,066
Regulated service asset value directly attributable		1,555,326
Regulated service asset value not directly attributable		10,728
Total closing RAB value		1,566,054

5e(ii): Changes in Asset Allocations* †		(\$000)	
		CY-1	Current Year (CY)
Change in asset value allocation 1			
Asset category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			
Change in asset value allocation 2			
Asset category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			
Change in asset value allocation 3			
Asset category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			

* a change in asset allocation must be completed for each allocator or component change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or comp
 † include additional rows if needed

SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. EDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory Notes to Templates). This information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

7	6a(i): Expenditure on Assets		(\$000)	(\$000)
8	Consumer connection			37,517
9	System growth			19,494
10	Asset replacement and renewal			37,460
11	Asset relocations			1,727
12	Reliability, safety and environment:			
13	Quality of supply	25,755		
14	Legislative and regulatory	-		
15	Other reliability, safety and environment	6,848		
16	Total reliability, safety and environment			32,603
17	Expenditure on network assets			128,801
18	Expenditure on non-network assets			8,122
19				
20	Expenditure on assets			136,923
21	plus Cost of financing			
22	less Value of capital contributions			5,309
23	plus Value of vested assets			
24				
25	Capital expenditure			131,614
26	6a(ii): Subcomponents of Expenditure on Assets (where known)			(\$000)
27	Energy efficiency and demand side management, reduction of energy losses			
28	Overhead to underground conversion			
29	Research and development			
31	6a(iii): Consumer Connection			
32	<i>Consumer types defined by EDB*</i>		(\$000)	(\$000)
33	Large customers		3,593	
34	General connections		20,147	
35	Subdivisions		7,280	
36	Transformers		4,408	
37	Switchgear		2,089	
38	<i>* include additional rows if needed</i>			
39	Consumer connection expenditure			37,517
41	less Capital contributions funding consumer connection expenditure		3,252	
42	Consumer connection less capital contributions			34,265
43	6a(iv): System Growth and Asset Replacement and Renewal			
44			System Growth	Asset Replacement and Renewal
45			(\$000)	(\$000)
46	Subtransmission		8,223	1,229
47	Zone substations		3,319	5,922
48	Distribution and LV lines		718	16,100
49	Distribution and LV cables		6,779	339
50	Distribution substations and transformers			624
51	Distribution switchgear		455	9,452
52	Other network assets		-	3,794
53	System growth and asset replacement and renewal expenditure		19,494	37,460
54	less Capital contributions funding system growth and asset replacement and renewal			17
55	System growth and asset replacement and renewal less capital contributions		19,494	37,443
56				
57	6a(v): Asset Relocations			
58	<i>Project or programme*</i>		(\$000)	(\$000)
59	NZTA and others		60	
60	CERA/Otakaro (Rebuild)			
61	Selwyn District Council		895	
62	Christchurch City Council		627	
63	Others		145	
64	<i>* include additional rows if needed</i>			
65	All other projects or programmes - asset relocations			
66	Asset relocations expenditure			1,727
67	less Capital contributions funding asset relocations		1,476	
68	Asset relocations less capital contributions			251

Company Name **Orion New Zealand Limited**

For Year Ended **31 March 2024**

SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. EDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory Notes to Templates).

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

sch ref

69				
70	6a(vi): Quality of Supply			
71	<i>Project or programme*</i>		(\$000)	(\$000)
72	Comms associated with Entec line switches		152	
73	Norwood ZS 66kV		-	
	Dusandel ZS 66kV line bay		-	
	Milton ZS 66kV switchgear & building		4,248	
	Bromley ZS to Milton ZS 66kV cables		19,228	
74	LV network monitoring		1,299	
75	Non-scheduled HV Minor Projects		387	
76	Other		441	
77	<i>* include additional rows if needed</i>			
78	All other projects programmes - quality of supply			
79	Quality of supply expenditure			25,755
80	less Capital contributions funding quality of supply		564	
81	Quality of supply less capital contributions			25,191
82	6a(vii): Legislative and Regulatory			
83	<i>Project or programme*</i>		(\$000)	(\$000)
84				
85				
86				
87				
88				
89	<i>* include additional rows if needed</i>			
90	All other projects or programmes - legislative and regulatory			
91	Legislative and regulatory expenditure			-
92	less Capital contributions funding legislative and regulatory			
93	Legislative and regulatory less capital contributions			-
94	6a(viii): Other Reliability, Safety and Environment			
95	<i>Project or programme*</i>		(\$000)	(\$000)
96	400V UG Supply Fuse Relocation Program		6,723	
97	LV ties replacement with Krone		125	
98	Other		0	
99				
100				
101	<i>* include additional rows if needed</i>			
102	All other projects or programmes - other reliability, safety and environment			
103	Other reliability, safety and environment expenditure			6,848
104	less Capital contributions funding other reliability, safety and environment			
105	Other reliability, safety and environment less capital contributions			6,848
106				
107	6a(ix): Non-Network Assets			
108	Routine expenditure			
109	<i>Project or programme*</i>		(\$000)	(\$000)
110	Vehicles and mobile plant		939	
111	Information solutions		6,751	
112	Sundry tools and equipment		432	
113	Sundry land and buildings		-	
114				
115	<i>* include additional rows if needed</i>			
116	All other projects or programmes - routine expenditure			
117	Routine expenditure			8,122
118	Atypical expenditure			
119	<i>Project or programme*</i>		(\$000)	(\$000)
120	N/A			
121				
122				
123				
124				
125	<i>* include additional rows if needed</i>			
126	All other projects or programmes - atypical expenditure			
127	Atypical expenditure			-
128				
129	Expenditure on non-network assets			8,122

Company Name **Orion New Zealand Limited**
 For Year Ended

SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of operational expenditure incurred in the disclosure year.
 EDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance.
 This information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(5000)	(5000)	
7	6b(i): Operational Expenditure <i>Required for DY2024 and DY2025 only</i>			
8	Service interruptions and emergencies	13,166		
9	Vegetation management	4,379		
10	Routine and corrective maintenance and inspection	13,063		
11	Asset replacement and renewal			
12	Network opex		30,608	
13	Non-network solutions provided by a related party or third party		<i>Required for DY2025 only</i>	
14	System operations and network support	28,675		
15	Business support	22,330		
16	Non-network opex		51,005	
17				
18	Operational expenditure		81,613	
19	6b(i): Operational Expenditure <i>Not Required before DY2026</i>	(5000)	(5000)	
20	Service interruptions and emergencies:			
21	Vegetation-related			
22	Other			
23	Total service interruptions and emergencies	-		
24	Vegetation management:			
25	Assessment and notification costs			
26	Felling or trimming vegetation - in-zone			
27	Felling or trimming vegetation - out-of-zone			
28	Other			
29	Total vegetation management	-		
30				
31	Routine and corrective maintenance and inspection:			
32	Asset replacement and renewal			
33	Network opex		-	
34	Non-network solutions provided by a related party or third party			
35	System operations and network support			
36	Business support			
37	Non-network opex		-	
38				
39	Operational expenditure		-	
40	6b(ii): Subcomponents of Operational Expenditure (where known)			
41	Energy efficiency and demand side management, reduction of energy losses			
42	Direct billing*			
43	Research and development			
44	Insurance		3,242	
45	<i>* Direct billing expenditure by suppliers that directly bill the majority of their consumers</i>			

Company Name **Orion New Zealand Limited**

For Year Ended

SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

This schedule compares actual revenue and expenditure to the previous forecasts that were made for the disclosure year. Accordingly, this schedule requires the forecast revenue and expenditure information from previous disclosures to be inserted.

EDBs must provide explanatory comment on the variance between actual and target revenue and forecast expenditure in Schedule 14 (Mandatory Explanatory Notes).

This information is part of the audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8. For the purpose of this audit, target revenue and forecast expenditures only need to be verified back to previous disclosures.

sch ref

7(i): Revenue		Target (\$000) ¹	Actual (\$000)	% variance
7				
8	Line charge revenue	236,561	238,059	1%
7(ii): Expenditure on Assets		Forecast (\$000) ²	Actual (\$000)	% variance
9				
10	Consumer connection	33,012	37,517	14%
11	System growth	25,710	19,494	(24%)
12	Asset replacement and renewal	36,529	37,460	3%
13	Asset relocations	12,773	1,727	(86%)
14	Reliability, safety and environment:			
15	Quality of supply	18,144	25,755	42%
16	Legislative and regulatory	-	-	-
17	Other reliability, safety and environment	9,516	6,848	(28%)
18	Total reliability, safety and environment	27,660	32,603	18%
19	Expenditure on network assets	135,684	128,801	(5%)
20	Expenditure on non-network assets	18,086	8,122	(55%)
21	Expenditure on assets	153,770	136,923	(11%)
7(iii): Operational Expenditure				
22				
23	Service interruptions and emergencies	9,634	13,166	37%
24	Vegetation management	4,455	4,379	(2%)
25	Routine and corrective maintenance and inspection	14,316	13,063	(9%)
26	Asset replacement and renewal	381	-	(100%)
27	Network opex	28,786	30,608	6%
28	Non-network solutions provided by a related party or third party <i>Not Required before DY2025</i>	-	-	-
29	System operations and network support	20,683	28,675	39%
30	Business support	28,716	22,330	(22%)
31	Non-network opex	49,399	51,005	3%
32	Operational expenditure	78,185	81,613	4%
7(iv): Subcomponents of Expenditure on Assets (where known)				
33				
34	Energy efficiency and demand side management, reduction of energy losses	2,206	-	(100%)
35	Overhead to underground conversion	12,773	-	(100%)
36	Research and development	161	-	(100%)
37				
7(v): Subcomponents of Operational Expenditure (where known)				
38				
39	Energy efficiency and demand side management, reduction of energy losses	705	-	(100%)
40	Direct billing	-	-	-
41	Research and development	1,070	-	(100%)
42	Insurance	3,133	3,242	3%
43				

¹ From the nominal dollar target revenue for the disclosure year disclosed under clause 2.4.3(3) of this determination

² From the CY+1 nominal dollar expenditure forecasts disclosed in accordance with clause 2.6.6 for the forecast period starting at the beginning of the disclosure year (the second to last disclosure of Schedules 11a and 11b)

SCHEDULE 9a: ASSET REGISTER

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class. All units relating to cable and line assets, that are expressed in km, refer to circuit lengths.

sch ref

9a: Asset Register

	Voltage	Asset category	Asset class	Units	Items at start of year (quantity)	Items at end of year (quantity)	Net change	Data accuracy (1-4)
8	All	Overhead Line	Concrete poles / steel structure	No.	27,749	27,468	(281)	4
9	All	Overhead Line	Wood poles	No.	59,633	59,597	(36)	4
10	All	Overhead Line	Other pole types	No.	—	—	—	N/A
11	HV	Subtransmission Line	Subtransmission OH up to 66kV conductor	km	500	514	14	4
12	HV	Subtransmission Line	Subtransmission OH 110kV+ conductor	km	—	—	—	N/A
13	HV	Subtransmission Cable	Subtransmission UG up to 66kV (XLPE)	km	96	97	2	4
14	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Oil pressurised)	km	40	40	—	4
15	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Gas pressurised)	km	—	—	—	N/A
16	HV	Subtransmission Cable	Subtransmission UG up to 66kV (PILC)	km	2	2	—	4
17	HV	Subtransmission Cable	Subtransmission UG 110kV+ (XLPE)	km	—	—	—	N/A
18	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Oil pressurised)	km	—	—	—	N/A
19	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Gas Pressurised)	km	—	—	—	N/A
20	HV	Subtransmission Cable	Subtransmission UG 110kV+ (PILC)	km	—	—	—	N/A
21	HV	Subtransmission Cable	Subtransmission submarine cable	km	—	—	—	N/A
22	HV	Zone substation Buildings	Zone substations up to 66kV	No.	80	83	3	4
23	HV	Zone substation Buildings	Zone substations 110kV+	No.	—	—	—	N/A
24	HV	Zone substation switchgear	50/66/110kV CB (Indoor)	No.	—	—	—	N/A
25	HV	Zone substation switchgear	50/66/110kV CB (Outdoor)	No.	126	122	(4)	4
26	HV	Zone substation switchgear	33kV Switch (Ground Mounted)	No.	—	—	—	N/A
27	HV	Zone substation switchgear	33kV Switch (Pole Mounted)	No.	322	296	(26)	4
28	HV	Zone substation switchgear	33kV RMU	No.	—	—	—	N/A
29	HV	Zone substation switchgear	22/33kV CB (Indoor)	No.	48	48	—	N/A
30	HV	Zone substation switchgear	22/33kV CB (Outdoor)	No.	27	26	(1)	4
31	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (ground mounted)	No.	691	693	2	4
32	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (pole mounted)	No.	—	—	—	N/A
33	HV	Zone Substation Transformer	Zone Substation Transformers	No.	81	81	—	N/A
34	HV	Distribution Line	Distribution OH Open Wire Conductor	km	3,047	3,042	(6)	3
35	HV	Distribution Line	Distribution OH Aerial Cable Conductor	km	—	—	—	N/A
36	HV	Distribution Line	SWER conductor	km	86	86	(0)	3
37	HV	Distribution Cable	Distribution UG XLPE or PVC	km	1,335	1,380	45	4
38	HV	Distribution Cable	Distribution UG PILC	km	1,521	1,508	(13)	4
39	HV	Distribution Cable	Distribution Submarine Cable	km	—	—	—	N/A
40	HV	Distribution switchgear	3.3/6.6/11/22kV CB (pole mounted) - reclosers and sectionalisers	No.	85	84	(1)	4
41	HV	Distribution switchgear	3.3/6.6/11/22kV CB (Indoor)	No.	726	700	(26)	4
42	HV	Distribution switchgear	3.3/6.6/11/22kV Switches and fuses (pole mounted)	No.	9,225	9,212	(13)	4
43	HV	Distribution switchgear	3.3/6.6/11/22kV Switch (ground mounted) - except RMU	No.	—	—	—	N/A
44	HV	Distribution switchgear	3.3/6.6/11/22kV RMU	No.	4,985	5,064	79	4
45	HV	Distribution Transformer	Pole Mounted Transformer	No.	6,334	6,303	(31)	3
46	HV	Distribution Transformer	Ground Mounted Transformer	No.	5,755	5,838	83	3
47	HV	Distribution Transformer	Voltage regulators	No.	15	15	—	4
48	HV	Distribution Substations	Ground Mounted Substation Housing	No.	5,004	5,089	85	4
49	LV	LV Line	LV OH Conductor	km	1,733	1,706	(27)	2
50	LV	LV Cable	LV UG Cable	km	3,546	3,616	70	3
51	LV	LV Street lighting	LV OH/UG Streetlight circuit	km	3,872	3,899	28	3
52	LV	Connections	OH/UG consumer service connections	No.	220,689	225,168	4,479	2
53	All	Protection	Protection relays (electromechanical, solid state and numeric)	No.	2,804	2,753	(51)	4
54	All	SCADA and communications	SCADA and communications equipment operating as a single system	Lot	606	636	30	4
55	All	Capacitor Banks	Capacitors including controls	No.	6	6	—	4
56	All	Load Control	Centralised plant	Lot	44	45	1	4
57	All	Load Control	Relays	No.	2,157	2,187	30	3
58	All	Civils	Cable Tunnels	km	1	1	—	4
59								

Major customer Additional fixed charge (MCFSA)	Major customer Extra switches (ECSW)	Major customer 11k Wiring equipment (EWMT)	Major customer 11k underground cabling (EUBC)	Major customer 11k Overhead lines (EOLH)	Major customer Transformer capacity (EFC)	Major customer Peak charge (MCPD)	Major customer Nominal maximum demand (MCMND)	Major customer Metered maximum demand (MCMMD)	Large capacity Operations, maintenance & administration (LMOA)	Large capacity Operations, maintenance & administration (LMOA)	Large capacity Asset charge (dedicated asset)	Large capacity Asset charge (shared assets)	Large capacity Transmission charge (wires)	Large capacity Transmission charge (summer)	Connection charge	30 - 750 MW generators Control period export (GPEC)	30 - 750 MW generators Control period import (GPCI)	Monthly invoice charge (MVF)	Monthly invoice charge (MVF)	Return to pay notice (RPN)	Default and termination notice (MDDT)
Switches	Connections	km	km	km	kVA	kVA	kVA	kVA	kVA	kVA	kVA	kVA	kVA	kVA	kVA	MW	MW	\$/month	\$/month	\$/month	\$/month
117	111	48	7	3	364,500	114,525	289,944	271,799	35,000	35,000	31,907	31,907	7,209	24,197	24,197	479	130	100	100	100	100
117	111	48	7	3	364,500	114,525	289,944	271,799	35,000	35,000	31,907	31,907	7,209	24,197	24,197	479	130	100	100	100	100
5427	5151	588	512	35	51,628	512,831	511,387	511,387	5427	5427	5427	5427	5416	5106	5106	5106	5106	5106	5106	5106	5106
5427	5151	588	512	35	51,628	512,831	511,387	511,387	5427	5427	5427	5427	5416	5106	5106	5106	5106	5106	5106	5106	5106

SCHEDULE 9b: ASSET AGE PROFILE

This schedule requires a summary of the age profile (based on year of installation) of the assets that make up the network, by asset category and asset class. All units relating to cable and line assets, that are expressed in km, refer to circuit lengths.

schref

9b: Asset Age Profile		Number of assets at disclosure year end by installation date																					
		Disclosure Year (year ended)																					
		pre-1940	1940	1950	1960	1970	1980	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
8																							
9	Asset category																						
10	Overhead Line																						
11	Overhead Line																						
12	Overhead Line																						
13	Subtransmission Line																						
14	Subtransmission Line																						
15	Subtransmission Cable																						
16	Subtransmission Cable																						
17	Subtransmission Cable																						
18	Subtransmission Cable																						
19	Subtransmission Cable																						
20	Subtransmission Cable																						
21	Subtransmission Cable																						
22	Subtransmission Cable																						
23	Subtransmission Cable																						
24	Subtransmission Cable																						
25	Zone substation Buildings																						
26	Zone substation Buildings																						
27	Zone substation Buildings																						
28	Zone substation Buildings																						
29	Zone substation Buildings																						
30	Zone substation Buildings																						
31	Zone substation Buildings																						
32	Zone substation Buildings																						
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57	Zone substation Buildings																						
58	Zone substation Buildings																						
59	Zone substation Buildings																						
60	Zone substation Buildings																						

Company Name	Orion New Zealand Limited
For Year Ended	31 March 2024
Sub-network Name	

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	No. with age		Data accuracy [1-4]
											unknown	default dates	
8	1	--	8	4	--	--	--	--	3	--	27,468		3
787	869	1,008	992	1,281	1,086	1,274	1,311	1,468	1,556		59,597		N/A
	3	4	0	16	--	1	2	--	15		514		4
	18	21	1	3	3	1	0	8	2	2	97		N/A
	--	--	0	--	--	--	--	--	--	--	40		4
	--	--	--	--	--	--	--	--	--	--	--		N/A
	--	--	--	--	--	--	--	--	--	--	2		4
											--		N/A
											--		N/A
											--		N/A
											--		N/A
											--		N/A
											83		4
	1	--	2	1	--	--	--	2	--	--	--		N/A
	--	--	--	--	--	--	--	--	--	--	--		N/A
	--	--	--	--	--	--	--	--	--	--	--		N/A
8	4	4	--	3	--	15	--	--	--	--	122		4
	--	--	--	--	--	--	--	--	--	--	--		N/A
11	--	12	--	10	2	8	5	--	--	--	296		3
	--	--	--	--	--	--	--	--	--	--	--		N/A
	--	--	--	--	6	--	--	--	--	--	48		4
	--	--	--	--	--	--	--	--	--	--	26		4
25	17	2	3	--	26	26	--	--	--	--	693		4
	--	--	--	--	--	--	--	--	--	--	--		N/A
3	1	--	1	2	--	3	--	--	--	--	81		4
47	66	19	56	33	32	29	15	16	3	3	3,042		3
	--	--	--	--	--	--	--	--	--	--	--		N/A
	--	--	--	--	--	--	--	--	--	--	86		3
73	95	57	68	64	43	40	63	48	39		1,380		4
0	0	1	1	0	0	0	1	1	2		1,508		4
	4	5	10	6	1	8	8	6	--	--	84		N/A
	4	--	8	--	--	--	--	--	--	--	700		4
264	187	132	173	128	97	122	158	93	340		9,212		4
	--	--	--	--	--	--	--	--	--	--	--		N/A
152	188	179	152	130	271	133	146	154	9		5,064		3
146	73	115	112	50	72	86	109	41	--		6,303		3
203	139	158	158	89	147	70	198	90	221		5,838		3
	--	--	--	--	--	--	--	--	--	--	15		4
133	165	115	109	126	96	87	127	108	95		5,089		4
	1	1	3	1	1	1	0	2	4		1,706		2
101	117	77	76	93	101	65	100	116	66		3,616		3
99	129	82	57	97	104	112	100	91	38		3,899		3
5,718	6,402	5,306	4,296	3,911	4,038	5,074	5,060	6,445	6,231		225,168	103,148	2
111	140	101	63	156	151	47	96	54	97	1	2,753		3
13	47	39	57	84	112	29	28	26	1	5	636		3
	1	--	--	4	--	--	--	--	--	--	6		4
	1	1	--	2	--	--	--	--	--	--	45		4
160	153	49	60	16	34	33	23	24	30	1,605	2,187		3
--	--	--	--	--	--	--	--	--	--	--	1		4

Company Name **Orion New Zealand Limited**

For Year Ended **31 March 2024**

Network / Sub-network Name

SCHEDULE 9c: REPORT ON OVERHEAD LINES AND UNDERGROUND CABLES

This schedule requires a summary of the key characteristics of the overhead line and underground cable network. All units relating to cable and line assets, that are expressed in km, refer to circuit lengths.

sch ref

9c: Overhead Lines and Underground Cables		Overhead (km)	Underground (km)	Total circuit length (km)
Circuit length by operating voltage (at year end)				
> 66kV		–	–	–
50kV & 66kV		274	95	369
33kV		240	45	285
SWER (all SWER voltages)		86	2	88
22kV (other than SWER)		–	–	–
6.6kV to 11kV (inclusive—other than SWER)		3,042	2,886	5,928
Low voltage (< 1kV)		1,706	3,616	5,322
Total circuit length (for supply)		5,348	6,644	11,992
Dedicated street lighting circuit length (km)		872	3,027	3,899
Circuit in sensitive areas (conservation areas, iwi territory etc) (km)				88
Overhead circuit length by terrain (at year end)				
	Circuit length (km)	(% of total overhead length)		
Urban	1,652	31%		
Rural	3,132	59%		
Remote only	144	3%		
Rugged only	183	3%		
Remote and rugged	237	4%		
Unallocated overhead lines	–	–		
Total overhead length	5,348	100%		
Length of circuit within 10km of coastline or geothermal areas (where known)				
	Circuit length (km)	(% of total circuit length)		
	1,863	16%		
Overhead circuit requiring vegetation management				
	Circuit length (km)	(% of total overhead length)		
	5,348	100% <i>Not required after DY2025</i>		
Number of overhead circuit sites at high risk from vegetation damage				
	Total newly identified throughout the disclosure year	Total remaining at high risk at the disclosure year-end		
		– <i>Not required before DY2026</i>		
Breakdown of overhead circuit sites at high risk from vegetation damage at disclosure year-end				
Category of overhead circuit site	Number of overhead circuit sites at high risk from vegetation damage at disclosure year-end	Number of overhead circuit sites involving critical assets at disclosure year-end		
[Single tree]				
[Single tree - Urban]				
[Single tree - Rural]				
[Row of trees]				
[Span between two poles (X metres)]				
[Other]				
Total number of sites	–	–		

* Insert new rows in table above Total line as necessary

SCHEDULE 9d: REPORT ON EMBEDDED NETWORKS

This schedule requires information concerning embedded networks owned by an EDB that are embedded in another EDB's network or in another embedded network.

sch ref

sch ref	Location *	Average number of ICPs in disclosure year	Line charge revenue (\$000)
8			
9	Rakaia Gorge Embedded Network, upper Rakaia river	2	4
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

* Extend embedded distribution networks table as necessary to disclose each embedded network owned by the EDB which is embedded in another EDB's network or in another embedded network

Company Name	Orion New Zealand Limited
For Year Ended	31 March 2024
Network / Sub-network Name	

SCHEDULE 9e: REPORT ON NETWORK DEMAND

This schedule requires a summary of the key measures of network utilisation for the disclosure year (number of new connections including distributed generation, peak demand and electricity volumes conveyed).

sch ref

8	9e(i): Consumer Connections and Decommissionings		
9	<i>Number of ICPs connected during year by consumer type</i>		
10		Number of	
11	<i>Consumer types defined by EDB*</i>	connections (ICPs)	
12	Streetlighting	4	
13	General	6,455	
14	Irrigation	2	
15	Major customer	16	
16	Large capacity	–	
17	<i>* include additional rows if needed</i>		
18	Connections total	6,477	
19	<i>Number of ICPs decommissioned during year by consumer type</i>		
20		Number of	
21	<i>Consumer types defined by EDB*</i>	decommissionings	
22	Streetlighting	8	
23	General	2,115	
24	Irrigation	2	
25	Major customer	3	
26	Large capacity	–	
27	<i>* include additional rows if needed</i>		
28	Decommissionings total	2,128	
29	Distributed generation		
30	Number of connections made in year	1,619	connections
31	Capacity of distributed generation installed in year	14.02	MVA
32			
33	9e(ii): System Demand		
34			
35		Demand at time of	
36	Maximum coincident system demand	maximum	
37	GXP demand	coincident	
38	<i>plus</i> Distributed generation output at HV and above	demand (MW)	
39	Maximum coincident system demand	692	
40	<i>less</i> Net transfers to (from) other EDBs at HV and above	0	
41	Demand on system for supply to consumers' connection points	692	
42	Electricity volumes carried	Energy (GWh)	
43	Electricity supplied from GXPs	3,598	
44	<i>less</i> Electricity exports to GXPs	0	
45	<i>plus</i> Electricity supplied from distributed generation	30	
46	<i>less</i> Net electricity supplied to (from) other EDBs	0	
47	Electricity entering system for supply to consumers' connection points	3,627	
48	<i>less</i> Total energy delivered to ICPs	3,479	
49	Electricity losses (loss ratio)	148	4.1%
50			
51	Load factor	0.60	
52	9e(iii): Transformer Capacity		
53		(MVA)	
54	Distribution transformer capacity (EDB owned)	2,359	
55	Distribution transformer capacity (Non-EDB owned)	215	
56	Total distribution transformer capacity	2,574	
57			
58		(MVA)	
59	Zone substation transformer capacity (EDB owned)	1,181	
60	Zone substation transformer capacity (Non-EDB owned)	–	
61	Total zone substation transformer capacity	1,181	

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and fault rate) for the disclosure year. EDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory notes to templates). The SAIFI and SAIDI information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8	10(i): Interruptions			
9	Interruptions by class	Number of interruptions		
10	Class A (planned interruptions by Transpower)	-		
11	Class B (planned interruptions on the network)	861		
12	Class C (unplanned interruptions on the network)	1,067		
13	Class D (unplanned interruptions by Transpower)	2		
14	Class E (unplanned interruptions of EDB owned generation)	-		
15	Class F (unplanned interruptions of generation owned by others)	-		
16	Class G (unplanned interruptions caused by another disclosing entity)	-		
17	Class H (planned interruptions caused by another disclosing entity)	-		
18	Class I (interruptions caused by parties not included above)	4		
19	Total	1,934		
20				
21	Interruption restoration	≤3Hrs >3hrs		
22	Class C interruptions restored within	720	347	
23				
24	SAIFI and SAIDI by class	SAIFI SAIDI		
25	Class A (planned interruptions by Transpower)	-	-	
26	Class B (planned interruptions on the network)	0.08	24.1	
27	Class C (unplanned interruptions on the network)	0.63	60.9	
28	Class D (unplanned interruptions by Transpower)	0.17	3.3	
29	Class E (unplanned interruptions of EDB owned generation)	-	-	
30	Class F (unplanned interruptions of generation owned by others)	-	-	
31	Class G (unplanned interruptions caused by another disclosing entity)	-	-	
32	Class H (planned interruptions caused by another disclosing entity)	-	-	
33	Class I (interruptions caused by parties not included above)	0.00	0.0	
34	Total	0.88	88.3	
35				
36	Normalised SAIFI and SAIDI	Normalised SAIFI Normalised SAIDI		
37	Classes B & C (interruptions on the network)	0.71	66.2	
38			Not required after DY2024	
39	Transitional SAIFI and SAIDI (previous method)	SAIFI SAIDI		
40	Class B (planned interruptions on the network)			
41	Class C (unplanned interruptions on the network)			
42				
43	Where EDBs do not currently record their SAIFI and SAIDI values using the 'multi-count' approach, they shall continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2023 as 'Transitional SAIFI' and 'Transitional SAIDI' values, in addition to their SAIFI and SAIDI values (Classes B & C) using the 'multi-count approach'. This is a transitional reporting requirement that shall be in place for the 2024, 2025, and 2026 disclosure years.			

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and fault rate) for the disclosure year. EDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory notes to templates). The SAIFI and SAIDI information is part of audited disclosure information (as defined in section 1.4 of this ID determination), and so is subject to the assurance report required by section 2.8.

10(ii): Class C Interruptions and Duration by Cause

Cause	SAIFI	SAIDI	
Lightning	0.00	0.2	
Vegetation	0.08	6.6	
Adverse weather	0.07	26.6	
Adverse environment	0.00	0.4	
Third party interference	0.08	6.1	
Wildlife	0.04	1.9	
Human error	0.01	0.5	
Defective equipment	0.31	16.4	
Cause unknown	0.03	2.2	Not required after DY2024
Other cause	n/a	n/a	Not required before DY2025
Unknown	n/a	n/a	Not required before DY2025
Breakdown of third party interference			
	SAIFI	SAIDI	
Dig-in	0.01	0.5	
Overhead contact	0.02	1.3	
Vandalism	0.00	0.3	
Vehicle damage	0.05	3.7	
Other	0.00	0.3	
Breakdown of vegetation interruptions (vegetation cause)			
	SAIFI	SAIDI	
In-zone	n/a	n/a	Not required before DY2026
Out-of-zone	n/a	n/a	Not required before DY2026

10(iii): Class B Interruptions and Duration by Main Equipment Involved

Main equipment involved	SAIFI	SAIDI
Subtransmission lines	-	-
Subtransmission cables	-	-
Subtransmission other	-	-
Distribution lines (excluding LV)	0.05	16.1
Distribution cables (excluding LV)	0.00	0.3
Distribution other (excluding LV)	0.02	7.7

10(iv): Class C Interruptions and Duration by Main Equipment Involved

Main equipment involved	SAIFI	SAIDI
Subtransmission lines	0.03	2.8
Subtransmission cables	0.04	0.1
Subtransmission other	0.01	0.3
Distribution lines (excluding LV)	0.30	44.0
Distribution cables (excluding LV)	0.21	9.2
Distribution other (excluding LV)	0.05	4.5

10(v): Fault Rate

Main equipment involved	Number of Faults	Circuit length (km)	Fault rate (faults per 100km)
Subtransmission lines	3	514	0.58
Subtransmission cables	1	140	0.72
Subtransmission other	3		
Distribution lines (excluding LV)	734	3,128	23.47
Distribution cables (excluding LV)	112	2,888	3.88
Distribution other (excluding LV)	85		
Total	938		

Company Orion New Zealand Limited

Year ended 31 March 2024

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 11 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: Comment on return on investment (ROI)

The Commission determined price paths for price and quality controlled EDBs from 1 April 2020 using a WACC of 4.23%. Our previous revenue were based on a 6.92% WACC. The reduction in revenue due to the lower WACC has translated to a reduction in our profit from prior periods and therefore in our ROI. Refer also to box 2.

Our FY24 post-tax regulatory ROI was 6.06% (FY23: 8.8%; FY22: 10.01%). FY24's ROI includes a 4.02% CPI movement (FY23: 6.65%).

No items were reclassified in FY22, FY23 or FY24.

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: Comment on regulatory profit

Other regulated income included (pre-tax):

	FY24
	\$m
Rental revenue and recovery of outgoings	2.3
Recoveries from third parties who cause to damage to our network	1.0
Other	1.2
Total	<u>4.5</u>

Some significant items have affected regulatory profit in recent years. Our high-level summary to normalise for these to derive “underlying regulatory profit” is as follows – all figures post-tax:

	FY24	FY23	FY22	FY21	FY20
	\$m	\$m	\$m	\$m	\$m
Regulatory profit – as disclosed	89	116	118	56	81
Less indexed asset revaluations	(58)	(87)	(81)	(17)	(28)
Add back loss on asset disposals	1	-	1	-	1
Underlying regulatory profit	<u>32</u>	<u>29</u>	<u>38</u>	<u>39</u>	<u>54</u>

Our underlying profit dropped between FY19 and FY20 due to the removal of the claw-back of earthquake recovery costs from FY20’s revenue – refer also to box 1.

Our underlying profit fell significantly between FY20 and FY21 as the Commerce Commission significantly reduced the WACC rate used for the five-year regulatory period beginning 1 April 2020.

We are permitted to receive a maximum allowable revenue (MAR) for our electricity distribution services under the Commission’s default price path regime. Due to differences between quantity estimates used in price setting and actual quantities which arose during FY24, we estimate that we have charged customers \$12.26m below our MAR for FY24. This amount is still subject to wash-ups as improved information becomes available. We will increase revenue by the final amount plus interest when setting delivery prices in the next regulatory period.

No items were reclassified in FY22, FY23 or FY24.

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: Comment on merger and acquisition expenditure

Not applicable

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: Comment on the value of the regulatory asset base (rolled forward)

During FY24 our RAB value increased as follows:

	FY24
	\$m
Opening RAB value	1,450
Add new assets commissioned	114
Add indexed asset revaluation (at CPI)	58
Less asset disposals at RAB value	(1)
Less depreciation and amortisation	(55)
Closing RAB value	<u>1,566</u>

Our \$114m of commissioned assets in FY24 is significantly higher than FY23 (\$106m).

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: permanent differences

	FY24 \$m
Taxable income that is not in regulatory profit before tax	-
Expenditure that is not deductible:	
Legal and entertainment expenses	0.3
Other	0.1
Tax capital gain on allocation of insurance proceeds	1.3
	<hr style="width: 100%; border: 0.5px solid black;"/>
	1.7
	<hr style="width: 100%; border: 0.5px solid black;"/>
Income that is not taxable	-
Deductible expenditure that is not in regulatory profit before tax:	-

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.

	FY24 \$m
Expenditure timing differences for tax deductibility	0.2
Insurance cash settlement proceeds – assessable for tax purposes	0.1
Finance lease payments – operating leases for tax purposes	(0.1)
Internal profits on capex – deductible for tax purposes	(0.6)
Capex – deductible for tax purposes	(3.4)
Net total	<hr/> <u>(3.8)</u> <hr/>

Cost allocation (Schedule 5d)

10. 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 7: Comment on cost allocation

We have two wholly-owned subsidiary companies:

- Connetics Limited, an electricity construction and maintenance company
- Orion NZ Ventures Limited, which holds a minor legacy investment in a US venture capital fund.

Both are *ring fenced*, with no shared assets and minimal shared costs. Any shared costs are charged to the relevant subsidiary on an arms-length basis, with the revenue treated as regulatory income by Orion. The income received from the lease of the depot by Connetics is recognised as other regulated income as part of rental income in Schedule 3.

From FY21 onwards Orion undertook some operations at a group level, in line with Group Strategy and purpose – *Powering a clean and brighter future*. In advancing our strategy we have undertaken a small number of activities which fall outside electricity distribution services, or where our existing electricity distribution customers do not receive all of the benefits which arise from the expenditure. We have either “ring-fenced” those activities “out” or apportioned common costs where our team work on multiple activities, in order to derive the operational costs we have attributed to our electricity distribution business.

For most of the activities where we have apportioned costs to non-distribution activities, we have assessed an amount to be attributed to non-distribution activities. This is management’s retrospective assessment of the value derived from these activities by existing electricity distribution customers, as discussed with our auditors. We have not used timesheets to apportion these activities throughout the year and have instead used a proxy assessment which reflects management’s judgements. Given the very limited extent of our non-distribution activities (\$1.1m in FY24 out of total opex of \$83m) we do not consider it necessary to put more complex recording systems in place – consistent with the proxy approach.

No items were reclassified in FY22, FY23 or FY24.

Asset allocation (Schedule 5e)

11. 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 8: Comment on asset allocation

During FY18 we re-allocated two groups of assets from electricity distribution services to non-electricity distribution services, and therefore excluded their values from our RAB.

Firstly, based on advice from PwC we assigned \$0.9m of land not currently in use at our Waterloo Rd depot to non-electricity distribution activities.

Secondly, based on the Commerce Commission's Open letter (dated 9 May 2018) we re-allocated the values of EV chargers (other than those at our head office site) to non-electricity distribution activities. We excluded FY18 expenditure related to EV chargers from EDB expenditure values. We submitted to the Commission that our expenditure to date has been immaterial (less than 0.1% of our RAB) and is intended to help us understand what impacts EVs will have on our network, as well as to "seed" and encourage the update of EVs. The Mar 17 value of EV chargers re-allocated to non-electricity distribution assets at the end of FY18 was \$0.3m. We also did not assign additional FY18 expenditure to RAB.

In FY19 we reassessed the value of EV chargers we removed in FY18, following our response to the Commission's 2018 technology-related s53ZD notice. Clarifying the boundary between the network assets and the charger/plinth assets has resulted in us reassigning \$0.1m of assets previously classified outside RAB as now being part of our RAB.

We have made no further changes to asset allocations.

Capital Expenditure for the Disclosure Year (Schedule 6a)

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

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

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

Box 9: Comment on capex

Schedule 6a discloses our capex spend (not necessarily commissioned) as follows:

- \$129m (last year: \$116m) for network assets
- \$8m (last year: \$2m) for non-network assets.

Schedules 6a(iii), and 6a(v) to 6a(viii) disclose the large items for each category.

Schedule 6a(iv) discloses \$20m of capex for system growth and \$37m for asset replacement and renewal. Our major projects and programmes in these areas which exceeded \$2m were

	System growth \$m	Replacement & renewal \$m
Distribution poles replacement		19
Zone sub relay replacement		3
11kV zone circuit breaker replacement		3
11kV switchgear replacement		3
Dunsandel ZS to Norwood 66kV	2	
Brookside ZS to Norwood 66kV	2	
Low voltage reinforcement	5	
Norwood ZS 66kV	6	
Other projects and programs	5	9
Total	20	37

No capex items were reclassified in FY24.

Operational Expenditure for the Disclosure Year (Schedule 6b)

13. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-
- 13.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b;
 - 13.2 Information on reclassified items in accordance with subclause 2.7.1(2);
 - 13.3 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 10: Comment on operational expenditure for the disclosure year

Schedule 6b(i) discloses \$30.6m of FY24 maintenance opex.

There were no material atypical items of expenditure in FY24.

No items were reclassified during FY24.

Variance between forecast and actual expenditure (Schedule 7)

14. 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 11: Comment on the variance between forecast and actual capex and opex**CAPEX**

Schedule 7(ii) discloses our AMP forecast capex (excludes non-network) at \$136m and actual capex at \$129m. The key offsetting reasons for this underspend of \$7m are:

	FY24 \$m
Connections (customer-driven)	(6)
Norwood ZS 66kV	(4)
Bromley ZS to Milton ZS 66kV cable	(8)
Burnham ZS 66/11kV substation	5
Runners Road feeder (NZDF)	3
Asset relocations	10
Other	7
<u>Underspend</u> relative to our AMP forecast	<u>7</u>

OPEX

Schedule 7(iii) discloses our AMP forecast opex of \$78.2m and actual opex of \$81.6m. This \$3.4m overspend is due to a \$1.8m overspend in network opex and a \$1.6m overspend in non-network opex.

The key reasons for these two variances are:

	FY24 \$m
Network opex	
Service interruptions and emergencies	(3.5)
Asset replacement and renewal opex	0.4
Routine and corrective maintenance and inspection	1.3
Vegetation management	-
<u>Overspend</u> relative to our AMP forecast	<u>(1.8)</u>

	FY24 \$m
Non-network opex	
Software annual licencing	(1.0)
Communications	(0.3)
Insurance	(0.4)
Contract staff	(0.2)
Other	0.3
<u>Overspend</u> relative to our AMP forecast	<u>(1.6)</u>

From FY18 onwards we capitalise an assessment of the salaries and wages of Orion employees associated with planning and administering capex projects. We made this change for financial reporting, tax and regulatory disclosure purposes.

No opex items were reclassified during FY24.

Information relating to revenues and quantities for the disclosure year

15. In the box below provide-
- 15.1 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
- 15.2 explanatory comment on reasons for any material differences between target revenue and total billed line charge revenue.

Box 12: Comment on revenue for the disclosure year

In order to compare target revenue, as disclosed in our “Methodology for deriving delivery prices” document, with billed revenue we have made the following adjustments:

- Capital contributions of \$115.9k have been excluded from target revenue
- Irrigation rebates and export and generation credits totalling \$713k have been excluded from billed revenue
- Invoice charges and fees associated with default and termination notices totalling \$24.6k have been excluded from billed revenue

The following table shows target and billed revenue after allowing for the adjustments detailed above:

	Target \$m	Actual \$m	Difference \$m
Distribution	181.1	182.2	1.1
Transmission	56.1	56.6	0.5
Delivery revenue	237.2	238.8	1.6

The main factor contributing to the difference between target and billed revenue was general connection (including streetlighting connections) peak charges which were \$2.3m above target. This was the result of demand being higher than forecast.

As noted in box 2 above, we are permitted to receive a maximum allowable revenue (MAR) for our electricity distribution services under the Commission’s default price path regime. Due to differences between quantity estimates used in price setting and actual quantities which arose during FY24, we estimate that we have charged customers \$12.26m below our MAR for FY24. This amount is still subject to wash-ups as improved information becomes available. We will recover the final amount plus interest when setting delivery prices in future years.

Network Reliability for the Disclosure Year (Schedule 10)

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

Box 13: Comment on network reliability for the disclosure year

In particular, where successive interruptions occur (including where a group of customers may be turned off to allow another area to be restored) the outage times are recorded separately for each group affected. Successive interruptions are recorded against the same incident when they occur during the restoration period or are recorded as a separate incident when they occur after the initial incident has been fully restored. Customers who form part of a planned interruption but were not notified are separated out under a different incident and are record as unplanned.

Our reliability information in Schedule 10 has been prepared on a basis consistent with the previous year's disclosure.

Insurance cover

17. In the box below, provide details of any insurance cover for the assets used to provide electricity distribution services, including-
- 17.1 The EDB's approaches and practices in regard to the insurance of assets used to provide electricity distribution services, including the level of insurance;
- 17.2 In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

Box 14: Comment on our insurance cover

A summary of our insurance cover is as follows.

We insure our corporate and network buildings and our key substations for their respective estimated replacement values, subject to natural disaster deductibles as follows:

- 1.0% of insured value for post-2004 buildings
- 2.5% of insured value for pre-2004 buildings
- 5.0% of insured value for pre-1935 buildings.

We also insure our other corporate assets and key liability risks.

Our business interruption indemnity period is 18 months.

We have two key uninsured risks that are economically uninsurable for our industry:

- damage to our overhead lines and underground cables – for example, due to a major earthquake
- general lost revenues – for example, due to significant depopulation following a catastrophic event.

We continue to insure our key risks where it is economic to do so, in line with good industry practice.

Amendments to previously disclosed information

18. In the box below, provide information about amendments to previously disclosed information in accordance with clause 2.12.1 in the last 7 years, including:
- 18.1 a description of each error; and
- 18.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

Box 15: Disclosure of amendment to previously disclosed information

We have made no amendments to previously disclosed information to correct errors.

Company Name Orion New Zealand Limited

For Year Ended 31 March 2024

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.

Voluntary other comments on disclosed information

Schedule 5b (iii)

Our Other related party transactions disclosed in row 35 of schedule 5b are rates levied by our shareholders, as follows:

	\$000
Selwyn District Council	332
Christchurch City Council	<u>5,021</u>
Total	<u>5,353</u>

Row 36 of schedule 5b does not include:

- Dividends to shareholders
- Subvention and loss offsets made to shareholders
- Non-network financing transactions.

We have attached a separate disclosure schedule which provides additional disclosures about transactions with our related parties, as required by following the *Commission's Input methodologies review – related party transactions*, published 21 December 2017.

Schedule 8

The volume charges applied to general, streetlighting and irrigation connections and the peak demand charges applied to general and streetlighting connections are calculated from total energy volumes injected into the network, measured at Transpower GXPs and other embedded generation points, less loss adjusted half-hourly metered major customer and large capacity connection volumes. As we cannot accurately apportion this volume between the general, streetlighting and irrigation connection categories we apply the same volume and peak demand prices.

As the general connection category represents 99% of the connections on our network, we have decided for disclosure reporting, for the reason explained above, to include all billed quantities and revenues associated with the general, streetlighting and irrigation volume and the general and streetlighting peak demand price components under the general connection category.

Schedule 10 - comment on network reliability for the disclosure year

Our reliability information in Schedule 10 has been prepared on a basis consistent with the previous year's disclosure. In particular, when one event has resulted in successive interruptions which individually exceed one minute, we treat each of the successive interruptions as a separate incident in the determination of our SAIFI and SAIDI.

Additional related party disclosures

In accordance with clauses 2.3.8 – 2.3.18 of the Electricity Distribution Information Disclosure Determination 2012.

1. Introduction

This document discloses additional information to meet the related party disclosure requirements of the Electricity Distribution Information Disclosure Determination 2012 (IDD).

The IDD requires Orion to publicly disclose:

Description	IDD reference
<ul style="list-style-type: none">• Diagram or description of related party transactions	2.3.8
<ul style="list-style-type: none">• Report on related party transactions	Schedule 5b
<ul style="list-style-type: none">• Summary of procurement policy for procurement from related parties	2.3.10
<ul style="list-style-type: none">• Example of procurement policy in practice	2.3.12(1)
<ul style="list-style-type: none">• Representative transactions	2.3.12(3) & (5)
<ul style="list-style-type: none">• Policies or procedures that require or have the effect of requiring purchase	2.3.12(2)
<ul style="list-style-type: none">• Testing of arms-length representative transactions	2.3.12(4)
<ul style="list-style-type: none">• Map of anticipated expenditure and network constraints	2.3.13 – 2.3.16
<ul style="list-style-type: none">• Full disclosure of procurement policy*	2.3.11

*disclose to the Commission only

2. Threshold analysis

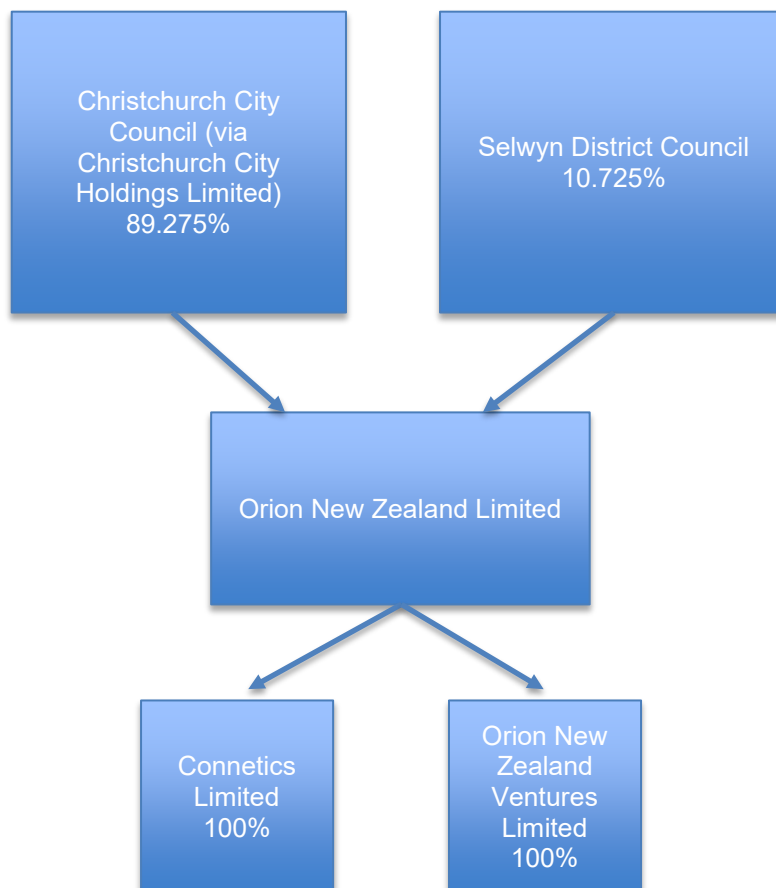
In FY24 the sum of Orion's Opex and capex exceeded the Commission's \$20m de minimis threshold (IDD 2.3.9(1)), and our total related party expenditure exceeded 10% of our total Opex and Capex, so we are required to make these related party disclosures.

In FY24 we spent a total of:

	2024	2023
	\$m	\$m
Opex (from IDD schedule 6b(i), row 17)	82	71
Capex (from IDD schedule 6a(i), row 20)	137	121
Total expenditure	219	192

Orion’s expenditure with related parties in FY24, as disclosed in IDD schedule 5b, amounted to \$85m (FY23: \$69m), around 39% (FY23: 36%) of our overall capex and opex. This includes \$5m of rates paid to related parties in both years.

3. Clause 2.3.8 Diagram or description of related party transactions



Orion is owned by:

- Christchurch City Holdings Limited (CCHL) – 89.275%
- Selwyn District Council (SDC) – 10.725%.

CCHL is in turn owned 100% by the Christchurch City Council (CCC).

Orion has two wholly-owned subsidiaries:

- Connetics Limited, which undertakes the construction and maintenance of overhead and underground lines and associated equipment required for the delivery of utility and infrastructure services. Connetics was established in 1996
- Orion New Zealand Ventures Limited, which holds Orion's long-term investment in a US-based technology fund (now in its final stage of settlement).

CCC and SDC both have subsidiary companies and other related parties with which Orion also transacts business.

These material related parties include:

- | | |
|---|-------------|
| • Christchurch International Airport Limited | (CCHL 75%) |
| • Lyttelton Port Company Limited | (CCHL 100%) |
| • Enable Services Limited | (CCHL 100%) |
| • City Care Limited | (CCHL 100%) |
| • EcoCentral Limited | (CCHL 100%) |
| • Development Christchurch Limited | (CCHL 100%) |
| • Venues Otautahi Ltd | (CCC 100%) |
| • Civic Building Ltd | (CCC 100%) |
| • ChristchurchNZ Holdings Ltd | (CCC 100%) |
| • Transwaste Canterbury Ltd | (CCC 38.9%) |
| • CMUA Project Delivery Limited known as Te Kaha Project Delivery Limited | (CCC 100%) |
| • Sicon Limited trading as CORDE | (SDC 100%) |

Orion also has relationships with a large number of related parties where our directors, as Orion key management personnel, are either key management personnel or shareholders. These related parties are listed in our annual report, available on our website (oriongroup.co.nz).

However, other than for Connetics, CCC, SDC and City Care, our transactions with our related parties are infrequent and immaterial. Where transactions do occur with these other related parties, they are provided on an arms-length basis. Orion provides delivery services to many of these entities, although in most cases the service is provided through an interposed retailer rather than invoiced and negotiated directly. Lyttelton Port is billed directly as a major customer, but pricing is identical with the methodology and assessment periods applied to all other Orion major customers. A number of CCC sites, Venues Otautahi sites, City Care and Christchurch International Airport are also major customers but are charged on a basis consistent with all other major customers and are not invoiced directly by Orion.

For this reason, we have not provided additional analysis on these related parties, but instead focus our disclosures around Connetics, CCC, SDC and City Care as these are more material.

City Care provides a range of property, construction, and maintenance services (Not to Orion) but previously provided vegetation management services to Orion. City Care wound this division up in early 2024. Our transactions with City Care are now very infrequent.

Business relationships with Connetics Limited

Orion established Connetics as a standalone company in 1996 in order to introduce competition to maintenance and construction works.

Historically, Connetics and our other service providers have been awarded much of their work on a lowest-price conforming tender basis – for virtually all works above \$20,000. As a result of COVID we moved from a multi-party competitive tendering model to a sole-source tendering model on a “yours-to-lose” basis with our service providers – to ensure the viability and resilience of our service providers. Criteria included historical market share, value for money and capacity and capability to undertake the work. We received regulatory advice from PwC and legal advice as part of this change in procurement practice.

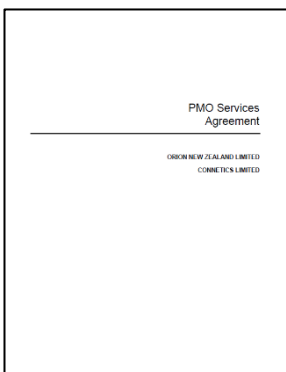
Based on our experiences during the COVID lockdowns period and the ongoing impact of COVID, we continued this new practice, with work allocated to our service providers on the basis of their work levels using a rolling average over the last three years. We consider that this move incentivises quality, safety and capability development. Our service providers’ achievements in these areas drive sustainability and efficiency over the long term, delivering our works in a way that is more sustainable for our industry and is in the long-term interest of our customers. We also received regulatory advice from PwC and legal advice as part of this change in procurement practice.

At the end of the FY22 financial year we had PwC review all of our procurement with Connetics. As there has been no material change in the Orion - Connetics relationship during FY24 we assess that remains appropriate.

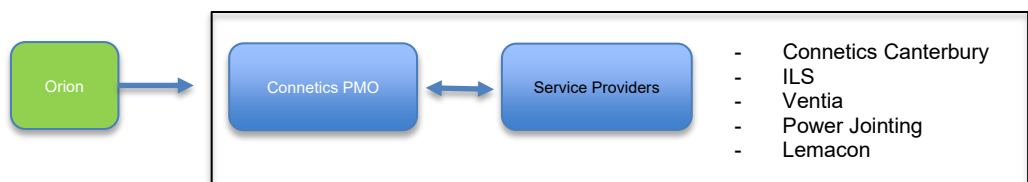
In addition to the tendered works above, Orion has negotiated certain contracts with Connetics which cover circumstances where the tender approach does not work satisfactorily. We had PwC review each of these contracts in FY22 to ensure that these contracts operate on an arms-length basis.

As a result of the new procurement model contracts being implemented, we are currently in a transitional phase with respect to contracts. The current status as of June 24 is as follows,

- **PMO Services Agreement: 2024/070E, expires 31-Mar-25**



- Under the PMO(Project Management Office) Services Agreement, the Connetics PMO procures, plans, programmes, and manages projects for Orion.
- During FY24 these projects were engaged and contracted directly between Connetics PMO and the Service Providers.
- These are AMP driven Capex and Opex projects. *Note: Customer driven works is still driven through the Orion Connections team.*

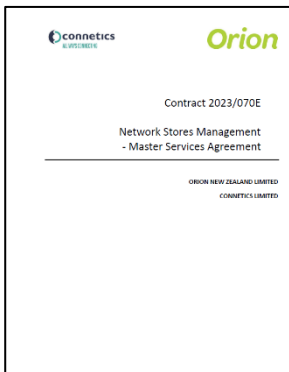


PMO Delivery management

- **Emergency Works:**

- Emergency work is managed by the PMO through the Asset Owners representative (AOR) and is part of their main contract.
- Emergency response works, which uses a schedule of rates. Orion has previously negotiated contracts with unrelated parties for similar works, although as our largest service provider with expertise in a diverse range of fields the largest single emergency response work contract is with Connetics. *Transitional impacts - Orion still holds emergency contracts with ILS and Ventia until the PMO can formalise PMO – Network Service Agreements with service providers.*
- During FY22 Orion engaged PwC to perform a review of the arrangements in place for FY22, and also to review the basis for a three-year extension of the contract. PwC considered that Connetics’ margins are reasonable, and the contract meets the arms-length test.

- **Network Stores Management: Current 2023/075E, expires 28-Feb-28 (+ option to extend for 5 years)**



- cable supply. As discussed in section 7 below, Orion has negotiated a contract with Connetics to provide cable to all service providers working on its network to ensure the cable is of an appropriate standard. Connetics’ contracting section is charged at the same rates as external parties – which helps keep a competitive market for construction services. During FY22 PwC reviewed the arrangements and concluded that the risk that Connetics earns excessive margins on the cable supply contract that help it subsidise work in other markets is low.
- network storage and supply. This requires Connetics to provide certain minimum levels of emergency spares and to manage Orion-owned equipment – such as transformers and switchgear. During FY22 Orion engaged PwC to perform a review of the arrangements in place. PwC considered that the contract meets the arms-length standard, and this arrangement was in place for FY22, FY23 and FY24.

- **Design Consultancy Agreement: Current 2017/080E, expires 31-Jul-24**



- design work, which uses a schedule of rates. Orion uses several other design consultants as well. In FY22 Orion engaged PwC to perform a review of the intercompany arrangements. PwC determined that rates charged are comparable with those charged by other design service providers and the contract meets the arms-length standard. This includes sole sourced pole design contract works required from the pole inspection contract.
- This contract applied to FY23 and FY24.

During FY24 Orion paid Connetics \$84.5m (FY23: \$68.7m) for Opex and Capex related projects. Refer to schedule 5b (iii) of our FY24 Information Disclosures for additional information. Our overall capex has gone up significantly year on year, and Connetics PMO now invoices work to Orion that formally would have been invoiced to Orion directly by the service providers.

Connetics charges Orion a monthly PMO management fee for the management services of the PMO which includes – *PMO direct Costs, PMO Overheads and Connetics Enterprise Overheads*. AOrion is the landlord for the Connetics depot located in Islington. The rental on the property has been negotiated on an arms-length basis with both parties taking independent advice. During FY18 Orion engaged PwC to perform a review of the arrangements. PwC confirmed that the lease contract and negotiations reflect arms-length principles. The lease remained in place for FY24. A portion of the lease is recovered through the Emergency works contract, Stores contract and PMO overhead costs.

Orion provides debt funding to Connetics via an intercompany loan, repayable on demand, at a margin above the 90-day bank bill FRA rate intended to replicate genuine funding costs that Connetics would face as a standalone business.

As our former contracting division, Connetics retains a wider range of skills than our other specialist providers and competes in all market segments which is identified within our bounds of service . This is discussed further in the next section.

Business relationships with CCC, SDC and CCHL

Orion pays rates to both CCC and SDC on an arms-length basis consistent with the Local Government (Rating) Act 2002. Orion also pays other council fees – eg, licenses, resource consents – on an arms-length basis based on the Council’s posted terms and conditions.

- During FY24 Orion paid CCC \$5.0m (2023: \$4.8m) for rates (including rates collected on behalf of Environment Canterbury) and a further \$0.1m (2023: \$0.04m) for other opex and capex projects.
- During FY24 Orion paid SDC \$0.3m (2023: \$0.3m) for rates (including rates collected on behalf of Environment Canterbury) and a further \$0.02m (2023: \$0.01m) for other opex and capex projects.

Refer to schedule 5b (iii) of our FY24 Information Disclosures for additional information.

Orion invoices the CCC and SDC for delivery services through electricity retailers using standard terms and conditions.

Orion also invoices SDC and CCC for:

- a service to the CCC and SDC for managing a database containing the number/types of streetlights, charged to both parties on an arms-length basis
- contributions towards asset relocations. As Roading Authorities, the Councils and NZTA can require Orion to relocate assets we have in the road reserve on a like for like basis. Under the Electricity Act Orion can negotiate with the council (and with NZTA) to contribute towards the cost of these projects. We require a more significant contribution where the assets are placed underground instead of replacing overhead with overhead. Orion determines a charge based on the actual costs of the project, considering the age and condition of the assets being removed and any improvement in capacity or improved functionality of the new assets. This is consistent with how we work with unrelated parties
- new connections to the network, using the same price schedule as for unrelated parties.
- repair costs when the activities of these parties lead to damage to Orion's network. These repairs are invoiced on an identical basis to other damage caused by third parties – a cost recovery of repair costs undertaken by our emergency works service provider.

Orion pays the CCC's share of its dividend to CCHL and also pays interest on intercompany borrowings.

Business relationships with other CCC and SDC-controlled entities:

Orion negotiates with all the CCC and SDC controlled entities on an arm's length basis, ie, as though they were unrelated.

Orion provides delivery services through electricity retailers using standard terms and conditions. Orion invoices Lyttelton Port Company directly for delivery services on the same terms and conditions as for other major customers.

City Care provides tree cutting services to Orion following a successful tender awarded on a lowest-price conforming tender basis. Such tenders are sourced from multiple parties. In addition, City Care provides some other services to Orion but generally these are provided as a subcontractor to another contractor.

During FY24 Orion paid City Care \$0.6m (2023: \$0.6m) for Opex and Capex - refer to schedule 5b (iii) of our FY24 Information Disclosures for additional information.

Orion invoices City Care and Enable and their contractors for repair costs when the activities of these companies lead to damage to Orion's network. These repairs are invoiced on an identical basis to other damage caused by third parties.

As noted above, Orion has limited interaction with the other CCC and SDC-controlled or associated entities.

4. Summary of procurement policy and practices

We seek to:

- procure goods and services which are fit for purpose
- achieve best value for money over whole-of-life
- encourage open, effective and sustainable arm's length relationships between eligible suppliers
- ensure any purchases from related parties are genuinely arms-length transactions
- behave ethically and have fair and transparent procurement processes that are free from fraud and impropriety
- comply with all applicable legal and contractual obligations
- effectively mitigate and/or manage any potential conflicts of interest in an open and acceptable manner
- treat related and unrelated parties consistently.

Our purchasing occurs in a framework supported by a number of policies and procedures, including our:

- procurement policy, which articulates how we seek to maximise the overall benefits that can be delivered through its procurement activity, enabling us to deliver value for money and ensure lawfulness, fairness and integrity at all times
- delegations of authority policy, through which we establish clear responsibility, authority, scope and involvement in all operational decision making, and maintain adequate control of the business while at the same time empowering employees with adequate responsibility to make decisions
- reporting serious wrongdoing (whistleblower) policy, which aims to facilitate the prompt reporting and investigation of suspected or actual serious wrongdoing, protect those who report serious wrongdoing, and set out our procedure to receive and deal with reported serious wrongdoing
- conflict of interest policy, which aims to ensure that all Orion directors and employees understand and effectively identify, disclose and manage actual or potential conflicts of interest
- fraud and theft policy, which states our commitment to the prevention, deterrence, detection and investigation of fraud and theft, as these will undermine our activities and damage our reputation and the reputation of all of our stakeholders, including our employees and our shareholders
- Matatika – code of ethics, which states the ethical standards required of all Orion directors and employees
- Procurement Manual, provides guidance on the expectations and procedures involved with the procurement of all goods and services (to be updated FY25).
- environmental sustainability policy, which outlines our commitment to environmental and social responsibility in our operations, and
- processes published within our asset management plan.

We utilise Orion-authorized service providers for our network works. These service providers must show competence in the specialised areas of work and comply with relevant legislation – eg, Health, safety and environmental responsibilities.

It is in the best interests of Orion and our customers' best interest to encourage open, effective and sustainable arm's-length relationships with suppliers. This approach ensures a competitive market, ongoing skill development and a resilient service provider pool available to support our business.

Orion established Connetics as a standalone company in 1996 to introduce competition to maintenance and construction works. Connetics is treated at arm's-length – that is, no differently from any other service provider in our tendering processes.

The large Orion projects were procured through the PMO to approved service providers during FY24. An exception to this is the Bromley to Milton Civil contract and 66kV cable supply contract. PMO does not hold contracts for large bespoke cable (66kV) supply, nor for the civil works.

We have a number of service providers in each of our network construction and maintenance activities, as follows:

Category of Work	Authorised Service Providers			
	Related Party		Non-related Parties	Total Number of Authorised Service Providers
	Connetics	City Care		
Underground works	1	-	2	3
Overhead works	1	-	3	4
Substation works	1	-	4	5
Property works	-	-	8	8
Vegetation management	-	1	3	4
Livening agent	1	-	6	7
Design	1	-	6	7

***Note:** As of April 1st, 2024, City Care no longer undertake Vegetation management

In FY24:

Our procurement method is to source tenders from approved service providers for virtually all works based on the table below. In FY24 we called for awarded tenders for **116 projects totalling \$29m (FY23: 127 projects totalling \$34m)**. Of these, **50** were awarded to Connetics totalling \$13m (**FY23: 51, totalling \$14m**).

We also awarded **23 (FY23: 27)** tenders for property (Vegetation Management) totalling **\$4m (FY23 \$3.2m)** and three were awarded to City Care totalling **\$0.6m (FY23: seven totalling \$0.3m)**.

Procurement of Works:

For Works <50,000	For Works \$50,000 - \$500,000	For Works >\$500,000
<ul style="list-style-type: none"> • If more than one price is sought, the lowest price accepted will not require further analysis. • Where T&M is ordered, <ul style="list-style-type: none"> ○ An estimate shall be recorded by considering an individual’s experience in these works. ○ When an invoice is received, the person responsible shall assess it against the estimate and will only approve in full where they believe that it is representative of good value. Approval will be evidence of the experienced individuals use of good judgement 	<ul style="list-style-type: none"> • Preference will be given to tendering. • Where a tender is called, the price accepted shall be after analysis of fair value. Acceptance of the price will represent this analysis having occurred. • Where T&M is used, <ul style="list-style-type: none"> ○ An estimate shall be recorded by considering an individual’s experience in these works. A document shall record considerations in the estimate. ○ When an invoice is received, the approver shall compare this to the estimate stored and if necessary, any comparable works. A post invoice justification shall be created to record any difference and reasoning. The approval of the invoice shall deem acceptance by the experienced individual. 	<ul style="list-style-type: none"> • Where there is more than one service provider capable of providing the works, then a tender shall be called. <ul style="list-style-type: none"> ○ When the tender is received, a fully documented approval shall be made. This will include what was the budget, scope and what was asked for. It will compare any relevant recent works and record any accepted differences. It will consider any project risks and opportunities. ○ The document set shall also include all tender clarifications as these are justifications. ○ Only once this is complete will an award be made.

- T &M = time and materials

We evaluated the projects sole tendered to Connetics based on either schedule of rates or previous jobs to ensure pricing was at arms-length. We also sole tender to other approved service providers.

For works with an estimated cost below \$50k, a job manager will seek quoted prices from approved service providers or sole-source from a service provider, either on a quoted or time and materials basis.

Orion provides the PMO a cost estimate for a work package (Includes, scope and designs), should the tendered price be below the estimate the PMO will provide a recommendation to award. If the tendered price is above the estimate, then further analysis on the price is required which may result in escalation and further approval to proceed.

5. Example of procurement policy in practice

In some cases, it is not practical to establish multiple competing tenders given the size of our market and the limited range of participants. For example, we have negotiated emergency works contracts with several providers, including Connetics, and we have had these independently assessed. Such contracts rely on a schedule of rates and our job managers assess the reasonableness of the time and materials used in completing tasks undertaken by our service providers. We have also had independent reviews completed to ensure that other contracts – such as the cable management agreement we have with Connetics – are consistent with an arms-length approach.

For Network tendering in FY23/24 construction works were procured through the PMO utilising various procurement methods; including, competitive tender, sole source, yours to lose and time and materials utilising contract rates.

Procurement Method	Contract No.	Contract Name	Procured By	Awarded SDP
Collaborative	2022/080E	Zone Substation Maintenance FY24	Connetics PMO	Connetics + 3rd Party
Competitive Tender	2022/080E	Norwood Civil & Electrical Work FY23	Connetics PMO	Connetics
Competitive Tender	2022/080E	11kV and 400V Switchgear Replacement FY24/5	Connetics PMO	3rd Party
Material Purchase	2023/075E	Supply of Magnefix	Orion	Connetics
Material Purchase	2023/075E	Supply cable	Orion	Connetics
Sole Source	2019/156E	ICP Phase Identification	Orion / PMO – Issued on time and material basis	Connetics
Sole Source	2022/080E	Service Changeovers – 2023	Connetics PMO – Issued as Time and Materials	3rd Party
Time and Materials	2022/080E	Overhead Line Structures Inspection FY23A Stage 4	Connetics PMO	Connetics
Time and Materials	2019/156E	Emergency Works	Orion	Connetics
Yours to Lose	2022/080E	Pole Replacement, Package 16 - FY23	Connetics PMO	3rd Party
Yours to Lose	2022/080E	Pole Replacement, Package 17 - FY24	Connetics PMO	3rd Party
Yours to Lose	2022/080E	Distribution Substation (Building) Maintenance - 2	Connetics PMO	3rd Party
Yours to Lose	2022/080E	Pole Replacement, Package 21 - FY24	Connetics PMO	Connetics

Yours to Lose	2022/080E	11kV U/G Cable Reinforcement Springston to Rolleston STAGE 1	Connetics PMO	3rd Party
Price Request (Competitive)	2019/156E	61 Waltham Road, Sydenham	Orion	Connetics
Competitive Tender	2022/080E	WP1/24 Supply Fuse Relocation Project - Linwood Av	Connetics PMO	3rd Party
Time and Materials	2019/156E	Emergency Works	Orion	Connetics

6. Representative transactions and testing of those transactions

As noted above, we test the basis of all our transactions regularly and do not differentiate between our related and unrelated parties. Our experienced teams assess the reasonableness of prices received from all of our service providers. We:

- continually test our significant transactions using management's judgement and by comparing with recent similar works
- make assessments of untendered minor works by assessing the reasonableness of the quoted price or estimate
- have engaged PwC to assess the reasonableness of the schedules of rates negotiated with Connetics and with other unrelated service providers.

7. Policies or procedures that require or have the effect of requiring purchase

As discussed in section 3 above, Orion requires that all distribution cable to be installed on our network is sourced from Connetics. This requirement ensures that cable installed meets certain technical specifications and quality standards, so that the cable lasts for the design life of the asset. Orion engineers form part of the selection panel when choosing suppliers to provide cable. Connetics' supply group sells cable to Connetics' contracting group on an identical basis to all other service providers. Orion also works with Connetics to ensure cable stocks on hand are sufficient for Orion projects given often substantial lead times.

An exception to the above, Orion also tenders 66kV sub transmission cables due to project warrantees and long lead times.

Other than this arrangement, we have no policies or procedures that have the effect of requiring purchase from our related parties. Customers who require a new connection can choose a provider from a schedule of service providers who are approved to operate on Orion's network. Developers, including subdividers, can also choose from a range of service providers, and Orion will connect the assets provided that the assets meet Orion's technical specifications.

8. Map of anticipated expenditure and network constraints

These are attached as an appendix to this document. Region A is primarily Orion's urban network and region B the rural network. Orion will generally tender this work with approved service providers as for all its major projects.

Connetics will generally be an approved tenderer for many of these projects, but the tender process will determine the successful service provider. In some projects and programmes – for example, vegetation and property management – Connetics does not take part in the tender rounds. As noted in section 7, it is likely that for some years Orion will require that cable to be used in the projects is sourced from Connetics.

IDD clauses 2.3.13 (3) and (4) require Orion to disclose where projects address possible future network equipment constraints and their location, where the response to the constraints would involve one of the ten largest opex or capex projects in the planning period. Notation on the map identifies the major reason for the each of our identified projects. In summary:

- in Region A, our projects will:
 - add capacity in northern Christchurch to address constraints
 - improve security of supply in northern and eastern Christchurch
 - improve resilience as we replace older 66kV oil-filled cables

- in Region B, our projects will address the ongoing load growth in the Rolleston and Dunsandel areas following the establishment of a new point of supply at Norwood and extensive associated works.

Refer to section 6 of our 2024 Asset Management Plan for further information.

Orion New Zealand Limited

Maps of anticipated expenditure and network constraints











for the ten year period beginning 1 April 2023

Region A – urban network

Region B – rural network

Key:

Existing










	Transpower GXP
	Orion 66kV ZS
	Orion 33kV ZS
	Transpower line
	Orion 66kV line
	Orion 33kV line
	Orion 66kV cable
	Orion 66kV SCOF cable
	Orion 33kV cable
	No. of ccts if more than 1

FYxx – xxx Financial year – Project No.

Note: Voltages shown are circuit/construction voltages

2024 AMP top Region A Capex and Opex programmes

Key:

-  Transpower GXP
-  Orion 66kV ZS
-  Orion 33kV ZS
-  Transpower line
-  Orion 66kV line
-  Orion 33kV line
-  No. of circuits if more than 1
-  Orion 66kV cable
-  Orion 33kV cable

Note: Voltages shown are circuit/construction voltages

Network wide programmes:

400V LV Monitoring (FY20-26) \$3.0M

Programme to increase the visibility and understanding of our LV network by installing distribution transformer monitors (DTMs)

Proactive LV reinforcement (FY24-34) \$56.7M

Programme to reinforce the LV network in anticipation of increased demand due to electrification and residential intensification

Top five Capex replacement (FY25-34)

- Switchgear \$170.8M
- Transformers \$33.8M
- 400V underground cables \$33.1M
- Protection \$26.7M
- Substations \$26.3M

Top Opex programmes (FY25-34)

- 400V overhead lines \$47M
- 400V underground cables \$26.9M
- Switchgear \$18.7M
- 11kV underground cables \$18.6M
- Transformers \$14.3M
- Substations \$12.6M
- Buildings & enclosures \$11.5M

Southwest Christchurch and surrounding areas' growth and security (FY26-34) \$43.5M

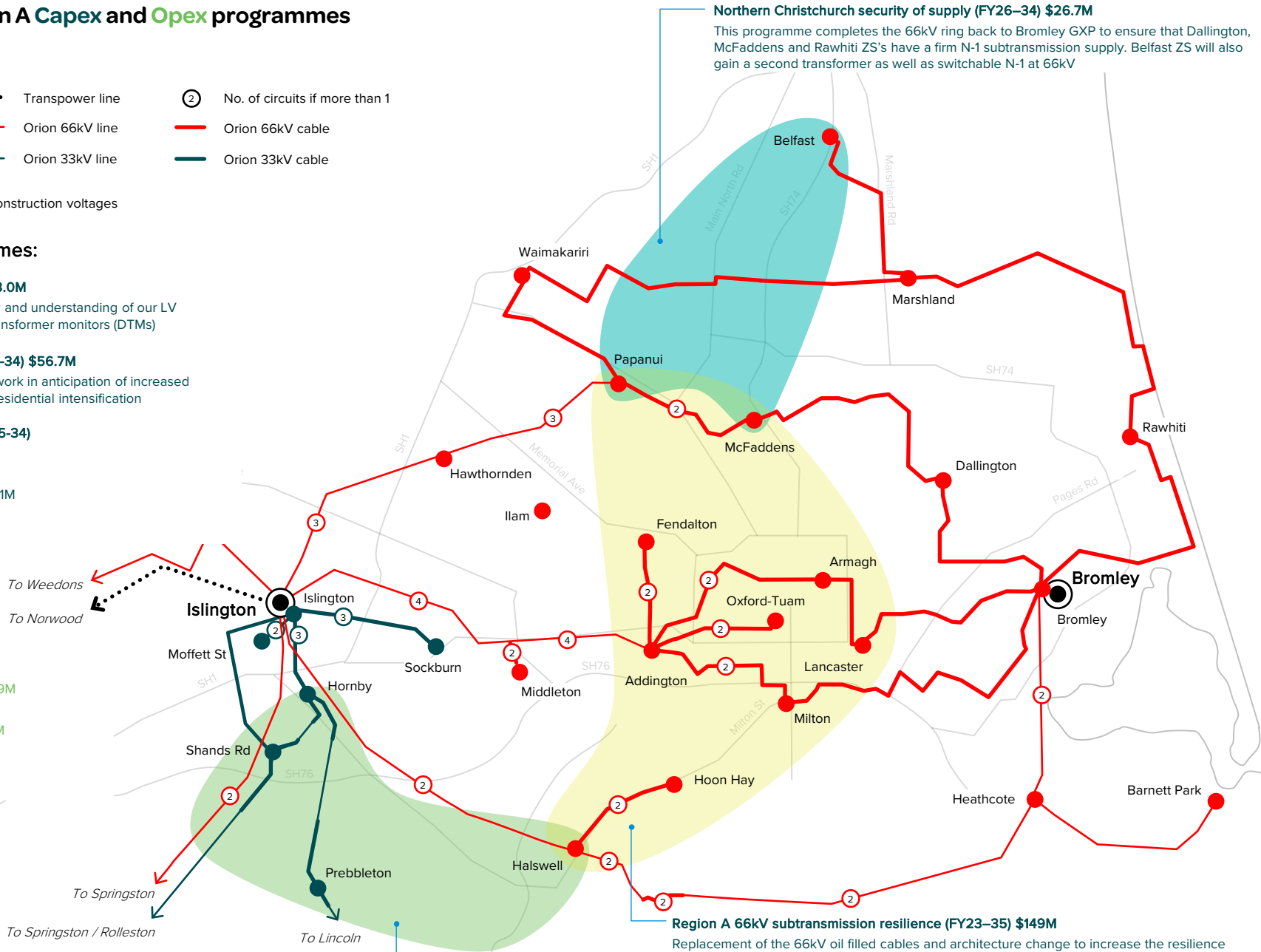
Replacement of the 66kV oil filled cables and architecture change to increase the resilience of the urban 66kV network

Northern Christchurch security of supply (FY26-34) \$26.7M

This programme completes the 66kV ring back to Bromley GXP to ensure that Dallington, McFaddens and Rawhiti ZS's have a firm N-1 subtransmission supply. Belfast ZS will also gain a second transformer as well as switchable N-1 at 66kV











Region A 66kV subtransmission resilience (FY23-35) \$149M

Replacement of the 66kV oil filled cables and architecture change to increase the resilience of the urban 66kV network



2024 AMP top Region B Capex and Opex programmes

Key:

-  Transpower GXP
 -  Orion 66kV ZS
 -  Orion 33kV ZS
 -  Region A
 -  Transpower line
 -  Orion 66kV line
 -  Orion 33kV line
 -  No. of circuits if more than 1
 -  Orion 66kV cable
 -  Orion 33kV cable
- Note:** Voltages shown are circuit/construction voltages

Network wide programmes:

11kV overhead lines – Capex replacement (FY25-34) \$255.2M
 This expenditure supports our plan to minimise overhead asset failures and to maintain overall reliability and resilience of our network

Top Opex programmes (FY25-34)

- Vegetation \$76.2M
- 11kV overhead \$74.2M
- Overhead subtransmission \$22.9M

Hororata GXP capacity and security (FY29-33) \$34.8M

This programme reduces the dependency on Hororata GXP by creating new ties across to the Norwood GXP

Rolleston area capacity and security (FY24-33) \$31.1M

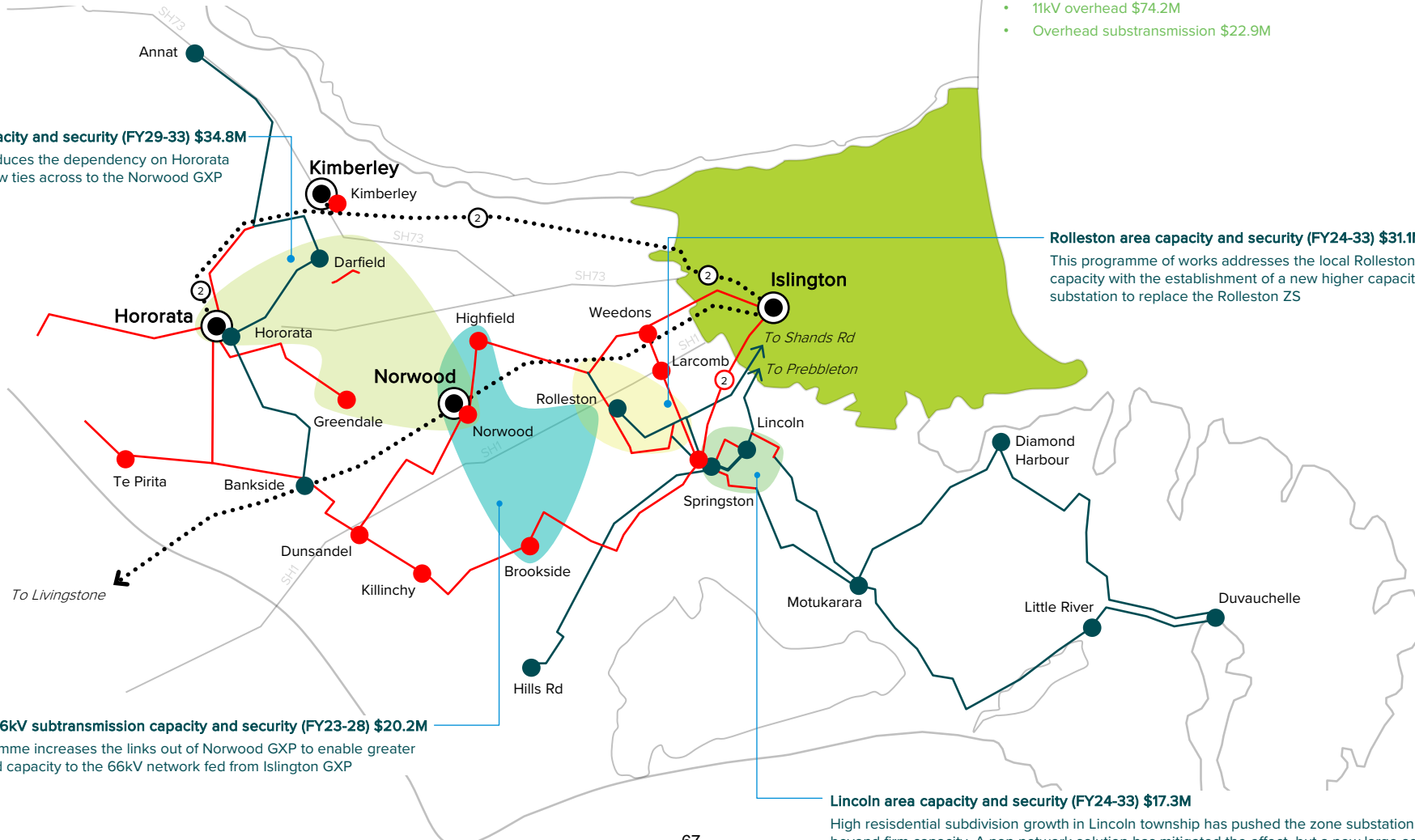
This programme of works addresses the local Rolleston township 11kV capacity with the establishment of a new higher capacity zone substation to replace the Rolleston ZS

Region B 66kV subtransmission capacity and security (FY23-28) \$20.2M

This programme increases the links of Norwood GXP to enable greater security and capacity to the 66kV network fed from Islington GXP

Lincoln area capacity and security (FY24-33) \$17.3M

High residential subdivision growth in Lincoln township has pushed the zone substation beyond firm capacity. A non-network solution has mitigated the effect, but a new large-scale subdivision will increase the township footprint by 50% and will require a new zone substation



Certification for year-end disclosures

We, Paul Jason Munro and Michael Earl Sang being directors of Orion New Zealand Limited certify that, having made all reasonable enquiry, to the best of our knowledge-

- a. the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.3.8 - 2.3.12, 2.4.21, 2.4.22, 2.5.1(1)(a)-(e), 2.5.2, 2.6.1B and 2.7.1 of the Electricity Distribution Information Disclosure Determination 2012 in all material respects complies with that determination; and
- b. the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 9e, 10 and 14 has been properly extracted from the Orion New Zealand Limited's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained.
- c. In respect of information concerning assets, costs and revenues valued or disclosed in accordance with clause 2.3.6 of the Electricity Distribution Information Disclosure Determination 2012 and clauses 2.2.11(1)(g) and 2.2.11(5) of the Electricity Distribution Services Input Methodologies Determination 2012, we are satisfied that-
 - i. the costs and values of assets or goods or services acquired from a related party comply, in all material respects, with clauses 2.3.6(1) and 2.3.6(3) of the Electricity Distribution Information Disclosure Determination 2012 and clauses 2.2.11(1)(g) and 2.2.11(5)(a)-2.2.11(5)(b) of the Electricity Distribution Services Input Methodologies Determination 2012; and
 - ii. the value of assets or goods or services sold or supplied to a related party comply, in all material respects, with clause 2.3.6(2) of the Electricity Distribution Information Disclosure Determination 2012.



Paul Jason Munro

Director



Michael Earl Sang

Director

Independent Assurance Report

**To the directors of Orion New Zealand Limited and to the Commerce
Commission
On the disclosure information
for the disclosure year ended 31 March 2024
as required by the Electricity Distribution Information Disclosure (Targeted
Review 2024) Amendment Determination 2024 [2024] NZCC**

Orion New Zealand Limited (the company) is required to disclose certain information under the Electricity Distribution Information Disclosure (Targeted Review 2024) Amendment Determination 2024 [2024] NZCC (the Determination) and to procure an assurance report by an independent auditor in terms of section 2.8.1 of the Determination.

The Auditor-General is the auditor of the company.

The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to undertake a reasonable assurance engagement, on his behalf, on whether the information prepared by the company for the disclosure year ended 31 March 2024 (the Disclosure Information) complies, in all material respects, with the Determination.

The Disclosure Information that falls within the scope of the assurance engagement are:

- Schedules 1 to 4, 5a to 5g, 6a and 6b, 7, 10 (limited to the SAIDI and SAIFI information) and 14 (limited to the explanatory notes in boxes 1 to 11) of the Determination.
- Clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the Electricity Distribution Services Input Methodologies Determination 2012 (consolidated 20 May 2020) (the IM Determination), in respect of the basis for valuation of related party transactions (the Related Party Transaction Information).

Opinion

In our opinion, in all material respects:

- as far as appears from an examination, proper records to enable the complete and accurate compilation of the Disclosure Information have been kept by the company;

- as far as appears from an examination, the information used in the preparation of the Disclosure Information has been properly extracted from the company’s accounting and other records, sourced from the company’s financial and non-financial systems;
- the Disclosure Information complies, in all material respects, with the Determination; and
- the basis for valuation of related party transactions complies with the Determination and the IM Determination.

Basis for opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (“ISAE (NZ) 3000 (Revised)”), and the Standard on Assurance Engagements (SAE) 3100 (Revised), *Compliance Engagements* (“SAE 3100 (Revised)”), issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE 3100 (Revised) requires that we comply with the ISAE (NZ) 3000.

We have obtained sufficient recorded evidence and explanations that we required to provide a basis for our opinion.

Key assurance matters

Key assurance matters are those matters that, in our professional judgement, required significant attention when carrying out the assurance engagement during the current disclosure year. These matters were addressed in the context of our compliance engagement, and in forming our opinion. We do not provide a separate opinion on these matters.

Key Assurance Matter	How our procedures addressed the key assurance matter
<p>Accuracy of the number and duration of electricity outages</p> <p>The company has automated systems to identify outages and to record the duration of outages. This outage information is used to report the company’s Report on Network Reliability in schedule 10. If this information is inaccurate, then the measures of the reliability of the network could be materially misstated.</p> <p>This is a key assurance matter because information on the frequency and duration of outages is an important measure of the reliability of electricity supply.</p>	<p>We have obtained an understanding of the company’s system to record electricity outages, and their duration. This included review of the company’s definition of interruptions, planned interruptions and major event days.</p> <p>Our procedures to assess the adequacy of the company’s methods to identify and record electricity outages and their duration included:</p> <ul style="list-style-type: none"> • review and testing of the overall control environment; • use of IT auditors to specifically test the reliability of the automated processes used to record the details of interruptions to supply;

Key Assurance Matter	How our procedures addressed the key assurance matter
<p>Relatively small inaccuracies can have a significant impact on the reliability thresholds against which the company’s performance is assessed.</p> <p>There can also be significant consequences if the company breaches the reliability thresholds.</p> <p>As the exemption related to successive interruptions reporting no longer applies, EDBs are required to report a SAIDI and SAIFI value determined using the “multi-count approach”. The “multi-count approach” requires the company to record successive interruptions as an additional SAIFI and SAIDI value if restoration of supply occurs for longer than one minute.</p> <p>The company has previously reported using the “multi-count approach” and therefore no changes to processes and reporting are expected.</p>	<ul style="list-style-type: none"> • obtaining internal and external information on interruptions to supply to gain assurance that interruptions to supply were recorded. Internal and external information sources included works orders for contractors, media reports and Board minutes; • confirming the interruptions to supply information used in the SAIDI and SAIFI calculations was appropriately extracted from the automated system; • testing a sample of interruptions to supply to source records to conclude whether they were correctly categorised; • checking the SAIDI and SAIFI ratios were correctly calculated in accordance with the Determination and the IM Determination, including for successive interruptions using the “multi-count approach”; • obtaining explanations for all significant variances to forecast; and • testing the accuracy of the number of connections to the Electricity Authority’s register.
<p>Valuation of related-party transactions at arm’s-length</p> <p>The Determination and the IM Determination place a requirement on the company to value related-party procurement transactions at a value not greater than arm’s-length.</p> <p>In other words, the value at which a transaction, with the same terms and conditions, would be entered into between a willing seller and a willing buyer who are unrelated and who are acting independently of each other and pursuing their own best interests.</p> <p>In the absence of an active market for related-party transactions, assignment of an objective arm’s-length value to a related-party transaction is difficult.</p>	<p>We have obtained an understanding of the company’s approach to identifying and valuing related-party transactions at a value not greater than arm’s-length in accordance with the Determination and the IM Determination.</p> <p>We confirmed the approach used is in accordance with the Determination and the IM Determination.</p> <p>The procedures we have carried out to satisfy ourselves that related-party transactions are appropriately valued at arm’s-length included:</p> <ul style="list-style-type: none"> • testing the completeness of the related-parties identified through review of minutes, review of Companies Office records, and related-parties identified through detailed testing of transactions and balances in the annual financial statements audit;

Key Assurance Matter	How our procedures addressed the key assurance matter
<p>This is a key assurance matter because the requirement involves considerable judgement by company personnel. In turn, verification of the appropriate assignment of an objective arm's-length valuation to related-party transactions, requires the exercise of significant professional judgement by the auditor.</p>	<ul style="list-style-type: none"> • reviewing the appropriateness of procurement policies, especially with related parties, for the different categories of procurement transactions; • testing samples of transactions with related parties, for the different categories of procurement, for compliance with policies. This included reviewing the internal pricing estimates used as a basis of determining whether sole tender/quote jobs awarded were at a value not greater than arm's length, by ensuring they were derived from previously confirmed arm's length transactions or to other appropriate reliable evidence; • a comparison of sales transactions for undergrounding of overhead lines against the depreciated fair value of the replaced assets; and • confirming the material accuracy of related party values disclosed, and compliance of their calculation with the Determination and the IM Determination. <p>The total variance between our estimates and the company's estimates of its arm's length values assigned to related party transactions was not considered to be material.</p>

Directors' responsibilities

The directors of the company are responsible in accordance with the Determination for:

- the preparation of the Disclosure Information; and
- the Related Party Transaction Information.

The directors of the company are also responsible for the identification of risks that may threaten compliance with the schedules and clauses identified above and controls which will mitigate those risks and monitor ongoing compliance.

Auditor's responsibilities

Our responsibilities in terms of clauses 2.8.1(1)(b)(vi) and (vii), 2.8.1(1)(c) and 2.8.1(1)(d) are to express an opinion on whether:

- as far as appears from an examination, the information used in the preparation of the audited Disclosure Information has been properly extracted from the company's accounting and other records, sourced from its financial and non-financial systems;
- as far as appears from an examination, proper records to enable the complete and accurate compilation of the audited Disclosure Information required by the Determination have been kept by the company and, if not, the records not so kept;
- the company complied, in all material respects, with the Determination in preparing the audited Disclosure Information; and
- the company's basis for valuation of related party transactions in the disclosure year has complied, in all material respects, with clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the IM Determination.

To meet these responsibilities, we planned and performed procedures in accordance with ISAE (NZ) 3000 (Revised) and SAE 3100 (Revised), to obtain reasonable assurance about whether the company has complied, in all material respects, with the Disclosure Information (which includes the Related Party Transaction Information) required to be audited by the Determination.

An assurance engagement to report on the company's compliance with the Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements. The procedures selected depend on our judgement, including the identification and assessment of the risks of material non-compliance with the requirements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with the Determination may occur and not be detected.

A reasonable assurance engagement throughout the disclosure year does not provide assurance on whether compliance with the Determination will continue in the future.

Restricted use

This report has been prepared for use by the directors of the company and the Commerce Commission in accordance with clause 2.8.1(1)(a) of the Determination and is provided solely for the purpose of establishing whether the compliance requirements have been met.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company and the Commerce Commission, or for any other purpose than that for which it was prepared.

Independence and quality control

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners* (including International Independence Standards) (New Zealand) (PES 1), issued by the New Zealand Auditing and Assurance Standards Board; and
- quality management requirements, which incorporate Professional and Ethical Standard 3, *Quality Management for Firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3), issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Auditor-General, and his employees, and Audit New Zealand and its employees may deal with the company and its subsidiaries on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of trading activities of the company, this engagement, the assurance engagement on the Default Price-Quality Path and the annual audit of the company's financial statements and performance information, we have no relationship with, or interests in, the company and its subsidiaries.



Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
7 August 2024