



**EDB Information Disclosure Requirements  
Information Templates  
for  
Schedules 1–10**

Company Name	<input type="text" value="WEL Networks Limited"/>
Disclosure Date	<input type="text" value="31 August 2022"/>
Disclosure Year (year ended)	<input type="text" value="31 March 2022"/>

Templates for Schedules 1–10 excluding 5f–5g  
Template Version 4.1. Prepared 21 December 2017

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## Disclosure Template Instructions

These templates have been prepared for use by EDBs when making disclosures under clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1, and 2.5.2 of the Electricity Distribution Information Disclosure Determination 2012.

### ***Company Name and Dates***

To prepare the templates for disclosure, the supplier's company name should be entered in cell C8, the date of the last day of the current (disclosure) year should be entered in cell C12, and the date on which the information is disclosed should be entered in cell C10 of the CoverSheet worksheet.

The cell C12 entry (current year) is used to calculate disclosure years in the column headings that show above some of the tables and in labels adjacent to some entry cells. It is also used to calculate the 'For year ended' date in the template title blocks (the title blocks are the light green shaded areas at the top of each template).

The cell C8 entry (company name) is used in the template title blocks.

Dates should be entered in day/month/year order (Example -"1 April 2013").

### ***Data Entry Cells and Calculated Cells***

Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas (white cells) in each template. Under no circumstances should data be entered into the workbook outside a data entry cell.

In some cases, where the information for disclosure is able to be ascertained from disclosures elsewhere in the workbook, such information is disclosed in a calculated cell.

### ***Validation Settings on Data Entry Cells***

To maintain a consistency of format and to help guard against errors in data entry, some data entry cells test keyboard entries for validity and accept only a limited range of values. For example, entries may be limited to a list of category names, to values between 0% and 100%, or either a numeric entry or the text entry "N/A". Where this occurs, a validation message will appear when data is being entered. These checks are applied to keyboard entries only and not, for example, to entries made using Excel's copy and paste facility.

### ***Conditional Formatting Settings on Data Entry Cells***

Schedule 2 cells G79 and I79:L79 will change colour if the total cashflows do not equal the corresponding values in table 2(ii).

Schedule 4 cells P99:P105 and P107 will change colour if the RAB values do not equal the corresponding values in table 4(ii).

Schedule 9b columns AA to AE (2013 to 2017) contain conditional formatting. The data entry cells for future years are hidden (are changed from white to yellow).

Schedule 9b cells AG10 to AG60 will change colour if the total assets at year end for each asset class does not equal the corresponding values in column I in Schedule 9a.

Schedule 9c cell G30 will change colour if G30 (overhead circuit length by terrain) does not equal G18 (overhead circuit length by operating voltage).

### ***Inserting Additional Rows and Columns***

The templates for schedules 4, 5b, 5c, 5d, 5e, 6a, 8, 9d, and 9e may require additional rows to be inserted in tables marked 'include additional rows if needed' or similar. Column A schedule references should not be entered in additional rows, and should be deleted from additional rows that are created by copying and pasting rows that have schedule references.

Additional rows in schedules 5c, 6a, and 9e must not be inserted directly above the first row or below the last row of a table. This is to ensure that entries made in the new row are included in the totals.

Schedules 5d and 5e may require new cost or asset category rows to be inserted in allocation change tables 5d(iii) and 5e(ii). Accordingly, cell protection has been removed from rows 77 and 78 of the respective templates to allow blocks of rows to be copied. The four steps to add new cost category rows to table 5d(iii) are: Select Excel rows 69:77, copy, select Excel row 78, insert copied cells. Similarly, for table 5e(ii): Select Excel rows 70:78, copy, select Excel row 79, then insert copied cells.

The template for schedule 8 may require additional columns to be inserted between column P and U. To avoid interfering with the title block entries, these should be inserted to the left of column S. If inserting additional columns, the formulas for standard consumers total, non-standard consumers totals and total for all consumers will need to be copied into the cells of the added columns. The formulas can be found in the equivalent cells of the existing columns.

### ***Disclosures by Sub-Network***

If the supplier has sub-networks, schedules 8, 9a, 9b, 9c, 9e, and 10 must be completed for the network and for each sub-network. A copy of the schedule worksheet(s) must be made for each sub-network and named accordingly.

### ***Schedule References***

The references labelled 'sch ref' in the leftmost column of each template are consistent with the row references in the Electricity Distribution ID Determination 2012 (as issued on 21 December 2017). They provide a common reference between the rows in the determination and the template.

### ***Description of Calculation References***

Calculation cell formulas contain links to other cells within the same template or elsewhere in the workbook. Key cell references are described in a column to the right of each template. These descriptions are provided to assist data entry. Cell references refer to the row of the template and not the schedule reference.

### ***Worksheet Completion Sequence***

Calculation cells may show an incorrect value until precedent cell entries have been completed. Data entry may be assisted by completing the schedules in the following order:

1. Coversheet
2. Schedules 5a–5e
3. Schedules 6a–6b
4. Schedule 8
5. Schedule 3
6. Schedule 4
7. Schedule 2
8. Schedule 7
9. Schedules 9a–9e
10. Schedule 10

Company Name	<b>WEL Networks Limited</b>
For Year Ended	<b>31 March 2022</b>

**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 the ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of the determination. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

7	<b>1(i): Expenditure metrics</b>				
8					
9	<b>Operational expenditure</b>	<b>Expenditure per GWh energy delivered to ICPs (\$/GWh)</b>	<b>Expenditure per average no. of ICPs (\$/ICP)</b>	<b>Expenditure per MW maximum coincident system demand (\$/MW)</b>	<b>Expenditure per MVA of capacity from EDB-owned distribution transformers (\$/MVA)</b>
10	Network	24,306	334	104,952	33,553
11	Non-network	7,325	101	31,629	10,112
12		16,981	233	73,323	23,441
13	<b>Expenditure on assets</b>	41,187	566	177,846	56,857
14	Network	36,786	505	158,842	50,782
15	Non-network	4,401	60	19,004	6,076
16					
17	<b>1(ii): Revenue metrics</b>				
18					
19	<b>Total consumer line charge revenue</b>	<b>Revenue per GWh energy delivered to ICPs (\$/GWh)</b>	<b>Revenue per average no. of ICPs (\$/ICP)</b>		
20	Standard consumer line charge revenue	76,775	1,054		
21	Non-standard consumer line charge revenue	77,748	1,042		
22		38,058	310,411		
23	<b>1(iii): Service intensity measures</b>				
24					
25	Demand density	55			<i>Maximum coincident system demand per km of circuit length (for supply) (kW/km)</i>
26	Volume density	239			<i>Total energy delivered to ICPs per km of circuit length (for supply) (MWh/km)</i>
27	Connection point density	17			<i>Average number of ICPs per km of circuit length (for supply) (ICPs/km)</i>
28	Energy intensity	13,735			<i>Total energy delivered to ICPs per average number of ICPs (kWh/ICP)</i>
29					
30	<b>1(iv): Composition of regulatory income</b>				
31					
32			<b>(\$000)</b>	<b>% of revenue</b>	
33	Operational expenditure		32,346	31.31%	
34	Pass-through and recoverable costs excluding financial incentives and wash-ups		27,492	26.61%	
35	Total depreciation		21,872	21.17%	
36	Total revaluations		40,984	39.67%	
37	Regulatory tax allowance		7,111	6.88%	
38	Regulatory profit/(loss) including financial incentives and wash-ups		55,483	53.70%	
39	<b>Total regulatory income</b>		<b>103,321</b>		
40	<b>1(v): Reliability</b>				
41					
42	Interruption rate		21.87		<i>Interruptions per 100 circuit km</i>

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

**SCHEDULE 2: REPORT ON RETURN ON INVESTMENT**

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

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

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

sch ref

2(i): Return on Investment		CY-2	CY-1	Current Year CY
		31 Mar 20	31 Mar 21	31 Mar 22
		%	%	%
10	ROI – comparable to a post tax WACC			
10	Reflecting all revenue earned	8.44%	5.31%	9.61%
11	Excluding revenue earned from financial incentives	8.44%	5.31%	9.61%
12	Excluding revenue earned from financial incentives and wash-ups	8.44%	5.31%	9.61%
14	Mid-point estimate of post tax WACC	4.27%	3.72%	3.52%
15	25th percentile estimate	3.59%	3.04%	2.84%
16	75th percentile estimate	4.95%	4.40%	4.20%
19	ROI – comparable to a vanilla WACC			
20	Reflecting all revenue earned	8.86%	5.64%	9.91%
21	Excluding revenue earned from financial incentives	8.86%	5.64%	9.91%
22	Excluding revenue earned from financial incentives and wash-ups	8.86%	5.64%	9.91%
24	WACC rate used to set regulatory price path	–	–	–
26	Mid-point estimate of vanilla WACC	4.69%	4.05%	3.82%
27	25th percentile estimate	4.01%	3.37%	3.14%
28	75th percentile estimate	5.37%	4.73%	4.50%
30	2(ii): Information Supporting the ROI	(\$'000)		
32	Total opening RAB value	592,314		
33	<i>plus</i> Opening deferred tax	(38,546)		
34	<b>Opening RIV</b>		553,769	
36	<b>Line charge revenue</b>		102,172	
38	Expenses cash outflow	59,838		
39	<i>add</i> Assets commissioned	33,128		
40	<i>less</i> Asset disposals	206		
41	<i>add</i> Tax payments	3,737		
42	<i>less</i> Other regulated income	1,149		
43	<b>Mid-year net cash outflows</b>		95,348	
45	<b>Term credit spread differential allowance</b>		–	
47	Total closing RAB value	644,346		
48	<i>less</i> Adjustment resulting from asset allocation	(2)		
49	<i>less</i> Lost and found assets adjustment	–		
50	<i>plus</i> Closing deferred tax	(41,920)		
51	<b>Closing RIV</b>		602,428	
53	<b>ROI – comparable to a vanilla WACC</b>			9.91%
55	Leverage (%)			42%
56	Cost of debt assumption (%)			2.55%
57	Corporate tax rate (%)			28%
59	<b>ROI – comparable to a post tax WACC</b>			9.61%

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

**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).

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

sch ref

**2(iii): Information Supporting the Monthly ROI**

61								
62								
63	Opening RIV							N/A
64								
65								
66		Line charge revenue	Expenses cash outflow	Assets commissioned	Asset disposals	Other regulated income	Monthly net cash outflows	
67	April							-
68	May							-
69	June							-
70	July							-
71	August							-
72	September							-
73	October							-
74	November							-
75	December							-
76	January							-
77	February							-
78	March							-
79	<b>Total</b>	-	-	-	-	-	-	-
80								
81	Tax payments							N/A
82								
83	Term credit spread differential allowance							N/A
84								
85	Closing RIV							N/A
86								
87								
88	Monthly ROI – comparable to a vanilla WACC							N/A
89								
90	Monthly ROI – comparable to a post tax WACC							N/A
91								

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

92			
93			
94	Year-end ROI – comparable to a vanilla WACC		9.73%
95			
96	Year-end ROI – comparable to a post tax WACC		9.43%
97			
98	* 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.		
99			

**2(v): Financial Incentives and Wash-Ups**

100			
101			
102	Net recoverable costs allowed under incremental rolling incentive scheme		-
103	Purchased assets – avoided transmission charge		
104	Energy efficiency and demand incentive allowance		
105	Quality incentive adjustment		
106	Other financial incentives		
107	<b>Financial incentives</b>		-
108			
109	<b>Impact of financial incentives on ROI</b>		-
110			
111	Input methodology claw-back		
112	CPP application recoverable costs		
113	Catastrophic event allowance		
114	Capex wash-up adjustment		
115	Transmission asset wash-up adjustment		
116	2013–15 NPV wash-up allowance		
117	Reconsideration event allowance		
118	Other wash-ups		
119	<b>Wash-up costs</b>		-
120			
121	<b>Impact of wash-up costs on ROI</b>		-

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

### SCHEDULE 3: REPORT ON REGULATORY PROFIT

This schedule requires information on the calculation of regulatory profit for the EDB for the disclosure year. All EDBs must complete all sections and provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes).

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

sch ref

		(\$000)
7	<b>3(i): Regulatory Profit</b>	
8	<b>Income</b>	
9	Line charge revenue	102,172
10	plus Gains / (losses) on asset disposals	52
11	plus Other regulated income (other than gains / (losses) on asset disposals)	1,097
12		
13	<b>Total regulatory income</b>	<b>103,321</b>
14	<b>Expenses</b>	
15	less Operational expenditure	32,346
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	27,492
18		
19	<b>Operating surplus / (deficit)</b>	<b>43,482</b>
20		
21	less Total depreciation	21,872
22		
23	plus Total revaluations	40,984
24		
25	<b>Regulatory profit / (loss) before tax</b>	<b>62,595</b>
26		
27	less Term credit spread differential allowance	-
28		
29	less Regulatory tax allowance	7,111
30		
31	<b>Regulatory profit/(loss) including financial incentives and wash-ups</b>	<b>55,483</b>
32		
33	<b>3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups</b>	(\$000)
34	<b>Pass through costs</b>	
35	Rates	1,087
36	Commerce Act levies	187
37	Industry levies	281
38	CPP specified pass through costs	-
39	<b>Recoverable costs excluding financial incentives and wash-ups</b>	
40	Electricity lines service charge payable to Transpower	19,944
41	Transpower new investment contract charges	2,219
42	System operator services	-
43	Distributed generation allowance	3,774
44	Extended reserves allowance	-
45	Other recoverable costs excluding financial incentives and wash-ups	-
46	<b>Pass-through and recoverable costs excluding financial incentives and wash-ups</b>	<b>27,492</b>
47		



Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

**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).

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sch ref

		(\$000)	
		CY-1	CY
		31 Mar 21	31 Mar 22
48	<b>3(iii): Incremental Rolling Incentive Scheme</b>		
49			
50			
51	Allowed controllable opex		
52	Actual controllable opex		
53			
54	Incremental change in year		
55			
		Previous years' incremental change	Previous years' incremental change adjusted for inflation
56			
57	CY-5 31 Mar 17		
58	CY-4 31 Mar 18		
59	CY-3 31 Mar 19		
60	CY-2 31 Mar 20		
61	CY-1 31 Mar 21		
62	<b>Net incremental rolling incentive scheme</b>		-
63			
64	<b>Net recoverable costs allowed under incremental rolling incentive scheme</b>		-
65	<b>3(iv): Merger and Acquisition Expenditure</b>		
70			(\$000)
66	Merger and acquisition expenditure		
67			
68	<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>		
69	<b>3(v): Other Disclosures</b>		
70			(\$000)
71	Self-insurance allowance		

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

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

sch ref

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

	for year ended				
	RAB 31 Mar 18 (\$000)	RAB 31 Mar 19 (\$000)	RAB 31 Mar 20 (\$000)	RAB 31 Mar 21 (\$000)	RAB 31 Mar 22 (\$000)
Total opening RAB value	529,713	559,425	569,300	599,939	592,314
less Total depreciation	18,992	19,895	20,476	21,914	21,872
plus Total revaluations	5,823	8,278	14,295	8,696	40,984
plus Assets commissioned	42,963	29,931	43,116	30,575	33,128
less Asset disposals	82	654	55	114	206
plus Lost and found assets adjustment	-	-	(6,241)	(23,623)	-
plus Adjustment resulting from asset allocation	-	(7,784)	-	(1,245)	(2)
<b>Total closing RAB value</b>	<b>559,425</b>	<b>569,300</b>	<b>599,939</b>	<b>592,314</b>	<b>644,346</b>

**4(ii): Unallocated Regulatory Asset Base**

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value		601,396		592,314
less Total depreciation		22,400		21,872
plus Total revaluations		41,610		40,984
plus Assets commissioned (other than below)	26,371		25,596	
Assets acquired from a regulated supplier	-		-	
Assets acquired from a related party	7,532		7,532	
<b>Assets commissioned</b>		<b>33,903</b>		<b>33,128</b>
less Asset disposals (other than below)	206		206	
Asset disposals to a regulated supplier	-		-	
Asset disposals to a related party	-		-	
<b>Asset disposals</b>		<b>206</b>		<b>206</b>
plus Lost and found assets adjustment		-		-
plus Adjustment resulting from asset allocation				(2)
<b>Total closing RAB value</b>		<b>654,303</b>		<b>644,346</b>

\* 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.

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

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

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

54	CPI <sub>t</sub>	1,142
55	CPI <sub>t-4</sub>	1,068
56	Revaluation rate (%)	6.93%

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
60	Total opening RAB value	601,396		592,314
61	less Opening value of fully depreciated, disposed and lost assets	860		813
63	Total opening RAB value subject to revaluation	600,536		591,501
64	<b>Total revaluations</b>		41,610	40,984

**4(iv): Roll Forward of Works Under Construction**

	Unallocated works under construction		Allocated works under construction	
68	Works under construction—preceding disclosure year		24,361	24,361
69	plus Capital expenditure	45,523		45,523
70	less Assets commissioned	33,903		33,128
71	plus Adjustment resulting from asset allocation			(775)
72	<b>Works under construction - current disclosure year</b>		35,981	35,981

74	Highest rate of capitalised finance applied				-
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Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

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

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**76 4(v): Regulatory Depreciation**

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
79 Depreciation - standard	17,630		17,543	
80 Depreciation - no standard life assets	4,770		4,329	
81 Depreciation - modified life assets	-		-	
82 Depreciation - alternative depreciation in accordance with CPP	-		-	
83 <b>Total depreciation</b>		22,400		21,872

**85 4(vi): Disclosure of Changes to Depreciation Profiles**

(\$000 unless otherwise specified)

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

\* include additional rows if needed

**96 4(vii): Disclosure by Asset Category**

(\$000 unless otherwise specified)

	Subtransmission lines	Subtransmission cables	Zone substations	Distribution and LV lines	Distribution and LV cables	Distribution substations and transformers	Distribution switchgear	Other network assets	Non-network assets	Total
99 <b>Total opening RAB value</b>	21,740	42,084	75,472	122,276	181,176	64,941	40,441	13,418	30,766	592,314
100 <i>less</i> Total depreciation	631	1,152	2,738	3,720	4,969	2,150	1,333	850	4,329	21,872
101 <i>plus</i> Total revaluations	1,506	2,916	5,229	8,471	12,552	4,490	2,800	924	2,096	40,984
102 <i>plus</i> Assets commissioned	101	4,060	2,006	4,707	11,220	3,114	2,615	436	4,869	33,128
103 <i>less</i> Asset disposals	-	-	-	-	-	104	-	-	102	206
104 <i>plus</i> Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
105 <i>plus</i> Adjustment resulting from asset allocation	-	-	-	(2)	-	-	-	-	-	(2)
106 <i>plus</i> Asset category transfers	-	-	-	-	-	-	-	-	-	-
107 <b>Total closing RAB value</b>	22,716	47,908	79,969	131,732	199,979	70,291	44,523	13,928	33,300	644,346
108 <b>Asset Life</b>										
109 Weighted average remaining asset life	39.8	38.6	28.3	41.7	42.0	34.7	32.6	4.8	11.0	(years)
111 Weighted average expected total asset life	59.2	52.6	40.8	59.2	54.6	49.0	40.1	13.1	17.9	(years)

Company Name **WEL Networks Limited**For Year Ended **31 March 2022****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 the ID determination), and so is subject to the assurance report required by section

sch ref

		(\$000)	
7	<b>5a(i): Regulatory Tax Allowance</b>		
8	<b>Regulatory profit / (loss) before tax</b>		62,595
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	4	*
12	Amortisation of initial differences in asset values	7,095	
13	Amortisation of revaluations	2,545	
14			9,644
15			
16	<i>less</i> Total revaluations	40,984	
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	-	*
20	Notional deductible interest	5,857	
21			46,841
22			
23	<b>Regulatory taxable income</b>		25,398
24			
25	<i>less</i> Utilised tax losses	-	
26	Regulatory net taxable income		25,398
27			
28	Corporate tax rate (%)	28%	
29	<b>Regulatory tax allowance</b>		7,111

\* 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)

35			
36	Opening unamortised initial differences in asset values	85,143	
37	<i>less</i> Amortisation of initial differences in asset values	7,095	
38	<i>plus</i> Adjustment for unamortised initial differences in assets acquired	-	
39	<i>less</i> Adjustment for unamortised initial differences in assets disposed	-	
40	Closing unamortised initial differences in asset values		78,048
41			
42	Opening weighted average remaining useful life of relevant assets (years)		12
43			

Company Name **WEL Networks Limited**For Year Ended **31 March 2022****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 the ID determination), and so is subject to the assurance report required by section

sch ref

44	<b>5a(iv): Amortisation of Revaluations</b>		<b>(\$000)</b>
45			
46	Opening sum of RAB values without revaluations	526,492	
47			
48	Adjusted depreciation	19,327	
49	Total depreciation	21,872	
50	Amortisation of revaluations		2,545
51			
52	<b>5a(v): Reconciliation of Tax Losses</b>		<b>(\$000)</b>
53			
54	Opening tax losses	-	
55	plus Current period tax losses	-	
56	less Utilised tax losses	-	
57	Closing tax losses		-
58	<b>5a(vi): Calculation of Deferred Tax Balance</b>		<b>(\$000)</b>
59			
60	Opening deferred tax	(38,546)	
61			
62	plus Tax effect of adjusted depreciation	5,412	
63			
64	less Tax effect of tax depreciation	8,873	
65			
66	plus Tax effect of other temporary differences*	2,063	
67			
68	less Tax effect of amortisation of initial differences in asset values	1,987	
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	(10)	
73			
74	plus Deferred tax cost allocation adjustment	0	
75			
76	Closing deferred tax		(41,920)
77			
78	<b>5a(vii): Disclosure of Temporary Differences</b>		
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	<b>5a(viii): Regulatory Tax Asset Base Roll-Forward</b>		<b>(\$000)</b>
82			
83	Opening sum of regulatory tax asset values	331,242	
84	less Tax depreciation	31,689	
85	plus Regulatory tax asset value of assets commissioned	42,417	
86	less Regulatory tax asset value of asset disposals	169	
87	plus Lost and found assets adjustment	-	
88	plus Adjustment resulting from asset allocation	(2)	
89	plus Other adjustments to the RAB tax value	-	
90	Closing sum of regulatory tax asset values		341,799

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

sch ref

<b>5b(i): Summary—Related Party Transactions</b>		<b>(\$000)</b>	<b>(\$000)</b>
7	<b>Total regulatory income</b>		<b>2,054</b>
8			
9	<b>Market value of asset disposals</b>		<b>—</b>
10			
11	Service interruptions and emergencies	3,305	
12	Vegetation management	926	
13	Routine and corrective maintenance and inspection	961	
14	Asset replacement and renewal (opex)	1,379	
15			
16	<b>Network opex</b>		<b>6,571</b>
17	Business support	—	
18	System operations and network support	—	
19	<b>Operational expenditure</b>		<b>6,571</b>
20	Consumer connection	1,522	
21	System growth	312	
22	Asset replacement and renewal (capex)	3,995	
23	Asset relocations	1,133	
24	Quality of supply	—	
25	Legislative and regulatory	85	
26	Other reliability, safety and environment	439	
27	<b>Expenditure on non-network assets</b>		<b>46</b>
28	<b>Expenditure on assets</b>		<b>7,532</b>
29	Cost of financing	—	
30	Value of capital contributions	—	
31	Value of vested assets	—	
32	<b>Capital Expenditure</b>		<b>7,532</b>
33	<b>Total expenditure</b>		<b>14,103</b>
34			
35	<b>Other related party transactions</b>		<b>—</b>

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

<b>Name of related party</b>		<b>Nature of opex or capex service provided</b>	<b>Total value of transactions (\$000)</b>
37	WEL Contracting Division	Service interruptions and emergencies	3,305
38	WEL Contracting Division	Vegetation management	926
39	WEL Contracting Division	Routine and corrective maintenance and inspection	961
40	WEL Contracting Division	Asset replacement and renewal (opex)	1,379
41	WEL Contracting Division	Consumer connection	1,522
42	WEL Contracting Division	System growth	312
43	WEL Contracting Division	Asset replacement and renewal (capex)	3,995
44	WEL Contracting Division	Asset relocations	1,133
45	WEL Contracting Division	Legislative and regulatory	85
46	WEL Contracting Division	Other reliability, safety and environment	439
47	WEL Contracting Division	Expenditure on non-network assets	46
48			
49			
50			
51			
52			
53	<b>Total value of related party transactions</b>		<b>14,103</b>

\* include additional rows if needed

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

sch ref

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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
* include additional rows if needed						-	-	-

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

<b>Gross term credit spread differential</b>					-
Total book value of interest bearing debt					
Leverage			42%		
Average opening and closing RAB values					
<b>Attribution Rate (%)</b>					-
<b>Term credit spread differential allowance</b>					-



Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

sch ref

		Value allocated (\$000s)				
		Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	OVABAA allocation increase (\$000s)
7	<b>5d(i): Operating Cost Allocations</b>					
8						
9						
10	<b>Service interruptions and emergencies</b>					
11	Directly attributable		4,832			
12	Not directly attributable	-	-	-	-	-
13	<b>Total attributable to regulated service</b>		4,832			
14	<b>Vegetation management</b>					
15	Directly attributable		1,449			
16	Not directly attributable	-	-	-	-	-
17	<b>Total attributable to regulated service</b>		1,449			
18	<b>Routine and corrective maintenance and inspection</b>					
19	Directly attributable		1,405			
20	Not directly attributable	-	-	-	-	-
21	<b>Total attributable to regulated service</b>		1,405			
22	<b>Asset replacement and renewal</b>					
23	Directly attributable		2,062			
24	Not directly attributable	-	-	-	-	-
25	<b>Total attributable to regulated service</b>		2,062			
26	<b>System operations and network support</b>					
27	Directly attributable		8,710			
28	Not directly attributable	-	-	-	-	-
29	<b>Total attributable to regulated service</b>		8,710			
30	<b>Business support</b>					
31	Directly attributable		-			
32	Not directly attributable	-	13,888	4,610	18,498	-
33	<b>Total attributable to regulated service</b>		13,888			
34						
35	<b>Operating costs directly attributable</b>		18,458			
36	<b>Operating costs not directly attributable</b>	-	13,888	4,610	18,498	-
37	<b>Operational expenditure</b>		32,346			
38						

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

sch ref

39 **5d(ii): Other Cost Allocations**

		(\$000)
40	<b>Pass through and recoverable costs</b>	
41	<b>Pass through costs</b>	
42	Directly attributable	1,555
43	Not directly attributable	-
44	<b>Total attributable to regulated service</b>	1,555
45	<b>Recoverable costs</b>	
46	Directly attributable	25,937
47	Not directly attributable	-
48	<b>Total attributable to regulated service</b>	25,937

50 **5d(iii): Changes in Cost Allocations\* †**

		(\$000)	
		CY-1	Current Year (CY)
51	<b>Change in cost allocation 1</b>		
52	Cost category		
53	Original allocator or line items		
54	New allocator or line items		
55		-	-
56			
57	Rationale for change		

		(\$000)	
		CY-1	Current Year (CY)
60	<b>Change in cost allocation 2</b>		
61	Cost category		
62	Original allocator or line items		
63	New allocator or line items		
64		-	-
65			
66	Rationale for change		

		(\$000)	
		CY-1	Current Year (CY)
69	<b>Change in cost allocation 3</b>		
70	Cost category		
71	Original allocator or line items		
72	New allocator or line items		
73		-	-
74			
75	Rationale for change		

78 \* 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.  
 79 † include additional rows if needed

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

**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 the 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)
<b>Electricity distribution services</b>	
<b>Subtransmission lines</b>	
Directly attributable	22,716
Not directly attributable	-
<b>Total attributable to regulated service</b>	22,716
<b>Subtransmission cables</b>	
Directly attributable	47,908
Not directly attributable	-
<b>Total attributable to regulated service</b>	47,908
<b>Zone substations</b>	
Directly attributable	79,969
Not directly attributable	-
<b>Total attributable to regulated service</b>	79,969
<b>Distribution and LV lines</b>	
Directly attributable	129,112
Not directly attributable	2,619
<b>Total attributable to regulated service</b>	131,732
<b>Distribution and LV cables</b>	
Directly attributable	199,979
Not directly attributable	-
<b>Total attributable to regulated service</b>	199,979
<b>Distribution substations and transformers</b>	
Directly attributable	70,291
Not directly attributable	-
<b>Total attributable to regulated service</b>	70,291
<b>Distribution switchgear</b>	
Directly attributable	44,523
Not directly attributable	-
<b>Total attributable to regulated service</b>	44,523
<b>Other network assets</b>	
Directly attributable	13,928
Not directly attributable	-
<b>Total attributable to regulated service</b>	13,928
<b>Non-network assets</b>	
Directly attributable	24,821
Not directly attributable	8,479
<b>Total attributable to regulated service</b>	33,300
<b>Regulated service asset value directly attributable</b>	633,248
<b>Regulated service asset value not directly attributable</b>	11,098
<b>Total closing RAB value</b>	644,346

**5e(ii): Changes in Asset Allocations\* †**

		(\$000)	
		CY-1	Current Year (CY)
<b>Change in asset value allocation 1</b>			
Asset category			
Original allocator or line items			
New allocator or line items			
		-	-
Rationale for change			
<b>Change in asset value allocation 2</b>			
Asset category			
Original allocator or line items			
New allocator or line items			
		-	-
Rationale for change			
<b>Change in asset value allocation 3</b>			
Asset category			
Original allocator or line items			
New allocator or line items			
		-	-
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 compone  
 † include additional rows if needed

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

sch ref

		(\$000)	(\$000)
7	<b>6a(i): Expenditure on Assets</b>		
8	Consumer connection		19,149
9	System growth		5,760
10	Asset replacement and renewal		12,912
11	Asset relocations		7,519
12	Reliability, safety and environment:		
13	Quality of supply	48	
14	Legislative and regulatory	675	
15	Other reliability, safety and environment	2,892	
16	<b>Total reliability, safety and environment</b>		3,615
17	<b>Expenditure on network assets</b>		48,955
18	Expenditure on non-network assets		5,857
19			
20	<b>Expenditure on assets</b>		54,812
21	plus Cost of financing		–
22	less Value of capital contributions		9,289
23	plus Value of vested assets		–
24			
25	<b>Capital expenditure</b>		45,523
26	<b>6a(ii): Subcomponents of Expenditure on Assets (where known)</b>		(\$000)
27	Energy efficiency and demand side management, reduction of energy losses		677
28	Overhead to underground conversion		–
29	Research and development		–
30	<b>6a(iii): Consumer Connection</b>		
31	<i>Consumer types defined by EDB*</i>	(\$000)	(\$000)
32	Residential Low User	9,318	
33	Residential Standard User	6,050	
34	General	1,981	
35	Streetlighting	14	
	Medium Voltage (11kV)	33	
	High Voltage (33kV)	–	
	Low Voltage (400V)	139	
	Unmetered	55	
	Commercial Asset Specific	1	
	Residential Low User Conditional	545	
	Residential Standard User Conditional	504	
	General Conditional	509	
36			
37	<i>* include additional rows if needed</i>		
38	<b>Consumer connection expenditure</b>		19,149
39			
40	less Capital contributions funding consumer connection expenditure	4,706	
41	<b>Consumer connection less capital contributions</b>		14,443
42	<b>6a(iv): System Growth and Asset Replacement and Renewal</b>		
43		System Growth	Asset Replacement and Renewal
44		(\$000)	(\$000)
45	Subtransmission	1,007	246
46	Zone substations	4,161	162
47	Distribution and LV lines	93	7,816
48	Distribution and LV cables	476	945
49	Distribution substations and transformers	–	1,513
50	Distribution switchgear	23	2,153
51	Other network assets	–	77
52	<b>System growth and asset replacement and renewal expenditure</b>	5,760	12,912
53	less Capital contributions funding system growth and asset replacement and renewal	–	421
54	<b>System growth and asset replacement and renewal less capital contributions</b>	5,760	12,491
55			
56	<b>6a(v): Asset Relocations</b>		
57	<i>Project or programme*</i>	(\$000)	(\$000)
58	Peacocks Development	2,068	
59	Chedworth Properties (Spine Road)	1,240	
60	Ruakura Inland Port (TGH SuperHub)	1,329	
61	Hamilton City Council	332	
62	Other Relocations	2,550	
63			
64	<i>* include additional rows if needed</i>		
65	All other projects or programmes - asset relocations	–	
66	<b>Asset relocations expenditure</b>		7,519
67	less Capital contributions funding asset relocations	4,162	
	<b>Asset relocations less capital contributions</b>		3,357

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

sch ref		(\$000)	(\$000)
68			
69	<b>6a(vi): Quality of Supply</b>		
70	<i>Project or programme*</i>		
71	Distribution Transformer and LV Feeder Upgrade projects Identified via Smart Meters	48	
72			
73			
74			
75			
76	<i>* include additional rows if needed</i>		
77	All other projects programmes - quality of supply	-	
78	<b>Quality of supply expenditure</b>		48
79	less Capital contributions funding quality of supply	-	
80	<b>Quality of supply less capital contributions</b>		48
81	<b>6a(vii): Legislative and Regulatory</b>		
82	<i>Project or programme*</i>		
83	Seismic upgrades of substation	462	
84	Low lines mitigation	165	
85	NER protection changes through TWH Network	48	
86			
87			
88	<i>* include additional rows if needed</i>		
89	All other projects or programmes - legislative and regulatory	-	
90	<b>Legislative and regulatory expenditure</b>		675
91	less Capital contributions funding legislative and regulatory	-	
92	<b>Legislative and regulatory less capital contributions</b>		675
93	<b>6a(viii): Other Reliability, Safety and Environment</b>		
94	<i>Project or programme*</i>		
95	Gordonton Zone Substation Upgrade	920	
96	Garden Place Switching Station Bypass	831	
97	Massey Switchgear Upgrade	588	
98	Fibre routes	236	
	Network reliability project	197	
	Confined spaces	78	
	CBD IOT Fault Indication	41	
	Air conditioning for substations	1	
99			
100	<i>* include additional rows if needed</i>		
101	All other projects or programmes - other reliability, safety and environment	-	
102	<b>Other reliability, safety and environment expenditure</b>		2,892
103	less Capital contributions funding other reliability, safety and environment	-	
104	<b>Other reliability, safety and environment less capital contributions</b>		2,892
105			
106	<b>6a(ix): Non-Network Assets</b>		
107	<b>Routine expenditure</b>		
108	<i>Project or programme*</i>		
109	Computer Equipment	751	
110	Computer Software	2,816	
111	Plant and Equipment	1,000	
112	Motor Vehicles	316	
	Land and Building, and Plant and Equipment Leases	39	
	Smartmeters	677	
113			
114	<i>* include additional rows if needed</i>		
115	All other projects or programmes - routine expenditure	258	
116	<b>Routine expenditure</b>		5,857
117	<b>Atypical expenditure</b>		
118	<i>Project or programme*</i>		
119			
120			
121			
122			
123			
124	<i>* include additional rows if needed</i>		
125	All other projects or programmes - atypical expenditure	-	
126	<b>Atypical expenditure</b>		-
127			
128	<b>Expenditure on non-network assets</b>		5,857

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

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

sch ref

		(\$000)	(\$000)
7	<b>6b(i): Operational Expenditure</b>		
8	Service interruptions and emergencies	4,832	
9	Vegetation management	1,449	
10	Routine and corrective maintenance and inspection	1,405	
11	Asset replacement and renewal	2,062	
12	<b>Network opex</b>		9,748
13	System operations and network support	8,710	
14	Business support	13,888	
15	<b>Non-network opex</b>		22,598
16			
17	<b>Operational expenditure</b>		32,346
18	<b>6b(ii): Subcomponents of Operational Expenditure (where known)</b>		
19	Energy efficiency and demand side management, reduction of energy losses		360
20	Direct billing*		-
21	Research and development		67
22	Insurance		696
23	* Direct billing expenditure by suppliers that directly bill the majority of their consumers		

Company Name **WEL Networks Limited**  
For Year Ended **31 March 2022**

## 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 the 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) <sup>1</sup>	Actual (\$000)	% variance
7				
8	Line charge revenue	98,284	102,172	4%
7(ii): Expenditure on Assets		Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
9				
10	Consumer connection	14,041	19,149	36%
11	System growth	2,539	5,760	127%
12	Asset replacement and renewal	12,650	12,912	2%
13	Asset relocations	5,123	7,519	47%
14	Reliability, safety and environment:			
15	Quality of supply	510	48	(91%)
16	Legislative and regulatory	761	675	(11%)
17	Other reliability, safety and environment	3,671	2,892	(21%)
18	<b>Total reliability, safety and environment</b>	<b>4,942</b>	<b>3,615</b>	<b>(27%)</b>
19	<b>Expenditure on network assets</b>	<b>39,295</b>	<b>48,955</b>	<b>25%</b>
20	Expenditure on non-network assets	6,140	5,857	(5%)
21	Expenditure on assets	45,435	54,812	21%
7(iii): Operational Expenditure				
22				
23	Service interruptions and emergencies	3,296	4,832	47%
24	Vegetation management	1,665	1,449	(13%)
25	Routine and corrective maintenance and inspection	2,092	1,405	(33%)
26	Asset replacement and renewal	2,503	2,062	(18%)
27	<b>Network opex</b>	<b>9,556</b>	<b>9,748</b>	<b>2%</b>
28	System operations and network support	8,538	8,710	2%
29	Business support	12,927	13,888	7%
30	<b>Non-network opex</b>	<b>21,465</b>	<b>22,598</b>	<b>5%</b>
31	<b>Operational expenditure</b>	<b>31,021</b>	<b>32,346</b>	<b>4%</b>
7(iv): Subcomponents of Expenditure on Assets (where known)				
32				
33	Energy efficiency and demand side management, reduction of energy losses	–	677	–
34	Overhead to underground conversion	5,023	–	(100%)
35	Research and development	–	–	–
36				
7(v): Subcomponents of Operational Expenditure (where known)				
37				
38	Energy efficiency and demand side management, reduction of energy losses	223	360	61%
39	Direct billing	–	–	–
40	Research and development	73	67	(8%)
41	Insurance	717	696	(3%)
42				

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

<sup>2</sup> 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)







Company Name	<b>WEL Networks Limited</b>
For Year Ended	<b>31 March 2022</b>
Network / Sub-network Name	

**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

					Items at start of year (quantity)	Items at end of year (quantity)	Net change	Data accuracy (1-4)
8	Voltage	Asset category	Asset class	Units				
9	All	Overhead Line	Concrete poles / steel structure	No.	37,397	37,430	33	3
10	All	Overhead Line	Wood poles	No.	1,781	1,711	(70)	3
11	All	Overhead Line	Other pole types	No.	16	16	-	3
12	HV	Subtransmission Line	Subtransmission OH up to 66kV conductor	km	187	184	(3)	3
13	HV	Subtransmission Line	Subtransmission OH 110kV+ conductor	km	-	-	-	N/A
14	HV	Subtransmission Cable	Subtransmission UG up to 66kV (XLPE)	km	245	256	11	4
15	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Oil pressurised)	km	-	-	-	N/A
16	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Gas pressurised)	km	-	-	-	N/A
17	HV	Subtransmission Cable	Subtransmission UG up to 66kV (PILC)	km	15	15	0	4
18	HV	Subtransmission Cable	Subtransmission UG 110kV+ (XLPE)	km	-	-	-	N/A
19	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Oil pressurised)	km	-	-	-	N/A
20	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Gas Pressurised)	km	-	-	-	N/A
21	HV	Subtransmission Cable	Subtransmission UG 110kV+ (PILC)	km	-	-	-	N/A
22	HV	Subtransmission Cable	Subtransmission submarine cable	km	-	-	-	N/A
23	HV	Zone substation Buildings	Zone substations up to 66kV	No.	26	26	-	4
24	HV	Zone substation Buildings	Zone substations 110kV+	No.	-	-	-	N/A
25	HV	Zone substation switchgear	50/66/110kV CB (Indoor)	No.	-	-	-	N/A
26	HV	Zone substation switchgear	50/66/110kV CB (Outdoor)	No.	-	-	-	N/A
27	HV	Zone substation switchgear	33kV Switch (Ground Mounted)	No.	-	-	-	N/A
28	HV	Zone substation switchgear	33kV Switch (Pole Mounted)	No.	52	51	(1)	4
29	HV	Zone substation switchgear	33kV RMU	No.	9	21	12	4
30	HV	Zone substation switchgear	22/33kV CB (Indoor)	No.	110	112	2	4
31	HV	Zone substation switchgear	22/33kV CB (Outdoor)	No.	28	28	-	4
32	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (ground mounted)	No.	-	-	-	N/A
33	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (pole mounted)	No.	-	-	-	N/A
34	HV	Zone Substation Transformer	Zone Substation Transformers	No.	50	49	(1)	4
35	HV	Distribution Line	Distribution OH Open Wire Conductor	km	1,924	1,926	2	3
36	HV	Distribution Line	Distribution OH Aerial Cable Conductor	km	-	-	-	N/A
37	HV	Distribution Line	SWER conductor	km	-	-	-	N/A
38	HV	Distribution Cable	Distribution UG XLPE or PVC	km	623	637	14	3
39	HV	Distribution Cable	Distribution UG PILC	km	109	106	(2)	3
40	HV	Distribution Cable	Distribution Submarine Cable	km	-	-	-	N/A
41	HV	Distribution switchgear	3.3/6.6/11/22kV CB (pole mounted) - reclosers and sectionalisers	No.	224	231	7	3
42	HV	Distribution switchgear	3.3/6.6/11/22kV CB (Indoor)	No.	403	397	(6)	3
43	HV	Distribution switchgear	3.3/6.6/11/22kV Switches and fuses (pole mounted)	No.	6,302	6,309	7	3
44	HV	Distribution switchgear	3.3/6.6/11/22kV Switch (ground mounted) - except RMU	No.	-	-	-	N/A
45	HV	Distribution switchgear	3.3/6.6/11/22kV RMU	No.	1,132	1,173	41	3
46	HV	Distribution Transformer	Pole Mounted Transformer	No.	4,211	4,185	(26)	3
47	HV	Distribution Transformer	Ground Mounted Transformer	No.	2,058	2,081	23	3
48	HV	Distribution Transformer	Voltage regulators	No.	24	26	2	4
49	HV	Distribution Substations	Ground Mounted Substation Housing	No.	-	-	-	N/A
50	LV	LV Line	LV OH Conductor	km	971	961	(10)	3
51	LV	LV Cable	LV UG Cable	km	1,450	1,485	35	3
52	LV	LV Street lighting	LV OH/UG Streetlight circuit	km	1,281	1,296	16	3
53	LV	Connections	OH/UG consumer service connections	No.	98,195	100,131	1,936	2
54	All	Protection	Protection relays (electromechanical, solid state and numeric)	No.	1,005	1,002	(3)	3
55	All	SCADA and communications	SCADA and communications equipment operating as a single system	Lot	1,367	1,389	22	3
56	All	Capacitor Banks	Capacitors including controls	No.	1	1	-	4
57	All	Load Control	Centralised plant	Lot	9	9	-	4
58	All	Load Control	Relays	No.	57,584	59,387	1,803	2
59	All	Civils	Cable Tunnels	km	-	-	-	N/A



Company Name	<b>WEL Networks Limited</b>
For Year Ended	<b>31 March 2022</b>
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

9			
10	<b>Circuit length by operating voltage (at year end)</b>	<b>Overhead (km)</b>	<b>Underground (km)</b>
11	> 66kV	–	–
12	50kV & 66kV	–	–
13	33kV	184	271
14	SWER (all SWER voltages)	–	–
15	22kV (other than SWER)	–	–
16	6.6kV to 11kV (inclusive—other than SWER)	1,926	743
17	Low voltage (< 1kV)	961	1,485
18	<b>Total circuit length (for supply)</b>	<b>3,072</b>	<b>2,498</b>
19			
20	Dedicated street lighting circuit length (km)	279	1,017
21	Circuit in sensitive areas (conservation areas, iwi territory etc) (km)		871
22			
23	<b>Overhead circuit length by terrain (at year end)</b>	<b>(% of total circuit length)</b>	
24	Urban	495	16%
25	Rural	1,889	62%
26	Remote only	–	–
27	Rugged only	687	22%
28	Remote and rugged	–	–
29	Unallocated overhead lines	–	–
30	<b>Total overhead length</b>	<b>3,072</b>	<b>100%</b>
31			
32		<b>(% of total circuit length)</b>	
33	Length of circuit within 10km of coastline or geothermal areas (where known)	376	7%
34		<b>(% of total circuit length)</b>	
35	Overhead circuit requiring vegetation management	2,043	67%

Company Name **WEL Networks Limited**  
 For Year Ended **31 March 2022**

**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 *	Number of ICPs served	Line charge revenue (\$000)
8	Brick Street	18	128
9	Flagship	3	75
10	Halfmoon Bay	60	53
11	Hulme Place	37	21
12	Jeffs Road Dannemora	883	633
13	Kirkdale	267	185
14	Oaklands	178	139
15	Porchester Road	277	213
16	Ryan Place	71	52
17	Southgate	110	86
18			
19			
20			
21			
22			
23			
24			
25			
26	* 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

WEL Networks Limited

For Year Ended

31 March 2022

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

9 Number of ICPs connected in year by consumer type

10 Consumer types defined by EDB\*

11	Consumer types defined by EDB*	Number of connections (ICPs)
11	1153 Residential Low User	1,110
11	1154 Residential Standard User	301
11	1200 General	107
11	1293 Metered and Unmetered Streetlighting	(1)
11	1354 Medium Voltage (11kV)	(1)
12	1360 Low Voltage (400V)	4
13	1153C Residential Low User Conditional	(65)
14	1154C Residential Standard User Conditional	48
15	1200C General Conditional	(53)

16 \* include additional rows if needed

17 Connections total

1,450

#### 19 Distributed generation

20 Number of connections made in year

348 connections

21 Capacity of distributed generation installed in year

2.41 MVA

#### 22 9e(ii): System Demand

#### 25 Maximum coincident system demand

26		Demand at time of maximum coincident demand (MW)
26	GXP demand	278
27	plus Distributed generation output at HV and above	30
28	<b>Maximum coincident system demand</b>	308
29	less Net transfers to (from) other EDBs at HV and above	-
30	<b>Demand on system for supply to consumers' connection points</b>	308

#### 31 Electricity volumes carried

32		Energy (GWh)
32	Electricity supplied from GXPs	1,030
33	less Electricity exports to GXPs	70
34	plus Electricity supplied from distributed generation	418
35	less Net electricity supplied to (from) other EDBs	(15)
36	<b>Electricity entering system for supply to consumers' connection points</b>	1,393
37	less Total energy delivered to ICPs	1,331
38	<b>Electricity losses (loss ratio)</b>	63 4.5%

40 Load factor

0.52

#### 41 9e(iii): Transformer Capacity

42		(MVA)
43	Distribution transformer capacity (EDB owned)	964
44	Distribution transformer capacity (Non-EDB owned, estimated)	32
45	<b>Total distribution transformer capacity</b>	996
46		
47	<b>Zone substation transformer capacity</b>	766

Company Name **WEL Networks Limited**

For Year Ended **31 March 2022**

Network / Sub-network Name

**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 the 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**

	<b>Number of interruptions</b>
10 Class A (planned interruptions by Transpower)	4
11 Class B (planned interruptions on the network)	388
12 Class C (unplanned interruptions on the network)	817
13 Class D (unplanned interruptions by Transpower)	7
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)	2
19 <b>Total</b>	<b>1,218</b>

**21 Interruption restoration**

	<b>≤3Hrs</b>	<b>&gt;3hrs</b>
22 Class C interruptions restored within	483	334

**24 SAIFI and SAIDI by class**

	<b>SAIFI</b>	<b>SAIDI</b>
25 Class A (planned interruptions by Transpower)	0.04	-
26 Class B (planned interruptions on the network)	0.26	40.1
27 Class C (unplanned interruptions on the network)	1.89	210.5
28 Class D (unplanned interruptions by Transpower)	0.18	8.2
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)	-	0.1
34 <b>Total</b>	<b>2.37</b>	<b>258.9</b>

**36 Normalised SAIFI and SAIDI**

	<b>Normalised SAIFI</b>	<b>Normalised SAIDI</b>
37 Classes B & C (interruptions on the network)	2.09	159.0

Company Name	<b>WEL Networks Limited</b>
For Year Ended	<b>31 March 2022</b>
Network / Sub-network Name	

**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 the 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	0.10	11.3
Vegetation	0.10	30.4
Adverse weather	0.47	87.9
Adverse environment	0.01	0.8
Third party interference	0.23	26.6
Wildlife	0.06	3.2
Human error	0.08	1.0
Defective equipment	0.50	35.2
Cause unknown	0.34	14.1

**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)	0.13	24.8
Distribution cables (excluding LV)	-	-
Distribution other (excluding LV)	0.13	15.3

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

Main equipment involved	SAIFI	SAIDI
Subtransmission lines	0.21	10.7
Subtransmission cables	-	-
Subtransmission other	-	-
Distribution lines (excluding LV)	1.13	164.2
Distribution cables (excluding LV)	0.13	8.6
Distribution other (excluding LV)	0.42	27.0

**10(v): Fault Rate**

Main equipment involved	Number of Faults	Circuit length (km)	Fault rate (faults per 100km)
Subtransmission lines	14	184	7.60
Subtransmission cables	1	271	0.37
Subtransmission other	-	-	-
Distribution lines (excluding LV)	409	1,926	21.23
Distribution cables (excluding LV)	44	743	5.92
Distribution other (excluding LV)	349	-	-
<b>Total</b>	<b>817</b>		



Company Name WEL Networks Limited

For Year Ended 31 March 2022

## Schedule 14 Mandatory Explanatory Notes

*(Guidance Note: This Microsoft Word version of Schedules 14, 14a and 15 is from the Electricity Distribution Information Disclosure Determination 2012 – as amended and consolidated 3 April 2018. Clause references in this template are to that determination)*

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: Explanatory comment on return on investment**

ROI for disclosure year 2022 is 9.91% (FY21: 5.64%) compared to a comparable mid-point estimate of vanilla WACC of 3.82%.

The increase in the ROI is due to the CPI rate being 6.93% in FY22 (FY21: 1.52%). This resulted in revaluations on the regulatory asset base being 4.7 times higher in FY22 than in FY21.

### *Regulatory Profit (Schedule 3)*

5. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-
  - 5.1 a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in 3(i) of Schedule 3
  - 5.2 information on reclassified items in accordance with subclause 2.7.1(2).

#### **Box 2: Explanatory comment on regulatory profit**

5.1. Other regulated income includes income received from providing instantaneous reserves (interruptible load) to the electricity market in the event of sudden failure.

5.2. No items were reclassified.

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

6. If the EDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below-
- 6.1 information on reclassified items in accordance with subclause 2.7.1(2)
  - 6.2 any other commentary on the benefits of the merger and acquisition expenditure to the EDB.

**Box 3: Explanatory comment on merger and acquisition expenditure**

No merger and acquisition expenditure.

*Value of the Regulatory Asset Base (Schedule 4)*

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

**Box 4: Explanatory comment on the value of the regulatory asset based (rolled forward)**

The value of the Asset Base in Schedule 4 for disclosure year 2021 was \$592.3M and for disclosure year 2022 is now \$644.3M; a positive movement of \$52.0M. This movement is mainly due to the high CPI rate in FY22 resulting in high revaluations.

WIP

The closing value of assets not yet commissioned and included in Works under construction as at 31 March 2022 is \$36.0M. The WIP balance associated with these assets will be rolled out of WIP once these assets are capitalised into the RAB.

Asset allocation

WEL utilises the ABAA allocation methodology for the allocation of poles that are being used for purposes other than electricity e.g. fibre, telephone lines etc, and for the allocation of non-network assets that are being used for purposes other than electricity e.g. building, land, computer assets etc. Refer to box 8.

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

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

- 8.1 Income not included in regulatory profit / (loss) before tax but taxable;
- 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible;
- 8.3 Income included in regulatory profit / (loss) before tax but not taxable;
- 8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax.

**Box 5: Regulatory tax allowance: permanent differences**

- 8.1. There is no 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 relates to the non-deductible portion of entertainment.
- 8.3. There is no income included in regulatory profit / (loss) before tax but not taxable.
- 8.4. There is no expenditure or loss deductible but not in regulatory profit / (loss) 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.

**Box 6: Tax effect of other temporary differences (current disclosure year)**

Tax effect of other temporary differences amount to \$2.1M and relate to:

- \$2.0M tax effect of the current year portion of capital contributions which are being amortised over 10 years; and
- \$0.1M tax effect movement in other general provisions.

*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: Cost allocation**

All of the costs are allocated on a proxy basis. Within the business support cost centres, timesheets or any other work allocation methods are not utilised. Therefore there are no identifying allocators to enable a causal basis to be used.

Costs have been allocated based on the relevant managers' determination of the time spent on electricity distribution related and non-electricity distribution related functions.

No items were reclassified.

*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: Commentary on asset allocation**

Assets are considered not directly attributable and have been allocated using ABAA methodology when they do not relate solely to the regulated business.

Not directly attributable Distribution and LV Lines values relate to poles that have multiple uses e.g. fibre, streetlights etc. The allocation is based on GIS information on poles that have mixed use which is a causal allocator.

The allocators for non-network assets e.g. buildings, furniture, computer hardware and software align to the business operational expenditure proxy allocators. Non-network assets relate to the business support cost centres. In these cost centres, timesheets or any other work allocation methods are not utilised. Therefore there are no identifying allocators to enable a causal basis to be used. Asset values have been allocated based on the relevant managers' determination of the time spent on electricity distribution related and non-electricity distribution related functions.

*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: Explanation of capital expenditure for the disclosure year**

12.1. WEL classifies a project with total cost over \$0.5M as a major capital project.

All projects are categorised for ID purposes using AMP classifications to ensure consistency in reporting and any overheads are allocated on a pro-rata basis across all relevant projects.

12.2. No items have been reclassified.

*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, including the value of the expenditure, the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

**Box 10: Explanation of operational expenditure for the disclosure year**

13.1. Asset replacement and renewal operating expenditure is mainly incurred in relation to unplanned defects correction. The expenditure includes the following main asset categories:

- Switchgear including RMU & overhead line switches / sectionalisers / voltage regulators
- Conductors, poles and cross-arms including insulator, live line clamps, broken cut outs, possum guards and stay wire repairs
- Distribution transformers
- Pillars
- Feeders including stolen earth repairs
- Circuit breakers
- Zone substations including buildings, zone sub transformers, ripple plants and battery chargers and banks
- SCADA and other communication devices

13.2. No items have been reclassified.

13.3. There have been no material items of atypical expenditure.

*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: Explanatory comment on variance in actual to forecast expenditure**

Expenditure on Assets

Consumer connection – Connections were forecasted in the AMP to a similar level to FY21 due to the expected impact of Covid on customer requests, procurement of materials, and delivery. There was a higher level of connections than forecasted during FY22 particularly in subdivisions due to greenfield growth (variance of \$3.1M), and new connections for infill housing (variance of \$1.6M).

System growth – The new Fairfield substation was not forecasted in the AMP, however the land was purchased at the end of FY22 (variance of \$2M) for this project to commence in FY23 based on projected high numbers of connections due to densification in the Fairfield/Hamilton East areas and greenfield area on the eastern boundary of Hamilton City. There was also a delayed spend from FY21 into FY22 on Te Kowhai GXP to Tasman Road and Te Rapa North 33kV cabling (variance of \$1.4M). Other system growth works were deferred due to constrained resources with new connections and fault response being prioritised.

Asset relocations – Ruakura Inland Port (TGH Superhub) was not forecasted in the AMP as this project had not been committed to by the customer. Once committed, to mitigate supply chain difficulties, the procurement of materials was brought forward into FY22 (variance of \$1.3M). Other relocations were not forecasted and are usually in association with customer requests which were also higher than forecasted (variance of \$1.8M).

Quality of supply – Distribution transformer and LV feeder upgrade projects undertaken during the year were lower than forecasted due to constrained resources with new connections and fault response being prioritised (variance of \$0.5M).

Other reliability, safety, and supply – Gordonton zone substation upgrade works are below forecast due to the timing of the project completion moving into FY23 (variance of \$0.7M).

Operational Expenditure

Service interruptions and emergencies – Higher than forecasted due to the unplanned nature of faults works. Faults were significantly higher than the historical monthly average in February and March 2022 as a result of Cyclone Dovi.

Vegetation management – Lower than forecasted due to vacant arborist roles during the year.

Routine and corrective maintenance and inspection, and Asset replacement and renewal – Combined these categories are approximately \$1.1M lower than forecasted. This is largely driven by planned outages being limited during Covid lockdowns (Level 3 and 4) to maintain customer connection, delays caused by resource constraints due to staff illness and prioritisation of customer initiated works.

*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: Explanatory comment relating to revenue for the disclosure year**

The variance between target revenue and total billed revenue for the year is 4%. This is not a material difference.

*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: Commentary on network reliability for the disclosure year**

The normalised result for SAIDI was 159.0

The normalised result for SAIFI was 2.09

The process applied for calculating SAIDI and SAIFI has been based on all customer interruptions including instances where customers were impacted multiple times in multi-stage outages.

There was one significant storm event during the disclosure year (Cyclone Dovi) on 13-14 February 2022. This resulted in the normalised SAIFI being 0.28 lower than total SAIFI, and normalised SAIDI being 99.9 lower than total SAIDI.

*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: Explanation of insurance cover**

17.1. WEL takes prudent insurance cover for critical 'point' assets within the network (being the substations) including material damage, but notes insurance for the actual network is either unavailable or prohibitively expensive. WEL also takes prudent insurance cover for the non-network assets and appropriate contracting and statutory liability insurances.

17.2. WEL does not have any formal self-insurance policies. WEL has risk management practices and procedures. WEL does not have its own 'captive' insurance company or cash reserves invested.

*Amendments to previously disclosed information*

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

[Insert text here]



Company Name	<u>WEL Networks Limited</u>
For Year Ended	<u>31 March 2022</u>

## Schedule 15 Voluntary Explanatory Notes

*(In this Schedule, clause references are to the Electricity Distribution Information Disclosure Determination 2012 – as amended and consolidated 3 April 2018.)*

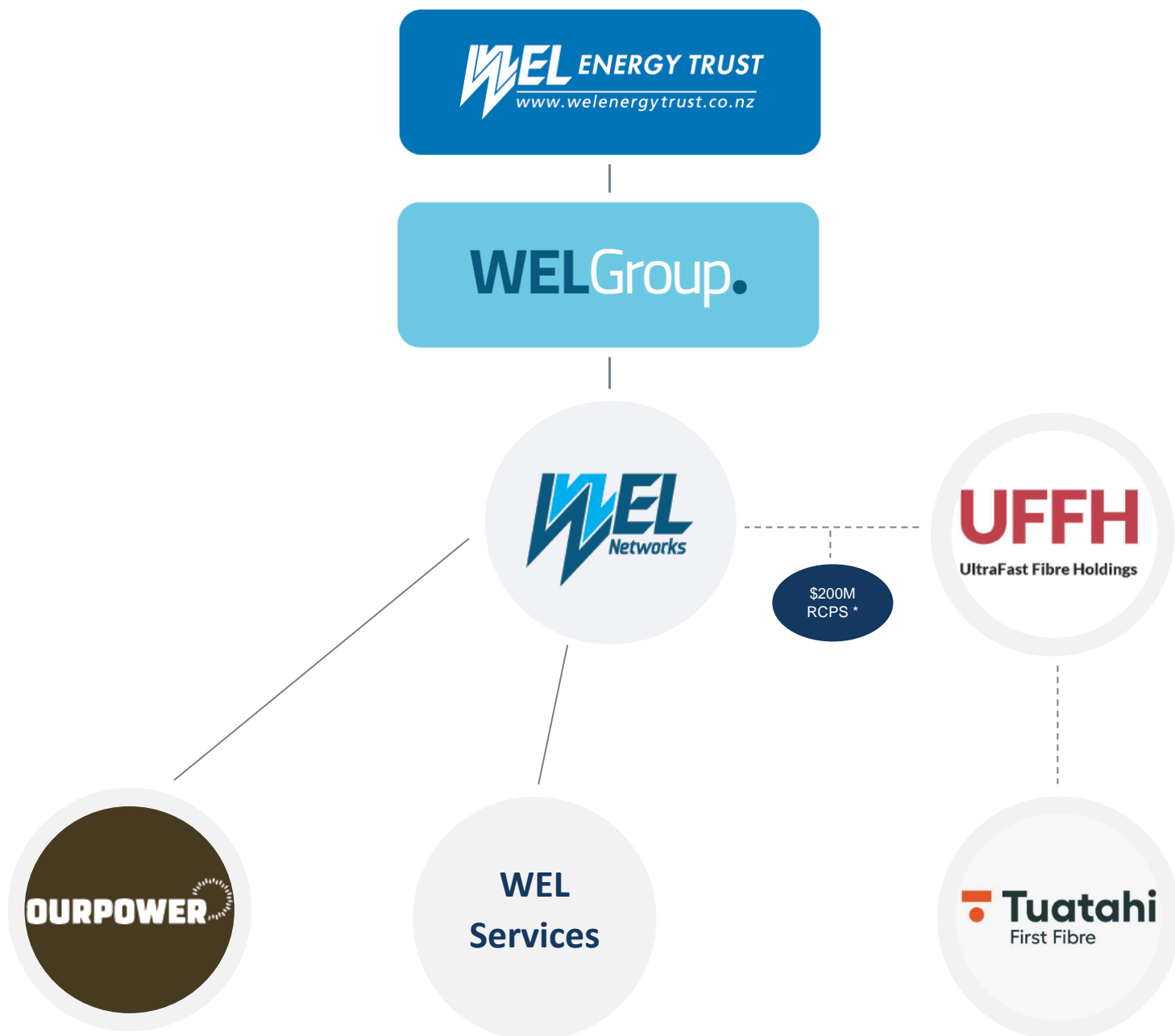
1. This schedule enables EDBs to provide, should they wish to-
  - 1.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1 and 2.5.2;
  - 1.2 information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.
3. Provide additional explanatory comment in the box below.

**Box 1: Voluntary explanatory comment on disclosed information**

Disclosure and auditing of reliability information within Schedule 10

As required by the exemption granted 17 May 2021 WEL Networks confirms that successive interruptions have been treated in the same way for the 2022 disclosure year as they were for the 2021 disclosure year. The process applied for calculating SAIDI and SAIFI has been based on all customer interruptions including instances where customers were impacted multiple times in multi-stage outages.

# Regulated Related Party Model



**Wholly owned retail provider of power to the Waikato region.**

**Annual revenue (000's):**  
Lines charges: \$2,054

**Business division providing contracting services to WEL Networks.**

**Annual expenditure Opex 2022 (000's):**

Service Interruption and Emergencies: \$3,305  
Vegetation Management: \$926  
Routine and Corrective Maintenance and Inspection: \$961  
Asset Replacement and Renewal: \$1,379

**Annual expenditure Capex 2022 (000's):**

Consumer connection: \$1,522  
System Growth: \$312  
Asset Replacement and Renewal: \$3,995  
Asset Relocations: \$1,133  
Legislative and Regulatory: \$85  
Other Reliability, Safety and Environment: \$439  
Non-network assets: \$46

**TFF builds, owns and operates the UFB network in a variety of urban towns within the north island. TFF rent space on some WEL Networks' poles for their fibre connections.**

**Annual revenue 2022 (000's):**  
Pole lease: \$155

This revenue is non-regulatory and is excluded from the regulatory Information Disclosures.

\* WEL Networks sold their shareholding in UFF Holdings Limited in September 2020. Consideration of \$200M in the form of redeemable convertible preference shares was deferred for 18 months from the completion of the sale. This was received in March 2022.

## Related Party Procurement

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### Procurement Policy Summary

WEL Networks Ltd (WEL) procures a range of goods and services that enable the construction, operation and maintenance of our electricity network. While there is a need to ensure procurement delivers value for money, procurement should also ensure quality, safety, efficient and sustainable sourcing.

WEL Networks may engage related parties to deliver services on their behalf across the distribution network. Related parties may be chosen to achieve efficiency through obtaining desired quality/price, ensure high safety standards and retention of the appropriate skills within WEL.

A **related party** means a person that is related to the EDB, where the EDB would be considered as the 'reporting entity' under NZ IAS 24 or any part of the EDB that does not supply electricity distribution services<sup>1</sup>.

The current procurement policy as at March 2022 was approved in March 2019 (this was reviewed in May 2022).

All work is either designed within WEL Networks or through external contractors with the correct expertise. If designed externally it is reviewed by the WEL Networks design team and/or Contract Managers.

WEL is legally responsible for the design and construction of the network and therefore any work carried out on the network must be completed by authorised contractors who are approved by WEL. These contractors are requested to undertake Health and Safety assessments as part of WEL's PCBU requirements and Public Safety Management systems. The list of approved contractors other than WEL's Contracting department can be found by contacting Customer Services on 0800 800 935.

There are a number of key considerations, constraints and drivers for the work allocation including overall network planning principles, network design, supplier expertise in delivery, supplier availability, price and quality.

All materials used on the network are sourced and issued through WEL Networks' Distribution Centre irrespective of who undertakes the work, to ensure consistency in products used as well as quality and pricing.

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<sup>1</sup> Commerce Commission, *Electricity Distribution Service Input Methodologies Determination 2012*

## Classification of related party procurement

WEL Networks splits its operational and capital expenditure into a number of categories. These categories serve as the basis for who may be engaged to undertake the work.

Classification	Category	Description	Supplier
<b>OPEX</b>	Service Interruptions & Emergencies	These are usually first response costs that either fix or make safe lines/equipment that have been damaged due to weather events, human interaction e.g. car v poles and general faults.	WEL's Contracting division undertakes this work.
	Planned Maintenance	These are small, planned jobs to ensure the network and buildings are working efficiently and effectively.	WEL's Contracting division completes the majority of this work unless there is insufficient capacity or a higher skill set is held by an approved contractor.
	Vegetation Management	Tree maintenance plays a vital role in delivering a safe and reliable power supply to our communities.	WEL's Contracting division will undertake the work where critical unless the vegetation owner chooses another approved contractor.
<b>CAPEX</b>	Network projects	Network projects tend to be planned in advance, e.g. substation upgrades.	WEL's Contracting division and other approved external contractors. Contractors are selected based on capacity and skill set.
	Asset replacement	Work under this category is largely improvement projects and planned in advance e.g. pole/crossarm replacements or cable conducting. They also include 2 <sup>nd</sup> response fault jobs when the jobs require asset replacements rather than just maintenance.	WEL's Contracting division and other approved external contractors. Contractors are selected based on capacity and skill set.
	Customer Initiated Works	These works include subdivisions, new connections, asset relocations etc.	WEL's Contracting division and other approved external contractors. Contractors are selected based on capacity and skill set.

**Examples of procurement by category**

Example	Practical application of Policy	Supplier used	Reason for supplier used	How cost is determined	Change from Prior year?
<i>Service Interruptions &amp; Emergencies</i>					
<p><b>No Power</b> Customer has called as there is no power at their site. Faultman replaced a fuse in the pillar and restored the power.</p>	<p>A work order is automatically created at the time a fault call is made and a faultman is dispatched. Due to the unknown nature of fault work, the work required is assessed on the job. This example was completed by the faultman and did not need any additional planning or design work.</p>	<p>WEL's Contracting division</p>	<p>To utilise the expertise and services of a stand-by team who are available 24/7.</p>	<p>Labour rate is based on average salary costs plus overheads. Average salary costs are based on average productivity/ billability levels.</p>	<p>None</p>
<i>Planned Maintenance</i>					
<p><b>Earthing testing at Kent Street substation</b> Performed earth resistance testing on substation equipment which is required to be completed every three years.</p>	<p>Maintenance jobs are divided equally over maintenance cycles. A maintenance plan is produced that includes routine maintenance and automatically creates a work order once the task is due for maintenance. Work included in maintenance plan such as the example given, is pre-approved by the Maintenance manager and is reviewed by the planning team once work order is created before being given to the scheduling team and dispatched for completion.</p>	<p>WEL's Contracting division</p>	<p>To utilise the expertise and services of teams with knowledge of WEL's network.</p>	<p>Labour rate is based on average salary costs plus overheads. Average salary costs are based on average productivity/ billability levels.</p>	<p>None</p>
<i>Vegetation</i>					
<p><b>Monthly line inspection</b> 100% of the network is required to be inspected for possible vegetation issues. The vegetation costs include line inspection and cuts.</p>	<p>When vegetation poses a danger to the network WEL is obligated to undertake the work to remove the danger. If trees are on private land and within the Growth Limit Zone a notification letter is given to the land owner and at this point the owner has a choice of who they use to trim the trees.</p>	<p>WEL's Contracting division and other contractors</p>	<p>Customers have the ability to choose contractors. WEL's Contracting division is used for critical cuts.</p>	<p>Labour rate is based on average salary costs plus overheads. Average salary costs are based on average productivity/ billability levels.</p>	<p>None</p>

<i>Asset replacement</i>					
<b>Asset Replacement Rural Reliability Project</b> This project is included replacement of 16mm <sup>2</sup> Copper Conductor, re-conductoring 5km, and installing switches/SECTOS.	This was included in the annual Asset Management Plan. The work was designed and costed within WEL Networks and due to the financial value it was approved by the CEO. The project was then scheduled for completion.	WEL's Contracting division	Supplier has been chosen based on expertise and availability.	Labour rate is based on average salary costs plus overheads. Average salary costs are based on average productivity/ billability levels.	None
<i>Network projects</i>					
<b>Network Reliability - Clarkin Road</b> This project was installing a new tie cable within the CLACB16 feeder to backfeed up to 800 customers in event of a fault.	This was included in the annual Asset Management Plan. The work was designed and costed within WEL Networks and due to the financial value it was approved by the Asset Management GM. The project was then scheduled for completion.	WEL's Contracting division	Supplier has been chosen based on expertise and availability.	Labour rate is based on average salary costs plus overheads. Average salary costs are based on average productivity/ billability levels.	None
<i>Customer Initiated Works</i>					
<b>New connection</b> Customer request for four new connections for an infill housing section.	A customer requested the new connections via an initial request form. This request was scoped, designed, costed and approved within WEL. A quote was sent to the customer for their contribution towards the project. Once the customer accepted the quote and a deposit was made, the work was allocated for completion.	WEL's Contracting division	Supplier has been chosen based on expertise and availability.	Labour rate is based on average salary costs plus overheads. Average salary costs are based on average productivity/ billability levels.	None

## Market Testing

Category	Type of test	Last tested	Comments
Service Interruptions & Emergencies	Labour and plant rate comparison	2022	Labour rates are calculated as actual cost plus an allocation of overheads. These labour rates are compared against contractors for reasonableness however the related party is solely used and the department is run on a break even basis*
Planned Maintenance	Labour and plant rate comparison	2022	Labour rates are calculated as actual cost plus an allocation of overheads. These labour rates are compared against contractors for reasonableness however the related party is used in the first instance**
Vegetation Management	None	Never tested	Customer can choose the supplier therefore WEL's Contracting division has to be competitive in its pricing to ensure they retain the work.
Network projects	Labour and plant rate comparison	2022	Rates are compared annually between related party and external contractors.
Asset replacement	Labour and plant rate comparison	2022	Rates are compared annually between related party and external contractors.
Customer Initiated Works	Labour and plant rate comparison	2022	Rates are compared annually between related party and external contractors.

\*The related party is primarily utilised for this category due to the unknown nature of the work. This work relies on teams being available 24/7 and therefore WEL, through its related party, has a first response team that are on standby to be able to attend faults at short notice. This reduces response time and utilises the knowledge, expertise and intellectual property of the staff in-house.

\*\*The related party is used primarily for this category as it has a team of skilled and qualified personnel to complete the work. It involves having knowledge of the network which is less likely to apply to external contractors.