

**EDB Information Disclosure Requirements
Information Templates**

**Schedules 1–10
excluding 5f–5h**

Company Name	WEL Networks Limited
Disclosure Date	31 August 2024
Disclosure Year (year ended)	31 March 2024

Templates for Schedules 1–10 excluding 5f–5h
Prepared 16 February 2024

SCHEDULE 1: ANALYTICAL RATIOS

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

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

sch ref

1(i): Expenditure metrics		Expenditure per GWh energy delivered to ICPs (\$/GWh)	Expenditure per average no. of ICPs (\$/ICP)	Expenditure per MW maximum coincident system demand (\$/MW)	Expenditure per km circuit length (\$/km)	Expenditure per MVA of capacity from EDB-owned distribution transformers (\$/MVA)
7	1(i): Expenditure metrics					
8						
9	Operational expenditure	25,865	370	118,479	6,541	37,764
10	Network	8,032	115	36,792	2,031	11,727
11	Non-network	17,833	255	81,687	4,510	26,037
12						
13	Expenditure on assets	67,362	963	308,561	17,035	98,350
14	Network	58,434	836	267,663	14,777	85,314
15	Non-network	8,928	128	40,898	2,258	13,036
16						
17	1(ii): Revenue metrics					
18						
19	Total consumer line charge revenue	77,763	1,112			
20	Standard consumer line charge revenue	77,914	1,112			
21	Non-standard consumer line charge revenue	-	-			
22						
23	1(iii): Service intensity measures					
24						
25	Demand density	55				Maximum coincident system demand per km of circuit length (for supply) (kW/km)
26	Volume density	253				Total energy delivered to ICPs per km of circuit length (for supply) (MWh/km)
27	Connection point density	18				Average number of ICPs per km of circuit length (for supply) (ICPs/km)
28	Energy intensity	14,302				Total energy delivered to ICPs per average number of ICPs (kWh/ICP)
29						
30	1(iv): Composition of regulatory income					
31						
32	Operational expenditure			37,084	32.89%	
33	Pass-through and recoverable costs excluding financial incentives and wash-ups			23,989	21.28%	
34	Total depreciation			27,391	24.29%	
35	Total revaluations			28,359	25.15%	
36	Regulatory tax allowance			5,915	5.25%	
37	Regulatory profit/(loss) including financial incentives and wash-ups			46,736	41.45%	
38	Total regulatory income			112,756		
39						
40	1(v): Reliability					
41						
42	Interruption rate			24.36		Interruptions per 100 circuit km

Company Name
For Year Ended

WEL Networks Limited
31 March 2024

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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

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sch ref

2(i): Return on Investment		CY-2	CY-1	Current Year CY
		%	%	%
7	2(i): Return on Investment			
8				
9	ROI – comparable to a post tax WACC			
10	Reflecting all revenue earned	9.61%	7.84%	6.29%
11	Excluding revenue earned from financial incentives	9.61%	7.84%	6.29%
12	Excluding revenue earned from financial incentives and wash-ups	9.61%	7.84%	6.29%
13				
14	Mid-point estimate of post tax WACC	3.52%	4.88%	6.05%
15	25th percentile estimate	2.84%	4.20%	5.37%
16	75th percentile estimate	4.20%	5.56%	6.73%
17				
18				
19	ROI – comparable to a vanilla WACC			
20	Reflecting all revenue earned	9.91%	8.35%	6.99%
21	Excluding revenue earned from financial incentives	9.91%	8.35%	6.99%
22	Excluding revenue earned from financial incentives and wash-ups	9.91%	8.35%	6.99%
23				
24	WACC rate used to set regulatory price path	–	–	–
25				
26	Mid-point estimate of vanilla WACC	3.82%	5.39%	6.75%
27	25th percentile estimate	3.14%	4.71%	6.07%
28	75th percentile estimate	4.50%	6.07%	7.43%
29				
30	2(ii): Information Supporting the ROI			
31				
32	Total opening RAB value	706,476		
33	plus Opening deferred tax	(44,902)		
34	Opening RIV		661,574	
35				
36	Line charge revenue		111,491	
37				
38	Expenses cash outflow	61,073		
39	add Assets commissioned	43,349		
40	less Asset disposals	112		
41	add Tax payments	1,223		
42	less Other regulated income	1,265		
43	Mid-year net cash outflows		104,268	
44				
45	Term credit spread differential allowance		–	
46				
47	Total closing RAB value	750,681		
48	less Adjustment resulting from asset allocation	0		
49	less Lost and found assets adjustment	–		
50	plus Closing deferred tax	(49,594)		
51	Closing RIV		701,087	
52				
53	ROI – comparable to a vanilla WACC			6.99%
54				
55	Leverage (%)			42%
56	Cost of debt assumption (%)			5.97%
57	Corporate tax rate (%)			28%
58				
59	ROI – comparable to a post tax WACC			6.29%
60				

Company Name
For Year Ended

WEL Networks Limited
31 March 2024

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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

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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	Total	-	-	-	-	-	-	-
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		6.84%
95			
96	Year-end ROI – comparable to a post tax WACC		6.14%
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

101				
102	IRIS incentive adjustment			
103	Purchased assets – avoided transmission charge			
104	Energy efficiency and demand incentive allowance			
105	Quality incentive adjustment			
106	Other financial incentives			
107	Financial incentives			-
108				
109	Impact of financial incentives on ROI			-
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	Wash-up costs			-
120				
121	Impact of wash-up costs on ROI			-

Company Name **WEL Networks Limited**
For Year Ended **31 March 2024**

SCHEDULE 3: REPORT ON REGULATORY PROFIT

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

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

sch ref

7	3(i): Regulatory Profit		(\$000)
8	Income		
9	Line charge revenue	111,491	
10	plus Gains / (losses) on asset disposals	(13)	
11	plus Other regulated income (other than gains / (losses) on asset disposals)	1,278	
12			
13	Total regulatory income	112,756	
14	Expenses		
15	less Operational expenditure	37,084	
16			
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	23,989	
18			
19	Operating surplus / (deficit)	51,683	
20			
21	less Total depreciation	27,391	
22			
23	plus Total revaluations	28,359	
24			
25	Regulatory profit / (loss) before tax	52,651	
26			
27	less Term credit spread differential allowance	-	
28			
29	less Regulatory tax allowance	5,915	
30			
31	Regulatory profit/(loss) including financial incentives and wash-ups	46,736	
32			
33	3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups		(\$000)
34	Pass through costs		
35	Rates	1,072	
36	Commerce Act levies	117	
37	Industry levies	246	
38	CPP specified pass through costs	-	
39	Recoverable costs excluding financial incentives and wash-ups		
40	Electricity lines service charge payable to Transpower	20,415	
41	Transpower new investment contract charges	2,139	
42	System operator services	-	
43	Distributed generation allowance	-	
44	Extended reserves allowance	-	
45	Other recoverable costs excluding financial incentives and wash-ups	-	
46	Pass-through and recoverable costs excluding financial incentives and wash-ups	23,989	
47			
48	3(iv): Merger and Acquisition Expenditure		
49			(\$000)
50	Merger and acquisition expenditure	-	
51			
52	<i>Provide commentary on the benefits of merger and acquisition expenditure to the electricity distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>		
53	3(v): Other Disclosures		
54			(\$000)
55	Self-insurance allowance	-	

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

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

sch ref

	RAB CY-4 (\$000)	RAB CY-3 (\$000)	RAB CY-2 (\$000)	RAB CY-1 (\$000)	RAB CY (\$000)
4(i): Regulatory Asset Base Value (Rolled Forward)					
Total opening RAB value	569,300	599,939	592,314	644,346	706,476
less Total depreciation	20,476	21,914	21,872	24,551	27,391
plus Total revaluations	14,295	8,696	40,984	42,790	28,359
plus Assets commissioned	43,116	30,575	33,128	44,722	43,349
less Asset disposals	55	114	206	831	112
plus Lost and found assets adjustment	(6,241)	(23,623)	–	–	–
plus Adjustment resulting from asset allocation	–	(1,245)	(2)	0	0
Total closing RAB value	599,939	592,314	644,346	706,476	750,681

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
4(ii): Unallocated Regulatory Asset Base				
Total opening RAB value		717,571		706,476
less Total depreciation		28,075		27,391
plus Total revaluations		28,797		28,359
plus Assets commissioned (other than below)	32,419		31,732	
Assets acquired from a regulated supplier	–		–	
Assets acquired from a related party	11,617		11,617	
Assets commissioned		44,036		43,349
less Asset disposals (other than below)	112		112	
Asset disposals to a regulated supplier	–		–	
Asset disposals to a related party	–		–	
Asset disposals		112		112
plus Lost and found assets adjustment		–		–
plus Adjustment resulting from asset allocation				0
Total closing RAB value		762,217		750,681

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

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

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

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

CPI _t	1,267
CPI _{t-4}	1,218
Revaluation rate (%)	4.02%

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value	717,571		706,476	
less Opening value of fully depreciated, disposed and lost assets	1,751		1,542	
Total opening RAB value subject to revaluation	715,820		704,934	
Total revaluations		28,797		28,359

4(iv): Roll Forward of Works Under Construction

	Unallocated works under construction		Allocated works under construction	
Works under construction—preceding disclosure year		54,800		54,800
plus Capital expenditure	84,750		84,750	
less Assets commissioned	44,036		43,349	
plus Adjustment resulting from asset allocation			(687)	
Works under construction - current disclosure year		95,514		95,514
Highest rate of capitalised finance applied				-

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

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

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

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
79 Depreciation - standard	21,509		21,393	
80 Depreciation - no standard life assets	6,566		5,998	
81 Depreciation - modified life assets				
82 Depreciation - alternative depreciation in accordance with CPP				
83 Total depreciation		28,075		27,391

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 Total opening RAB value	23,696	52,553	85,253	143,432	226,974	75,458	49,299	14,480	35,331	706,476
100 <i>less</i> Total depreciation	724	1,451	3,314	4,427	6,174	2,575	1,656	1,072	5,998	27,391
101 <i>plus</i> Total revaluations	953	2,114	3,423	5,770	9,128	3,034	1,983	577	1,377	28,359
102 <i>plus</i> Assets commissioned	153	835	2,125	6,367	12,299	5,567	3,374	472	12,157	43,349
103 <i>less</i> Asset disposals	-	-	-	-	-	18	-	-	94	112
104 <i>plus</i> Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
105 <i>plus</i> Adjustment resulting from asset allocation	-	-	-	-	-	-	-	-	-	-
106 <i>plus</i> Asset category transfers	-	-	-	-	-	-	-	-	-	-
107 Total closing RAB value	24,078	54,051	87,487	151,142	242,227	81,466	53,000	14,457	42,773	750,681
108 Asset Life										
109 Weighted average remaining asset life	38.9	39.9	31.5	43.0	43.2	35.0	32.3	13.4	13.7	(years)
110 Weighted average expected total asset life	58.7	52.8	44.3	59.4	54.8	48.5	39.8	20.7	19.9	(years)

Company Name

WEL Networks Limited

For Year Ended

31 March 2024

SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

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

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

sch ref

		(\$000)	
7	5a(i): Regulatory Tax Allowance		
8	Regulatory profit / (loss) before tax		52,651
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	19	*
12	Amortisation of initial differences in asset values	7,095	
13	Amortisation of revaluations	5,833	
14			12,947
15			
16	<i>less</i> Total revaluations	28,359	
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	16,114	
21			44,474
22			
23	Regulatory taxable income		21,125
24			
25	<i>less</i> Utilised tax losses	-	
26	Regulatory net taxable income		21,125
27			
28	Corporate tax rate (%)	28%	
29	Regulatory tax allowance		5,915

* 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).

		(\$000)	
34	5a(iii): Amortisation of Initial Difference in Asset Values		
35			
36	Opening unamortised initial differences in asset values	70,953	
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		63,858
41			
42	Opening weighted average remaining useful life of relevant assets (years)		10
43			

Company Name **WEL Networks Limited**For Year Ended **31 March 2024****SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE**

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

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sch ref

44	5a(iv): Amortisation of Revaluations		(\$000)
45			
46	Opening sum of RAB values without revaluations	563,644	
47			
48	Adjusted depreciation	21,558	
49	Total depreciation	27,391	
50	Amortisation of revaluations		5,833
51			
52	5a(v): Reconciliation of Tax Losses		(\$000)
53			
54	Opening tax losses	-	
55	plus Current period tax losses	-	
56	less Utilised tax losses	-	
57	Closing tax losses		-
58	5a(vi): Calculation of Deferred Tax Balance		(\$000)
59			
60	Opening deferred tax	(44,902)	
61			
62	plus Tax effect of adjusted depreciation	6,036	
63			
64	less Tax effect of tax depreciation	9,808	
65			
66	plus Tax effect of other temporary differences*	1,035	
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	(31)	
73			
74	plus Deferred tax cost allocation adjustment	(0)	
75			
76	Closing deferred tax		(49,594)
77			
78	5a(vii): Disclosure of Temporary Differences		
79	<i>In Schedule 14, Box 6, provide descriptions and workings of items recorded in the asterisked category in Schedule 5a(vi) (Tax effect of other temporary differences).</i>		
80			
81	5a(viii): Regulatory Tax Asset Base Roll-Forward		(\$000)
82			
83	Opening sum of regulatory tax asset values	367,110	
84	less Tax depreciation	35,027	
85	plus Regulatory tax asset value of assets commissioned	55,179	
86	less Regulatory tax asset value of asset disposals	3	
87	plus Lost and found assets adjustment	-	
88	plus Adjustment resulting from asset allocation	-	
89	plus Other adjustments to the RAB tax value	(4,988)	
90	Closing sum of regulatory tax asset values		382,271

SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

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

sch ref

	(\$000)	(\$000)
5b(i): Summary—Related Party Transactions		
Total regulatory income		494
Market value of asset disposals		–
Service interruptions and emergencies	3,810	
Vegetation management	1,364	
Routine and corrective maintenance and inspection	1,122	
Asset replacement and renewal (opex)	1,110	
Network opex		7,406
Business support	472	
System operations and network support - other	51	
Non-network solutions provided by a related party or third party	–	Not Required before DY2025
Operational expenditure		7,929
Consumer connection	1,794	
System growth	937	
Asset replacement and renewal (capex)	7,019	
Asset relocations	465	
Quality of supply	133	
Legislative and regulatory	166	
Other reliability, safety and environment	980	
Expenditure on non-network assets		123
Expenditure on assets		11,617
Cost of financing	–	
Value of capital contributions	–	
Value of vested assets	–	
Capital Expenditure		11,617
Total expenditure		19,546
Other related party transactions		–

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

Name of related party	Nature of opex or capex service provided	Total value of transactions (\$000)
WEL Contracting Division	Service interruptions and emergencies	3,810
WEL Contracting Division	Vegetation management	1,364
WEL Contracting Division	Routine and corrective maintenance and inspection	1,122
WEL Contracting Division	Asset replacement and renewal (opex)	1,110
WEL Contracting Division	Business support	78
WEL Contracting Division	System operations and network support - other	51
WEL Contracting Division	Consumer connection	1,794
WEL Contracting Division	System growth	937
WEL Contracting Division	Asset replacement and renewal (capex)	7,019
WEL Contracting Division	Asset relocations	465
WEL Contracting Division	Quality of supply	133
WEL Contracting Division	Legislative and regulatory	166
WEL Contracting Division	Other reliability, safety and environment	980
WEL Contracting Division	Expenditure on non-network assets	123
WEL Group Directors	Business support	394
Total value of related party transactions		19,546

* include additional rows if needed

SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE

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

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

Issuing party	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)	Term Credit Spread Difference	Debt issue cost readjustment
* include additional rows if needed						-	-	-

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

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

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

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

sch ref

7 **5d(i): Operating Cost Allocations**

		Value allocated (\$000s)				
		Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	OVABAA allocation increase (\$000s)
10	Service interruptions and emergencies					
11	Directly attributable		5,166			
12	Not directly attributable	-	-	-	-	-
13	Total attributable to regulated service		5,166			
14	Vegetation management					
15	Directly attributable		1,969			
16	Not directly attributable	-	-	-	-	-
17	Total attributable to regulated service		1,969			
18	Routine and corrective maintenance and inspection					
19	Directly attributable		2,725			
20	Not directly attributable	-	-	-	-	-
21	Total attributable to regulated service		2,725			
22	Asset replacement and renewal					
23	Directly attributable		1,656			
24	Not directly attributable	-	-	-	-	-
25	Total attributable to regulated service		1,656			
26	Non-network solutions provided by a related party or third party <i>Not required before DY2025</i>					
27	Directly attributable					
28	Not directly attributable				-	
29	Total attributable to regulated service					
30	System operations and network support					
31	Directly attributable		8,956			
32	Not directly attributable	-	-	-	-	-
33	Total attributable to regulated service		8,956			
34	Business support					
35	Directly attributable		-			
36	Not directly attributable	-	16,612	4,909	21,521	-
37	Total attributable to regulated service		16,612			
38						
39	Operating costs directly attributable		20,472			
40	Operating costs not directly attributable	-	16,612	4,909	21,521	-
41	Operational expenditure		37,084			

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

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

sch ref

43 **5d(ii): Other Cost Allocations**

	(\$000)
44 Pass through and recoverable costs	
45 Pass through costs	
46 Directly attributable	1,435
47 Not directly attributable	–
48 Total attributable to regulated service	1,435
49 Recoverable costs	
50 Directly attributable	22,554
51 Not directly attributable	–
52 Total attributable to regulated service	22,554

54 **5d(iii): Changes in Cost Allocations* †**

		(\$000)	
		CY-1	Current Year (CY)
56 Change in cost allocation 1			
57 Cost category			
58 Original allocator or line items			
59 New allocator or line items			
		–	–
60			
61 Rationale for change			

		(\$000)	
		CY-1	Current Year (CY)
65 Change in cost allocation 2			
66 Cost category			
67 Original allocator or line items			
68 New allocator or line items			
		–	–
69			
70 Rationale for change			

		(\$000)	
		CY-1	Current Year (CY)
74 Change in cost allocation 3			
75 Cost category			
76 Original allocator or line items			
77 New allocator or line items			
		–	–
78			
79 Rationale for change			

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

† include additional rows if needed

Company Name

WEL Networks Limited

For Year Ended

31 March 2024

SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

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

sch ref

5e(i): Regulated Service Asset Values

	Value allocated (\$000s)
Electricity distribution services	
Subtransmission lines	
Directly attributable	24,078
Not directly attributable	-
Total attributable to regulated service	24,078
Subtransmission cables	
Directly attributable	54,051
Not directly attributable	-
Total attributable to regulated service	54,051
Zone substations	
Directly attributable	87,487
Not directly attributable	-
Total attributable to regulated service	87,487
Distribution and LV lines	
Directly attributable	147,992
Not directly attributable	3,150
Total attributable to regulated service	151,142
Distribution and LV cables	
Directly attributable	242,227
Not directly attributable	-
Total attributable to regulated service	242,227
Distribution substations and transformers	
Directly attributable	81,466
Not directly attributable	-
Total attributable to regulated service	81,466
Distribution switchgear	
Directly attributable	53,000
Not directly attributable	-
Total attributable to regulated service	53,000
Other network assets	
Directly attributable	14,457
Not directly attributable	-
Total attributable to regulated service	14,457
Non-network assets	
Directly attributable	33,848
Not directly attributable	8,925
Total attributable to regulated service	42,773
Regulated service asset value directly attributable	738,606
Regulated service asset value not directly attributable	12,075
Total closing RAB value	750,681

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

		(\$000)	
		CY-1	Current Year (CY)
Change in asset value allocation 1			
Asset category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	-
Rationale for change			
		(\$000)	
		CY-1	Current Year (CY)
Change in asset value allocation 2			
Asset category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	-
Rationale for change			
		(\$000)	
		CY-1	Current Year (CY)
Change in asset value allocation 3			
Asset category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	-
Rationale for change			

* a change in asset allocation must be completed for each allocator or component change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or compone

† include additional rows if needed

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

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

sch ref

	(\$000)	(\$000)
6a(i): Expenditure on Assets		
Consumer connection		34,079
System growth		9,369
Asset replacement and renewal		25,637
Asset relocations		5,741
Reliability, safety and environment:		
Quality of supply	1,597	
Legislative and regulatory	865	
Other reliability, safety and environment	6,491	
Total reliability, safety and environment		8,953
Expenditure on network assets		83,779
Expenditure on non-network assets		12,801
Expenditure on assets		96,580
plus Cost of financing		-
less Value of capital contributions		11,830
plus Value of vested assets		-
Capital expenditure		84,750

	(\$000)
6a(ii): Subcomponents of Expenditure on Assets (where known)	
Energy efficiency and demand side management, reduction of energy losses	593
Overhead to underground conversion	-
Research and development	-

	(\$000)	(\$000)
6a(iii): Consumer Connection		
<i>Consumer types defined by EDB*</i>		
Residential Low User	16,575	
Residential Standard User	11,460	
General	3,569	
Streetlighting	24	
Medium Voltage (11kV)	57	
High Voltage (33kV)	1	
Low Voltage (400V)	257	
Unmetered	94	
Commercial Asset Specific	1	
Residential Low User Conditional	652	
Residential Standard User Conditional	690	
General Conditional	699	
<i>* include additional rows if needed</i>		
Consumer connection expenditure		34,079
less Capital contributions funding consumer connection expenditure	8,481	
Consumer connection less capital contributions		25,598

	System Growth (\$000)	Asset Replacement and Renewal (\$000)
6a(iv): System Growth and Asset Replacement and Renewal		
Subtransmission	792	1,275
Zone substations	5,720	323
Distribution and LV lines	1,196	14,322
Distribution and LV cables	936	2,597
Distribution substations and transformers	-	2,489
Distribution switchgear	725	3,531
Other network assets	-	1,100
System growth and asset replacement and renewal expenditure	9,369	25,637
less Capital contributions funding system growth and asset replacement and renewal	-	-
System growth and asset replacement and renewal less capital contributions	9,369	25,637

	(\$000)	(\$000)
6a(v): Asset Relocations		
<i>Project or programme*</i>		
Peacocks Development	2,508	
<i>* include additional rows if needed</i>		
All other projects or programmes - asset relocations	3,233	
Asset relocations expenditure		5,741
less Capital contributions funding asset relocations	3,349	
Asset relocations less capital contributions		2,392

Company Name

WEL Networks Limited

For Year Ended

31 March 2024

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

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

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

sch ref

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129**6a(vi): Quality of Supply***Project or programme**

Distribution Transformer and LV Feeder Upgrade projects Identified via Smart Meters
Power Quality Analyser Installation
Smart Meter Distribution Transformer Monitoring
LV Distribution Upgrade
LV and DER Management System

(\$000)

(\$000)

478
446
532
41
52

** include additional rows if needed*

All other projects programmes - quality of supply

48

Quality of supply expenditure

1,597

less Capital contributions funding quality of supply

-

Quality of supply less capital contributions

1,597

6a(vii): Legislative and Regulatory*Project or programme**

AUFLS scheme changes
NER protection changes through TWH Network
Line clearance mitigation
Seismic upgrades of substation

(\$000)

(\$000)

85
191
487
84

** include additional rows if needed*

All other projects or programmes - legislative and regulatory

18

Legislative and regulatory expenditure

865

less Capital contributions funding legislative and regulatory

-

Legislative and regulatory less capital contributions

865

6a(viii): Other Reliability, Safety and Environment*Project or programme**

IoT Network Measurement
Restricted Space Improvements
Fibre routes
Garden Place Switching Station Bypass
Gordonton Zone Substation Upgrade
LV visibility and data insights
Massey 11kV Switchgear Replacement
Network Reliability Project
Raglan Area Resilience
Te Uku Zone Substation Upgrade
Daisy Chain Transformer Unbundling
DSCO Enabling

(\$000)

(\$000)

79
41
242
519
211
349
842
750
205
2,590
415
120

** include additional rows if needed*

All other projects or programmes - other reliability, safety and environment

128

Other reliability, safety and environment expenditure

6,491

less Capital contributions funding other reliability, safety and environment

-

Other reliability, safety and environment less capital contributions

6,491

6a(ix): Non-Network Assets**Routine expenditure***Project or programme**

Computer Equipment
Computer Software
Property, Plant and Equipment
Buildings
Easements
Land and Building, and Plant and Equipment Leases
Smartmeters

(\$000)

(\$000)

180
370
1,017
47
263
293
593

** include additional rows if needed*

All other projects or programmes - routine expenditure

-

Routine expenditure

2,763

Atypical expenditure*Project or programme**

Building/Facilities
DSCO Projects
Data Headend
Data Centre Project
GIS Programme

(\$000)

(\$000)

432
1,277
4,848
821
973

** include additional rows if needed*

All other projects or programmes - atypical expenditure

1,687

Atypical expenditure

10,038

Expenditure on non-network assets

12,801

Company Name

WEL Networks Limited

For Year Ended

31 March 2024

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

This schedule requires a breakdown of operational expenditure incurred in the disclosure year.

EDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance.

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

sch ref

		(\$000)	(\$000)
7	6b(i): Operational Expenditure <i>Required for DY2024 and DY2025 only</i>		
8	Service interruptions and emergencies	5,166	
9	Vegetation management	1,969	
10	Routine and corrective maintenance and inspection	2,725	
11	Asset replacement and renewal	1,656	
12	Network opex		11,516
13	Non-network solutions provided by a related party or third party <i>Required for DY2025 only</i>		
14	System operations and network support	8,956	
15	Business support	16,612	
16	Non-network opex		25,568
17			
18	Operational expenditure		37,084
19	6b(i): Operational Expenditure <i>Not Required before DY2026</i>		
20	Service interruptions and emergencies:		
21	Vegetation-related		
22	Other		
23	Total service interruptions and emergencies	-	
24	Vegetation management:		
25	Assessment and notification costs		
26	Felling or trimming vegetation - in-zone		
27	Felling or trimming vegetation - out-of-zone		
28	Other		
29	Total vegetation management	-	
30			

Company Name

WEL Networks Limited

For Year Ended

31 March 2024

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

This schedule requires a breakdown of operational expenditure incurred in the disclosure year.

EDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance.

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

sch ref

31	Routine and corrective maintenance and inspection:		
32	Asset replacement and renewal		
33	Network opex		–
34	Non-network solutions provided by a related party or third party		
35	System operations and network support		
36	Business support		
37	Non-network opex		–
38			
39	Operational expenditure		–
40	6b(ii): Subcomponents of Operational Expenditure (where known)		
41	Energy efficiency and demand side management, reduction of energy losses		281
42	Direct billing*		N/A
43	Research and development		33
44	Insurance		848
45	* Direct billing expenditure by suppliers that directly bill the majority of their consumers		

Company Name

WEL Networks Limited

For Year Ended

31 March 2024

SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

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

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

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

sch ref

7 (i): Revenue		Target (\$000) ¹	Actual (\$000)	% variance
7				
8	Line charge revenue	109,318	111,491	2%
7 (ii): Expenditure on Assets		Forecast (\$000) ²	Actual (\$000)	% variance
9				
10	Consumer connection	16,582	34,079	106%
11	System growth	13,449	9,369	(30%)
12	Asset replacement and renewal	21,337	25,637	20%
13	Asset relocations	5,241	5,741	10%
14	Reliability, safety and environment:			
15	Quality of supply	1,781	1,597	(10%)
16	Legislative and regulatory	839	865	3%
17	Other reliability, safety and environment	7,209	6,491	(10%)
18	Total reliability, safety and environment	9,829	8,953	(9%)
19	Expenditure on network assets	66,438	83,779	26%
20	Expenditure on non-network assets	13,267	12,801	(4%)
21	Expenditure on assets	79,705	96,580	21%
7 (iii): Operational Expenditure				
22				
23	Service interruptions and emergencies	3,371	5,166	53%
24	Vegetation management	1,712	1,969	15%
25	Routine and corrective maintenance and inspection	1,908	2,725	43%
26	Asset replacement and renewal	2,882	1,656	(43%)
27	Network opex	9,872	11,516	17%
28	Non-network solutions provided by a related party or third party <i>Not Required before DY2025</i>			
29	System operations and network support	9,784	8,956	(8%)
30	Business support	17,528	16,612	(5%)
31	Non-network opex	27,312	25,568	(6%)
32	Operational expenditure	37,184	37,084	(0%)
7 (iv): Subcomponents of Expenditure on Assets (where known)				
33				
34	Energy efficiency and demand side management, reduction of energy losses	–	593	–
35	Overhead to underground conversion	4,649	–	(100%)
36	Research and development	–	–	–
37				
7 (v): Subcomponents of Operational Expenditure (where known)				
38				
39	Energy efficiency and demand side management, reduction of energy losses	318	281	(12%)
40	Direct billing	N/A	N/A	–
41	Research and development	82	33	(60%)
42	Insurance	775	848	9%
43				

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

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

Company Name **WEL Networks Limited**For Year Ended **31 March 2024**

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

9a: Asset Register

8	Voltage	Asset category	Asset class	Units	Items at start of	Items at end of	Net change	Data accuracy
					year (quantity)	year (quantity)		(1-4)
9	All	Overhead Line	Concrete poles / steel structure	No.	37,532	38,076	544	3
10	All	Overhead Line	Wood poles	No.	1,640	1,655	15	3
11	All	Overhead Line	Other pole types	No.	24	24	-	3
12	HV	Subtransmission Line	Subtransmission OH up to 66kV conductor	km	178	178	0	3
13	HV	Subtransmission Line	Subtransmission OH 110kV+ conductor	km	-	-	-	N/A
14	HV	Subtransmission Cable	Subtransmission UG up to 66kV (XLPE)	km	253	253	(0)	3
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	-	3
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.	46	42	(4)	4
29	HV	Zone substation switchgear	33kV RMU	No.	21	21	-	4
30	HV	Zone substation switchgear	22/33kV CB (Indoor)	No.	111	111	-	4
31	HV	Zone substation switchgear	22/33kV CB (Outdoor)	No.	17	19	2	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.	49	49	-	4
35	HV	Distribution Line	Distribution OH Open Wire Conductor	km	1,926	1,929	4	2
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	653	666	13	2
39	HV	Distribution Cable	Distribution UG PILC	km	104	104	(0)	2
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.	202	218	16	2
42	HV	Distribution switchgear	3.3/6.6/11/22kV CB (Indoor)	No.	356	355	(1)	2
43	HV	Distribution switchgear	3.3/6.6/11/22kV Switches and fuses (pole mounted)	No.	6,297	6,345	48	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.	1,160	1,194	34	3
46	HV	Distribution Transformer	Pole Mounted Transformer	No.	4,102	4,107	5	3
47	HV	Distribution Transformer	Ground Mounted Transformer	No.	2,077	2,126	49	3
48	HV	Distribution Transformer	Voltage regulators	No.	29	30	1	4
49	HV	Distribution Substations	Ground Mounted Substation Housing	No.	-	-	-	N/A
50	LV	LV Line	LV OH Conductor	km	954	957	2	3
51	LV	LV Cable	LV UG Cable	km	1,534	1,568	33	3
52	LV	LV Street lighting	LV OH/UG Streetlight circuit	km	1,317	1,326	8	3
53	LV	Connections	OH/UG consumer service connections	No.	101,861	102,950	1,089	3
54	All	Protection	Protection relays (electromechanical, solid state and numeric)	No.	877	783	(94)	3
55	All	SCADA and communications	SCADA and communications equipment operating as a single system	Lot	1,311	1,529	218	2
56	All	Capacitor Banks	Capacitors including controls	No.	1	1	-	4
57	All	Load Control	Centralised plant	Lot	14	13	(1)	3
58	All	Load Control	Relays	No.	60,031	60,334	303	2
59	All	Civils	Cable Tunnels	km	-	-	-	N/A

Company Name

WEL Networks Limited

For Year Ended

31 March 2024

Network / Sub-network Name

SCHEDULE 9c: REPORT ON OVERHEAD LINES AND UNDERGROUND CABLES

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

sch ref

9

9c: Overhead Lines and Underground Cables

10

11

Circuit length by operating voltage (at year end)

12

> 66kV

13

50kV & 66kV

14

33kV

15

SWER (all SWER voltages)

16

22kV (other than SWER)

17

6.6kV to 11kV (inclusive—other than SWER)

18

Low voltage (< 1kV)

19

Total circuit length (for supply)

20

21

Dedicated street lighting circuit length (km)

22

Circuit in sensitive areas (conservation areas, iwi territory etc) (km)

23

24

Overhead circuit length by terrain (at year end)

25

Urban

26

Rural

27

Remote only

28

Rugged only

29

Remote and rugged

30

Unallocated overhead lines

31

Total overhead length

32

33

34

Length of circuit within 10km of coastline or geothermal areas (where known)

35

36

37

Overhead circuit requiring vegetation management

38

39

Number of overhead circuit sites at high risk from vegetation damage

40

41

Breakdown of overhead circuit sites at high risk from vegetation damage at disclosure year-end

42

43

44

45

46

47

48

49

50

[Single tree]

[Single tree - Urban]

[Single tree - Rural]

[Row of trees]

[Span between two poles (X metres)]

[Other]

Total number of sites

Number of overhead circuit sites at high risk from vegetation damage at disclosure year-end

Number of overhead circuit sites involving critical assets at disclosure year-end

* Insert new rows in table above Total line as necessary

Overhead (km)	Underground (km)	Total circuit length (km)
–	–	–
–	–	–
178	268	446
–	–	–
–	–	–
1,929	770	2,699
957	1,568	2,525
3,064	2,606	5,670

Not required before DY2026

Not required before DY2026

Not required before DY2026

Not required before DY2026

Not required before DY2026

Not required before DY2026

Not required before DY2026

Not required before DY2026

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Not required before DY2026

Not required before DY2026

Not required before DY2026

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

	Location *	Average number or ICPs in disclosure year	Line charge revenue (\$000)
8	Brick Street	21	137
9	Flagship	3	66
10	Halfmoon Bay	63	55
11	Hulme Place	41	24
12	Jeffs Road Dannemora	896	663
13	Kirkdale	269	189
14	Oaklands	180	142
15	Porchester Road	284	214
16	Ryan Place	74	56
17	Southgate	112	85
18			
19			
20			
21			
22			
23			
24			
25			

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

Company Name **WEL Networks Limited**

For Year Ended **31 March 2024**

Network / Sub-network Name

SCHEDULE 9e: REPORT ON NETWORK DEMAND

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

sch ref

9e(i): Consumer Connections and Decommissionings

Number of ICPs connected during year by consumer type

Consumer types defined by EDB*	Number of connections (ICPs)
1153 Residential Low User	1,481
1154 Residential Standard User	1,744
1200 General	588
1293 Metered and Unmetered Streetlighting	3
1354 Medium Voltage (11kV)	1
1357 High Voltage (33kV)	3
1360 Low Voltage (400V)	45
1450 Unmetered	1
1557 Commercial Asset Specific	(2)
1630 Commercial Asset Specific	—
1700 Commercial Asset Specific	(1)
1153C Residential Low User Conditional	(684)
1154C Residential Standard User Conditional	(839)
1200C General Conditional	(606)
* include additional rows if needed	
Connections total	1,734

Number of ICPs decommissioned during year by consumer type

Consumer types defined by EDB*	Number of decommissioning
1153 Residential Low User	105
1154 Residential Standard User	103
1200 General	42
1293 Metered and Unmetered Streetlighting	1
1360 Low Voltage (400V)	14
1450 Unmetered	2
1153C Residential Low User Conditional	30
1154C Residential Standard User Conditional	25
1200C General Conditional	78
* include additional rows if needed	
Decommissionings total	400

Distributed generation

Number of connections made in year	529	connections
Capacity of distributed generation installed in year	5	MVA

9e(ii): System Demand

	Demand at time of maximum coincident demand (MW)
Maximum coincident system demand	
GXP demand	282
plus Distributed generation output at HV and above	31
Maximum coincident system demand	313
less Net transfers to (from) other EDBs at HV and above	—
Demand on system for supply to consumers' connection points	313
Electricity volumes carried	Energy (GWh)
Electricity supplied from GXPs	1,247
less Electricity exports to GXPs	13
plus Electricity supplied from distributed generation	256
less Net electricity supplied to (from) other EDBs	(15)
Electricity entering system for supply to consumers' connection points	1,505
less Total energy delivered to ICPs	1,434
Electricity losses (loss ratio)	71 4.7%
Load factor	0.55

9e(iii): Transformer Capacity

	(MVA)
Distribution transformer capacity (EDB owned)	982
Distribution transformer capacity (Non-EDB owned)	49
Total distribution transformer capacity	1,031
	(MVA)
Zone substation transformer capacity (EDB owned)	766
Zone substation transformer capacity (Non-EDB owned)	—
Total zone substation transformer capacity	766

Company Name	WEL Networks Limited
For Year Ended	31 March 2024
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 this ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8	10(i): Interruptions		
9	Interruptions by class	Number of interruptions	
10	Class A (planned interruptions by Transpower)	6	
11	Class B (planned interruptions on the network)	732	
12	Class C (unplanned interruptions on the network)	643	
13	Class D (unplanned interruptions by Transpower)	–	
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)	–	
19	Total	1,381	
20			
21	Interruption restoration	≤3Hrs	>3hrs
22	Class C interruptions restored within	392	251
23			
24	SAIFI and SAIDI by class	SAIFI	SAIDI
25	Class A (planned interruptions by Transpower)	0.07	1.0
26	Class B (planned interruptions on the network)	0.67	93.4
27	Class C (unplanned interruptions on the network)	1.14	85.5
28	Class D (unplanned interruptions by Transpower)	–	–
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)	–	–
34	Total	1.88	179.9
35			
36	Normalised SAIFI and SAIDI	Normalised SAIFI	Normalised SAIDI
37	Classes B & C (interruptions on the network)	1.81	178.9
38			Not required after DY2024
39	Transitional SAIFI and SAIDI (previous method)	SAIFI	SAIDI
40	Class B (planned interruptions on the network)		
41	Class C (unplanned interruptions on the network)		
42			
43	Where EDBs do not currently record their SAIFI and SAIDI values using the 'multi-count' approach, they shall continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2023 as 'Transitional SAIFI' and 'Transitional SAIDI' values, in addition to their SAIFI and SAIDI values (Classes B & C) using the 'multi-count approach'. This is a transitional reporting requirement that shall be in place for the 2024, 2025, and 2026 disclosure years.		

Company Name	WEL Networks Limited
For Year Ended	31 March 2024
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 this ID determination), and so is subject to the assurance report required by section 2.8.

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

Cause

- Lightning
- Vegetation
- Adverse weather
- Adverse environment
- Third party interference
- Wildlife
- Human error
- Defective equipment
- Cause unknown
- Other cause
- Unknown

SAIFI	SAIDI	
–	0.6	
0.03	5.0	
0.23	16.8	
–	–	
0.23	27.3	
0.04	2.6	
0.07	0.8	
0.37	24.2	
0.17	8.2	Not required after DY2024
		Not required before DY2025
		Not required before DY2025

Breakdown of third party interference

- Dig-in
- Overhead contact
- Vandalism
- Vehicle damage
- Other

SAIFI	SAIDI
–	0.5
0.02	1.0
–	–
0.20	25.6
0.01	0.2

Breakdown of vegetation interruptions (vegetation cause)

- In-zone
- Out-of-zone

SAIFI	SAIDI	
		Not required before DY2026
		Not required before DY2026

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

Main equipment involved

- Subtransmission lines
- Subtransmission cables
- Subtransmission other
- Distribution lines (excluding LV)
- Distribution cables (excluding LV)
- Distribution other (excluding LV)

SAIFI	SAIDI
–	–
–	–
–	–
0.27	62.9
–	–
0.40	30.5

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

Main equipment involved

- Subtransmission lines
- Subtransmission cables
- Subtransmission other
- Distribution lines (excluding LV)
- Distribution cables (excluding LV)
- Distribution other (excluding LV)

SAIFI	SAIDI
0.08	2.9
0.07	0.9
0.01	0.8
0.67	63.6
0.03	2.1
0.28	15.2

10(v): Fault Rate

Main equipment involved

- Subtransmission lines
- Subtransmission cables
- Subtransmission other
- Distribution lines (excluding LV)
- Distribution cables (excluding LV)
- Distribution other (excluding LV)

Number of Faults	Circuit length (km)	Fault rate (faults per 100km)
4	178	2.25
2	268	0.75
5		
241	1,929	12.49
22	770	2.86
369		
Total	643	

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

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

sch ref
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10(vi): Worst-performing feeders (unplanned) *Not required before DY2025*

SAIDI

Rank	Feeder name	Unplanned SAIDI values	Number of Unplanned Interruptions	Most Common Cause of Unplanned Interruptions	Circuit Length of Feeder	Number of ICPs	% of Feeder Overhead (optional)
1							
2							
3							
4							

¹ Extend table as necessary to disclose all worst-performing feeders

SAIFI

Rank	Feeder name	Unplanned SAIFI values	Number of Unplanned Interruptions	Most Common Cause of Unplanned Interruptions	Circuit Length of Feeder	Number of ICPs	% of Feeder Overhead (optional)
1							
2							
3							
4							

¹ Extend table as necessary to disclose all worst-performing feeders

Customer Impact

Rank	Feeder name	Customer impact Ratio	Number of Unplanned Interruptions	Most Common Cause of Unplanned Interruptions	Circuit Length of Feeder	Number of ICPs	% of Feeder Overhead (optional)
1							
2							
3							
4							

¹ Extend table as necessary to disclose all worst-performing feeders

Company Name	WEL Networks Limited
For Year Ended	31 March 2024

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 2024 is 6.99% (FY23: 8.35%) compared to a comparable mid-point estimate of vanilla WACC of 6.75%.

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 for providing control services (monitoring network status and alarm response, coordination of switching) to another EDB; distributed generation applications; and recoveries for damage to network assets (eg. car v pole).

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 2023 was \$706.5M and for disclosure year 2024 is now \$750.7M; a positive movement of \$44.2M. This movement is mainly due to \$43.3M of assets commissioned.

WIP

The closing value of assets not yet commissioned and included in Works under construction as at 31 March 2024 is \$95.5M. 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 relate to:

- \$2.4M being the tax effect of the current year portion of capital contributions which are being amortised over 10 years (\$8.6M @ 28%); and
- -\$1.4M adjustment to the deferred tax balance to reflect a decrease in the deferred tax asset following the building tax depreciation law change.

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 that are considered not directly attributable 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.

Capital contributions in Schedule 6a are recognised in the financial year in which the project has been completed, and therefore may not align with the financial year in which the related capital expenditure has been incurred.

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 planned & 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 expenditureExpenditure on Assets

Consumer connection – Consumer connection expenditure was \$17.5M higher than forecasted in the AMP (106%). The AMP was set on an aggressive view of economic downturn which did not eventuate in FY24. There was continued strong demand for subdivision work in greenfield areas, and densification of infill housing, combined with increased costs for new connections/subdivisions in brown field sites due to network upgrades required to meet increased demand. Support from the Tier 1 contractors has enabled us to continue meeting customer demand.

System growth – System growth expenditure was \$4.1M lower than forecasted in the AMP (30%). The new Kohia substation was forecasted in the AMP for full delivery in FY24, however consent delays have caused completion to move out to FY25 resulting in \$1.8M lower spend; New Raglan feeder, Kohia distribution network and Fairfield distribution network works have been partially carried over to FY25 due to resource constraints resulting in \$1.2M lower spend; and EV & process electrification, and Exelby Distribution network spend was down \$0.5M due to lower than expected demand.

Asset replacement and renewal – Asset replacement and renewal expenditure was \$4.3M above forecasted in the AMP (20%). Cross arm replacements were \$1.5M higher with additional scope added after budget and completion of some backlog jobs. Notifications were \$1.3M higher due to a large number of red and yellow tagged poles addressed in period, over and above the expected level, due to close monitoring of notifications, as well as RMU replacement following maintenance defects identified. Capital faults were \$0.9M higher due to a number of high cost faults (in RMUs & 33kV cables).

Asset relocations – Asset relocation expenditure was \$0.5M higher than forecasted in the AMP (10%). The variance mainly relates to relocations for the Peacockes development being under forecasted in the AMP.

Quality of supply – Quality of supply expenditure was \$0.2M lower than forecasted in the AMP (10%). This is due to distribution transformer and LV feeder upgrade project being delayed awaiting resource consents, and power quality analyser delayed due to software related issues.

Other reliability, safety and environment – Other reliability, safety and environment expenditure was \$0.7M lower than forecast in the AMP (10%). This is due to \$0.4M spend being deferred for the Te Uku Zone Substation upgrade project due to resource constraints, and \$0.3M included in the AMP for the LV and DER Management System which has been moved to Quality of Supply.

Operational Expenditure

Service interruptions and emergencies – Service interruptions and emergencies expenditure was approximately \$1.8M higher than forecasted in the AMP (53%). This is due to the unplanned nature of faults works. The AMP was set based on historical averages which did not take into account the increased cost per fault experienced in recent years.

Routine and corrective maintenance and inspection, and Asset replacement and renewal – For AMP purposes, these categories are budgeted together and allocated between the categories based on historical averages. Therefore we consider these together as being \$0.4M lower than forecasted in the AMP (9%).

System operations and network support – System operations and network support expenditure was approximately \$0.8M lower than forecasted in the AMP (8%). This is mainly due to timing of DSO projects and Itron metering spend.

Business support – Business support expenditure was approximately \$0.9M lower than forecasted in the AMP (5%). This is mainly due to some strategic projects being deferred.

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 2%. 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 178.9 and the normalised result of SAIFI was 1.81 for the 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.

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

No material errors identified.

Company Name	<u>WEL Networks Limited</u>
For Year Ended	<u>31 March 2024</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

Schedule 5a: Report of Regulatory Tax Allowance

As a result of the tax law changes, WEL Networks can no longer claim tax depreciation on buildings going forward. One off adjustments in FY24 have been made as follows:

- -\$5.0M adjustment to the regulatory tax asset value of assets commissioned to reflect the increased tax asset base post law change.
- -\$1.4M adjustment to tax effect of other temporary differences to reflect a decrease in the deferred tax asset post law change.

Regulated Related Party Model



Directors providing governance services to the WEL Group.
Annual expenditure Opex (000's):
 Business Support allocated to EDB: \$394



Non-regulated related party



Wholly owned retail provider of power to the Waikato region.
Annual revenue (000's):
 Lines charges: \$475

Business division providing contracting services to WEL Networks.
Annual expenditure Opex 2024 (000's):
 Service Interruption and Emergencies: \$3,810
 Vegetation Management: \$1,364
 Routine and Corrective Maintenance and Inspection: \$1,122
 Asset Replacement and Renewal: \$1,110
 Business Support: \$78
 System Operations and Network Support: \$51
Annual expenditure Capex 2024 (000's):
 Consumer connection: \$1,794
 System Growth: \$937
 Asset Replacement and Renewal: \$7,019
 Asset Relocations: \$465
 Quality of Supply: \$133
 Legislative and Regulatory: \$166
 Other Reliability, Safety and Environment: \$980
 Non-network assets: \$123

Wholly owned retail provider of power to the Rotohiko BESS.
Annual revenue (000's):
 Lines charges: \$19

Related Party Procurement

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 services¹.

The current procurement policy as at March 2024 was reviewed in May 2022 (next review is due May 2025).

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.

Generally, 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. As these materials are purchased by WEL from unrelated third parties, and issued to jobs at cost with no mark-up (all work orders sit under the WEL Company); material costs are not considered under the related party valuation rules.

In the case of the Tier 1s contractors, they use WEL-provided equipment (e.g. transformers, all switching gear, and all cable) with everything else being provided by them.

¹ Commerce Commission, *Electricity Distribution Services Input Methodologies Determination 2012 – consolidated as of 23 April 2024*

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
OPEX	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.
	Business support	Directors providing governance services to the WEL Group.	WEL's Directors as appointed by the WEL Trust.
CAPEX	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 nd response fault jobs when the jobs require asset replacements rather than just maintenance.	WEL's Contracting division and other approved contractors. Contractors are selected based on capacity and skill set. Tier 1 Contractors are allocated some of this work in FY24.
	Customer Initiated Works	These works include subdivisions, new connections, asset relocations etc.	This has been fully outsourced to two Tier 1 Contractors starting April 2023.

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 & Emergencies</i>					
<p>Part Power Customer has called as there is now power at their site. Faultman was dispatched and replaced burnt out cut out and 63a fuse.</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 a Faultman and did not require 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>Transformer T7014 oil leak Transformer had leak out of bushings. Gaskets were replaced on the HV bushings.</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>Monthly line inspection 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>Business Support</i>					
Director Fees Fees paid to Directors for providing governance services to the WEL Group.	The WEL Trust appoints directors for the WEL Group. There must be no less than four or no more than seven directors at any time. Directors are paid for their services at a fee set by the WEL Trust according to their role on the Board.	WEL's Directors	WEL Directors are appointed by the WEL Trust in line with the Company constitution.	Directors are paid a fixed fee which is set by the WEL Trust, and reviewed on a 3 yearly basis.	None
<i>Asset replacement</i>					
Asset Replacement Pole Replacement LV This job was scoped April 2022 with a replacement urgency of 3 years. Two poles and three cross-arms were replaced.	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 GM Asset Management. 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>					
New Feeder This project is to create a new feeder (BORCB2) for offloading feeder (BORCB4) and providing capacity for network growth towards the North side of Rototuna. This includes partial reconfiguration of the nearby feeder in the BOR substation.	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>					
Subdivision Customer request for six new connections across two infill housing sections.	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	2024	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	2024	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.
Business Support	None	Never tested	WEL Directors are appointed by the WEL Trust in line with the Company constitution. Director fees are set by the Trust, and are reviewed 3 yearly.
Network projects	Labour and plant rate comparison	2024	Rates are compared annually between related party and external contractors.
Asset replacement	Labour and plant rate comparison	2024	Rates are compared annually between related party and external contractors.
		2023	SEIs rates were compared at the start of the Tier 1 contracts
Customer Initiated Works	Labour and plant rate comparison	2024	This has been fully outsourced to Tier 1 partners.

*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.