



HORIZON ENERGY DISTRIBUTION LIMITED

**Information Disclosure Reports prepared according to
Part 4 of the Commerce Act 1986**

For the Year Ended 31 March 2022

CONTENTS

REPORTS	DESCRIPTION
1	ANALYTICAL RATIOS
2	REPORT ON RETURN ON INVESTMENT
3	REPORT ON REGULATORY PROFIT
4	REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)
5a	REPORT ON REGULATORY TAX ALLOWANCE
5b	REPORT ON RELATED PARTY TRANSACTIONS
5c	REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE
5d	REPORT ON COST ALLOCATIONS
5e	REPORT ON ASSET ALLOCATIONS
6a	REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR
6b	REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR
7	COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE
8	REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES
9a	ASSET REGISTER
9b	ASSET AGE PROFILE
9c	REPORT ON OVERHEAD LINES
9d	REPORT ON EMBEDDED NETWORKS
9e	REPORT ON DEMAND
10	REPORT ON NETWORK RELIABILITY
14	MANDATORY EXPLANATORY NOTES
15	VOLUNTARY EXPLANATORY NOTES
DIRECTOR'S CERTIFICATE	
INDEPENDENT AUDITOR'S ASSURANCE REPORT	

Introduction

These Information Disclosure Reports are disclosed by Horizon Energy Distribution Limited ("Horizon Networks") pursuant to Part 4 of the Commerce Act 1986 in accordance with:

- Electricity Distribution Information Disclosure Determination 2012.

Reports

1 Analytical Ratios

		Company Name		Horizon Energy Distribution Limited	
		For Year Ended		31 March 2022	
SCHEDULE 1: ANALYTICAL RATIOS					
This schedule calculates expenditure, revenue and service ratios from the information disclosed. The disclosed ratios may vary for reasons that are company specific and, as a result, must be interpreted with care. The Commerce Commission will publish a summary and analysis of information disclosed in accordance with the ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of the determination.					
This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.					
sch ref					
7	1(i): Expenditure metrics				
8		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)
9					Expenditure per MVA of capacity from EDB-owned distribution transformers (\$/MVA)
10	Operational expenditure	19,143	424	110,034	4,073
11	Network	6,734	149	38,704	1,433
12	Non-network	12,410	275	71,330	2,640
13	Expenditure on assets	12,657	280	72,751	2,693
14	Network	11,887	263	68,324	2,529
15	Non-network	770	17	4,428	164
16					
17	1(ii): Revenue metrics				
18		Revenue per GWh energy delivered to ICPs (\$/GWh)	Revenue per average no. of ICPs (\$/ICP)		
19	Total consumer line charge revenue	60,161	1,333		
20	Standard consumer line charge revenue	107,763	1,174		
21	Non-standard consumer line charge revenue	14,184	174,344		
22					
23	1(iii): Service intensity measures				
24					
25	Demand density	37		Maximum coincident system demand per km of circuit length (for supply) (kW/km)	
26	Volume density	213		Total energy delivered to ICPs per km of circuit length (for supply) (MWh/km)	
27	Connection point density	10		Average number of ICPs per km of circuit length (for supply) (ICPs/km)	
28	Energy intensity	22,159		Total energy delivered to ICPs per average number of ICPs (kWh/ICP)	
29					
30	1(iv): Composition of regulatory income				
31				(\$000)	% of revenue
32	Operational expenditure			10,639	31.76%
33	Pass-through and recoverable costs excluding financial incentives and wash-ups			7,113	21.24%
34	Total depreciation			6,761	20.18%
35	Total revaluations			9,770	29.17%
36	Regulatory tax allowance			-	-
37	Regulatory profit/(loss) including financial incentives and wash-ups			18,754	55.99%
38	Total regulatory income			33,498	
39					
40	1(v): Reliability				
41					
42	Interruption rate			17.07	Interruptions per 100 circuit km

2 Report on Return on Investment

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2022**

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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

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

sch ref

2(i): Return on Investment		CY-2	CY-1	Current Year CY
		31 Mar 20	31 Mar 21	31 Mar 22
		%	%	%
7	ROI – comparable to a post tax WACC			
8	Reflecting all revenue earned	8.51%	6.81%	13.41%
9	Excluding revenue earned from financial incentives	8.09%	7.01%	12.29%
10	Excluding revenue earned from financial incentives and wash-ups	8.24%	7.01%	12.22%
11				
12	Mid-point estimate of post tax WACC			
13	25th percentile estimate	4.27%	3.72%	3.52%
14	75th percentile estimate	3.59%	3.04%	2.84%
15				
16				
17				
18				
19	ROI – comparable to a vanilla WACC			
20	Reflecting all revenue earned	8.51%	6.81%	13.41%
21	Excluding revenue earned from financial incentives	8.09%	7.01%	12.29%
22	Excluding revenue earned from financial incentives and wash-ups	8.24%	7.01%	12.22%
23				
24	WACC rate used to set regulatory price path			
25		7.19%	4.57%	4.57%
26				
27	Mid-point estimate of vanilla WACC			
28	25th percentile estimate	4.69%	4.05%	3.82%
29	75th percentile estimate	4.01%	3.37%	3.14%
30				
31				
32	2(ii): Information Supporting the ROI			
33				
34				
35				
36				
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SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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

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

sch ref

2(iii): Information Supporting the Monthly ROI						
Opening RIV						
	Line charge revenue	Expenses cash outflow	Assets commissioned	Asset disposals	Other regulated income	Monthly net cash outflows
61						N/A
62						
63						
64						
65						
66						
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						
92	2(iv): Year-End ROI Rates for Comparison Purposes					
93						
94	Year-end ROI – comparable to a vanilla WACC					11.88%
95						
96	Year-end ROI – comparable to a post tax WACC					11.88%
97						
98	<i>* 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.</i>					
99						
100	2(v): Financial Incentives and Wash-Ups					
101						
102	Net recoverable costs allowed under incremental rolling incentive scheme					-
103	Purchased assets – avoided transmission charge					731
104	Energy efficiency and demand incentive allowance					
105	Quality incentive adjustment					39
106	Other financial incentives					726
107	Financial incentives					1,497
108						
109	Impact of financial incentives on ROI					1.12%
110						
111	Input methodology claw-back					-
112	CPP application recoverable costs					-
113	Catastrophic event allowance					-
114	Capex wash-up adjustment					91
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					91
120						
121	Impact of wash-up costs on ROI					0.07%

3 Report on Regulatory Profit

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2022**

SCHEDULE 3: REPORT ON REGULATORY PROFIT

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

sch ref

		(\$000)
7	3(i): Regulatory Profit	
8	Income	
9	Line charge revenue	33,436
10	plus Gains / (losses) on asset disposals	(220)
11	plus Other regulated income (other than gains / (losses) on asset disposals)	282
12		
13	Total regulatory income	33,498
14	Expenses	
15	less Operational expenditure	10,639
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	7,113
18		
19	Operating surplus / (deficit)	15,745
20		
21	less Total depreciation	6,761
22		
23	plus Total revaluations	9,770
24		
25	Regulatory profit / (loss) before tax	18,754
26		
27	less Term credit spread differential allowance	-
28		
29	less Regulatory tax allowance	-
30		
31	Regulatory profit/(loss) including financial incentives and wash-ups	18,754
32		
33	3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups	(\$000)
34	Pass through costs	
35	Rates	229
36	Commerce Act levies	43
37	Industry levies	124
38	CPP specified pass through costs	-
39	Recoverable costs excluding financial incentives and wash-ups	
40	Electricity lines service charge payable to Transpower	3,520
41	Transpower new investment contract charges	-
42	System operator services	-
43	Distributed generation allowance	3,169
44	Extended reserves allowance	-
45	Other recoverable costs excluding financial incentives and wash-ups	28
46	Pass-through and recoverable costs excluding financial incentives and wash-ups	7,113
47		

SCHEDULE 3: REPORT ON REGULATORY PROFIT

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

sch ref

		(\$000)	
		CY-1	CY
		31 Mar 21	31 Mar 22
48	3(iii): Incremental Rolling Incentive Scheme		
49			
50			
51	Allowed controllable opex		
52	Actual controllable opex		
53			
54	Incremental change in year		
55			
			Previous years' incremental change
		Previous years' incremental change	adjusted for inflation
56			
57	CY-5 31 Mar 17		
58	CY-4 31 Mar 18		
59	CY-3 31 Mar 19		
60	CY-2 31 Mar 20		
61	CY-1 31 Mar 21		
62	Net incremental rolling incentive scheme		-
63			
64	Net recoverable costs allowed under incremental rolling incentive scheme		-
65	3(iv): Merger and Acquisition Expenditure		
70			(\$000)
66	Merger and acquisition expenditure		-
67			
68	<i>Provide commentary on the benefits of merger and acquisition expenditure to the electricity distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>		
69	3(v): Other Disclosures		
70			(\$000)
71	Self-insurance allowance		-

4 Report on Value of the Regulatory Asset Base (Rolled Forward)

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2022**

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

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

sch ref

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

for year ended	RAB 31 Mar 18 (\$000)	RAB 31 Mar 19 (\$000)	RAB 31 Mar 20 (\$000)	RAB 31 Mar 21 (\$000)	RAB 31 Mar 22 (\$000)
Total opening RAB value	119,846	124,950	133,086	138,573	141,247
less Total depreciation	5,671	6,456	6,540	6,482	6,761
plus Total revaluations	1,309	1,851	3,337	2,105	9,770
plus Assets commissioned	10,144	12,884	9,826	7,154	6,593
less Asset disposals	678	142	1,136	103	129
plus Lost and found assets adjustment	-	-	-	-	-
plus Adjustment resulting from asset allocation	0	0	(0)	0	(0)
Total closing RAB value	124,950	133,086	138,573	141,247	150,720

4(ii): Unallocated Regulatory Asset Base

	Unallocated RAB * (\$000)	RAB (\$000)
Total opening RAB value	141,247	141,247
less Total depreciation	6,761	6,761
plus Total revaluations	9,770	9,770
plus Assets commissioned (other than below)	84	84
Assets acquired from a regulated supplier	-	-
Assets acquired from a related party	6,509	6,509
Assets commissioned	6,593	6,593
less Asset disposals (other than below)	129	129
Asset disposals to a regulated supplier	-	-
Asset disposals to a related party	-	-
Asset disposals	129	129
plus Lost and found assets adjustment	-	-
plus Adjustment resulting from asset allocation	-	(0)
Total closing RAB value	150,720	150,720

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

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

CPI _t	1.142
CPI _{t-4}	1.068
Revaluation rate (%)	6.93%

	Unallocated RAB * (\$000)	RAB (\$000)
Total opening RAB value	141,247	141,247
less Opening value of fully depreciated, disposed and lost assets	245	245
Total opening RAB value subject to revaluation	141,003	141,003
Total revaluations	9,770	9,770

4(iv): Roll Forward of Works Under Construction

	Unallocated works under construction	Allocated works under construction
Works under construction—preceding disclosure year	1,723	1,723
plus Capital expenditure	7,104	7,104
less Assets commissioned	6,593	6,593
plus Adjustment resulting from asset allocation	-	-
Works under construction - current disclosure year	2,233	2,233
Highest rate of capitalised finance applied	-	1.30%

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

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

sch ref

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

	Unallocated RAB * (\$000)	RAB (\$000)
77 Depreciation - standard	5,971	5,971
78 Depreciation - no standard life assets	790	790
79 Depreciation - modified life assets		
80 Depreciation - alternative depreciation in accordance with CPP		
81 Total depreciation	6,761	6,761

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
98 Total opening RAB value	7,153	1,280	10,907	24,231	37,486	28,288	19,933	8,707	3,262	141,247
99 less Total depreciation	314	41	399	1,379	1,393	933	796	728	777	6,761
100 plus Total revaluations	496	89	756	1,678	2,596	1,957	1,376	603	219	9,770
101 plus Assets commissioned	28	-	(560)	1,366	2,752	1,010	1,147	421	429	6,593
102 less Asset disposals	-	-	-	7	9	48	65	-	-	129
103 plus Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
104 plus Adjustment resulting from asset allocation	-	-	-	-	-	-	-	-	-	-
105 plus Asset category transfers	-	-	-	-	-	-	-	-	-	-
106 Total closing RAB value	7,363	1,327	10,704	25,889	41,432	30,274	21,595	9,003	3,133	150,720
107 Asset Life										
108 Weighted average remaining asset life	32.0	42.4	39.8	26.8	37.6	35.5	32.0	16.4	6.7	(years)
109 Weighted average expected total asset life	53.8	52.5	50.9	57.8	52.3	50.1	39.6	28.0	9.9	(years)

5a Report on Regulatory Tax Allowance

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2022**

SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

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

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

sch ref

		(\$000)	
7	5a(i): Regulatory Tax Allowance		
8	Regulatory profit / (loss) before tax		18,754
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	(116)	*
12	Amortisation of initial differences in asset values	4,219	
13	Amortisation of revaluations	1,182	
14			5,285
15			
16	<i>less</i> Total revaluations	9,770	
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	1,494	
21			11,264
22			
23	Regulatory taxable income		12,775
24			
25	<i>less</i> Utilised tax losses	-	
26	Regulatory net taxable income		12,775
27			
28	Corporate tax rate (%)	-	
29	Regulatory tax allowance		-

* Workings to be provided in Schedule 14

5a(ii): Disclosure of Permanent Differences

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

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

		(\$000)	
34	Opening unamortised initial differences in asset values	27,339	
35			
36	<i>less</i> Amortisation of initial differences in asset values	4,219	
37	<i>plus</i> Adjustment for unamortised initial differences in assets acquired	-	
38	<i>less</i> Adjustment for unamortised initial differences in assets disposed	-	
39	Closing unamortised initial differences in asset values		23,120
40			
41	Opening weighted average remaining useful life of relevant assets (years)		6
42			
43			

5b Report on Related Party Transactions

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2022**

SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

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

sch ref

	(\$000)	(\$000)
7 5b(i): Summary—Related Party Transactions		
8 Total regulatory income		-
9		
10 Market value of asset disposals		-
11		
12 Service interruptions and emergencies	1,189	
13 Vegetation management	884	
14 Routine and corrective maintenance and inspection	900	
15 Asset replacement and renewal (opex)	212	
16 Network opex		3,185
17 Business support	-	
18 System operations and network support	243	
19 Operational expenditure		3,429
20 Consumer connection	204	
21 System growth	486	
22 Asset replacement and renewal (capex)	4,988	
23 Asset relocations	-	
24 Quality of supply	244	
25 Legislative and regulatory	201	
26 Other reliability, safety and environment	440	
27 Expenditure on non-network assets		-
28 Expenditure on assets		6,564
29 Cost of financing	-	
30 Value of capital contributions	-	
31 Value of vested assets	-	
32 Capital Expenditure		6,564
33 Total expenditure		9,992
34		
35 Other related party transactions		-

36 5b(iii): Total Opex and Capex Related Party Transactions

	Nature of opex or capex service provided	Total value of transactions (\$000)
37		
38	Horizon Services Limited	1,189
39	Horizon Services Limited	884
40	Horizon Services Limited	900
41	Horizon Services Limited	212
42	Horizon Services Limited	204
43	Horizon Services Limited	486
44	Horizon Services Limited	4,988
45	Horizon Services Limited	244
46	Horizon Services Limited	201
47	Horizon Services Limited	440
48	Horizon Services Limited	-
49	Horizon Services Limited	-
50	Horizon Services Limited	243
53	Total value of related party transactions	9,992

* include additional rows if needed



5c Report on Term Credit Spread Differential Allowance

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2022**

SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE

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

sch ref

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8
9

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						-	-	-

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

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19
20
21
22
23
24
25
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27

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								



5d Report on Cost Allocations

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2022**

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. EDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications.

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

sch ref

		Value allocated (\$000s)				
		Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	OVABAA allocation increase (\$000s)
5d(i): Operating Cost Allocations						
Service interruptions and emergencies						
	Directly attributable		1,235			
	Not directly attributable	-	-	-	-	
	Total attributable to regulated service		1,235			
Vegetation management						
	Directly attributable		884			
	Not directly attributable	-	-	-	-	
	Total attributable to regulated service		884			
Routine and corrective maintenance and inspection						
	Directly attributable		1,437			
	Not directly attributable	-	-	-	-	
	Total attributable to regulated service		1,437			
Asset replacement and renewal						
	Directly attributable		187			
	Not directly attributable	-	-	-	-	
	Total attributable to regulated service		187			
System operations and network support						
	Directly attributable		2,881			
	Not directly attributable	-	-	-	-	
	Total attributable to regulated service		2,881			
Business support						
	Directly attributable		3,596			
	Not directly attributable	-	420	51	471	
	Total attributable to regulated service		4,016			
	Operating costs directly attributable		10,219			
	Operating costs not directly attributable	-	420	51	471	
	Operational expenditure		10,639			

		(\$000)	
5d(ii): Other Cost Allocations			
Pass through and recoverable costs			
Pass through costs			
	Directly attributable		396
	Not directly attributable		-
	Total attributable to regulated service		396
Recoverable costs			
	Directly attributable		6,727
	Not directly attributable		-
	Total attributable to regulated service		6,727

		(\$000)	
		CY-1	Current Year (CY)
5d(iii): Changes in Cost Allocations* †			
Change in cost allocation 1			
Cost category		Original allocation	-
Original allocator or line items		New allocation	-
New allocator or line items		Difference	-
Rationale for change			
Change in cost allocation 2			
Cost category		Original allocation	-
Original allocator or line items		New allocation	-
New allocator or line items		Difference	-
Rationale for change			
Change in cost allocation 3			
Cost category		Original allocation	-
Original allocator or line items		New allocation	-
New allocator or line items		Difference	-
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



5e Report on Asset Allocations

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2022**

SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

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

sch ref

7 5e(i): Regulated Service Asset Values

	Value allocated (\$'000s)
Electricity distribution services	
Subtransmission lines	
Directly attributable	7,363
Not directly attributable	-
Total attributable to regulated service	7,363
Subtransmission cables	
Directly attributable	1,327
Not directly attributable	-
Total attributable to regulated service	1,327
Zone substations	
Directly attributable	10,704
Not directly attributable	-
Total attributable to regulated service	10,704
Distribution and LV lines	
Directly attributable	25,889
Not directly attributable	-
Total attributable to regulated service	25,889
Distribution and LV cables	
Directly attributable	41,432
Not directly attributable	-
Total attributable to regulated service	41,432
Distribution substations and transformers	
Directly attributable	30,274
Not directly attributable	-
Total attributable to regulated service	30,274
Distribution switchgear	
Directly attributable	21,595
Not directly attributable	-
Total attributable to regulated service	21,595
Other network assets	
Directly attributable	9,003
Not directly attributable	-
Total attributable to regulated service	9,003
Non-network assets	
Directly attributable	-
Not directly attributable	3,133
Total attributable to regulated service	3,133
Regulated service asset value directly attributable	147,587
Regulated service asset value not directly attributable	3,133
Total closing RAB value	150,720

51 5e(ii): Changes in Asset Allocations* †

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

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



6a Report on Capital Expenditure for the Disclosure Year

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2022**

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

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

sch ref		(\$000)	(\$000)
7	6a(i): Expenditure on Assets		
8	Consumer connection		239
9	System growth		562
10	Asset replacement and renewal		4,904
11	Asset relocations		-
12	Reliability, safety and environment:		
13	Quality of supply	121	
14	Legislative and regulatory	217	
15	Other reliability, safety and environment	564	
16	Total reliability, safety and environment		902
17	Expenditure on network assets		6,606
18	Expenditure on non-network assets		428
19			
20	Expenditure on assets		7,034
21	plus Cost of financing		95
22	less Value of capital contributions		25
23	plus Value of vested assets		-
24			
25	Capital expenditure		7,104
26	6a(ii): Subcomponents of Expenditure on Assets (where known)		(\$000)
27	Energy efficiency and demand side management, reduction of energy losses		-
28	Overhead to underground conversion		-
29	Research and development		-
30	6a(iii): Consumer Connection		
31	Consumer types defined by EDB*	(\$000)	(\$000)
32	130 Customer Connections	239	
33	[EDB consumer type]		
34	[EDB consumer type]		
35	[EDB consumer type]		
36	[EDB consumer type]		
37	* include additional rows if needed		
38	Consumer connection expenditure		239
39	less Capital contributions funding consumer connection expenditure	6	
40	Consumer connection less capital contributions		233
41			
42	6a(iv): System Growth and Asset Replacement and Renewal		
43		System Growth	Asset Replacement
44		(\$000)	and Renewal
45	Subtransmission	-	22
46	Zone substations	23	394
47	Distribution and LV lines	54	686
48	Distribution and LV cables	484	1,905
49	Distribution substations and transformers	1	786
50	Distribution switchgear	-	811
51	Other network assets	-	302
52	System growth and asset replacement and renewal expenditure	562	4,904
53	less Capital contributions funding system growth and asset replacement and renewal	-	19
54	System growth and asset replacement and renewal less capital contributions	562	4,885
55			
56	6a(v): Asset Relocations		
57	Project or programme*	(\$000)	(\$000)
58	[Description of material project or programme]		
59	[Description of material project or programme]		
60	[Description of material project or programme]		
61	[Description of material project or programme]		
62	[Description of material project or programme]		
63	* include additional rows if needed		
64	All other projects or programmes - asset relocations	-	
65	Asset relocations expenditure		-
66	less Capital contributions funding asset relocations	-	
67	Asset relocations less capital contributions		-
68			

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

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

sch ref

69	6a(vi): Quality of Supply			
70	<i>Project or programme*</i>		(\$000)	(\$000)
71	[Description of material project or programme]			
72	[Description of material project or programme]			
73	[Description of material project or programme]			
74	[Description of material project or programme]			
75	[Description of material project or programme]			
76	<i>* include additional rows if needed</i>			
77	All other projects programmes - quality of supply		121	
78	Quality of supply expenditure			121
79	<i>less</i> Capital contributions funding quality of supply		-	
80	Quality of supply less capital contributions			121
81	6a(vii): Legislative and Regulatory			
82	<i>Project or programme*</i>		(\$000)	(\$000)
83	[Description of material project or programme]			
84	[Description of material project or programme]			
85	[Description of material project or programme]			
86	[Description of material project or programme]			
87	[Description of material project or programme]			
88	<i>* include additional rows if needed</i>			
89	All other projects or programmes - legislative and regulatory		217	
90	Legislative and regulatory expenditure			217
91	<i>less</i> Capital contributions funding legislative and regulatory		-	
92	Legislative and regulatory less capital contributions			217
93	6a(viii): Other Reliability, Safety and Environment			
94	<i>Project or programme*</i>		(\$000)	(\$000)
95	[Description of material project or programme]			
96	[Description of material project or programme]			
97	[Description of material project or programme]			
98	[Description of material project or programme]			
99	[Description of material project or programme]			
100	<i>* include additional rows if needed</i>			
101	All other projects or programmes - other reliability, safety and environment		564	
102	Other reliability, safety and environment expenditure			564
103	<i>less</i> Capital contributions funding other reliability, safety and environment		-	
104	Other reliability, safety and environment less capital contributions			564
105				
106	6a(ix): Non-Network Assets			
107	Routine expenditure			
108	<i>Project or programme*</i>		(\$000)	(\$000)
109	Plant & Equipment		15	
110	Other Information Technology		6	
111	Motor Vehicles		12	
112	Intangible - Software		120	
113	Land & Buildings		240	
114	<i>* include additional rows if needed</i>			
115	All other projects or programmes - routine expenditure		-	
116	Routine expenditure			393
117	Atypical expenditure			
118	<i>Project or programme*</i>		(\$000)	(\$000)
119	Lease Right of Use		35	
120	[Description of material project or programme]			
121	[Description of material project or programme]			
122	[Description of material project or programme]			
123	[Description of material project or programme]			
124	<i>* include additional rows if needed</i>			
125	All other projects or programmes - atypical expenditure		-	
126	Atypical expenditure			35
127				
128	Expenditure on non-network assets			428

6b Report on Operational Expenditure for the Disclosure Year

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2022**

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

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

sch ref

		(\$000)	(\$000)
7	6b(i): Operational Expenditure		
8	Service interruptions and emergencies	1,235	
9	Vegetation management	884	
10	Routine and corrective maintenance and inspection	1,437	
11	Asset replacement and renewal	187	
12	Network opex		3,742
13	System operations and network support	2,881	
14	Business support	4,016	
15	Non-network opex		6,897
16			
17	Operational expenditure		10,639
18	6b(ii): Subcomponents of Operational Expenditure (where known)		
19	Energy efficiency and demand side management, reduction of energy losses		-
20	Direct billing*		
21	Research and development		
22	Insurance		
23	* Direct billing expenditure by suppliers that directly bill the majority of their consumers		



7 Comparison of Forecasts to Actual Expenditure

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2022**

SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

This schedule compares actual revenue and expenditure to the previous forecasts that were made for the disclosure year. Accordingly, this schedule requires the forecast revenue and expenditure information from previous disclosures to be inserted. EDBs must provide explanatory comment on the variance between actual and target revenue and forecast expenditure in Schedule 14 (Mandatory Explanatory Notes). This information is part of the audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8. For the purpose of this audit, target revenue and forecast expenditures only need to be verified back to previous disclosures.

sch ref

7(i): Revenue		Target (\$000) ¹	Actual (\$000)	% variance
7				
8	Line charge revenue	33,135	33,436	1%
7(ii): Expenditure on Assets		Forecast (\$000) ²	Actual (\$000)	% variance
9				
10	Consumer connection	373	239	(36%)
11	System growth	688	562	(18%)
12	Asset replacement and renewal	5,314	4,904	(8%)
13	Asset relocations	27	-	(100%)
14	Reliability, safety and environment:			
15	Quality of supply	82	121	47%
16	Legislative and regulatory	146	217	49%
17	Other reliability, safety and environment	621	564	(9%)
18	Total reliability, safety and environment	849	902	6%
19	Expenditure on network assets	7,251	6,606	(9%)
20	Expenditure on non-network assets	1,005	428	(57%)
21	Expenditure on assets	8,256	7,034	(15%)
7(iii): Operational Expenditure				
22				
23	Service interruptions and emergencies	1,068	1,235	16%
24	Vegetation management	807	884	10%
25	Routine and corrective maintenance and inspection	1,431	1,437	0%
26	Asset replacement and renewal	360	187	(48%)
27	Network opex	3,665	3,742	2%
28	System operations and network support	3,308	2,881	(13%)
29	Business support	3,596	4,016	12%
30	Non-network opex	6,904	6,897	(0%)
31	Operational expenditure	10,569	10,639	1%
7(iv): Subcomponents of Expenditure on Assets (where known)				
32				
33	Energy efficiency and demand side management, reduction of energy losses	-	-	-
34	Overhead to underground conversion	-	-	-
35	Research and development	-	-	-
36				
7(v): Subcomponents of Operational Expenditure (where known)				
37				
38	Energy efficiency and demand side management, reduction of energy losses	-	-	-
39	Direct billing	-	-	-
40	Research and development	-	-	-
41	Insurance	-	-	-
42				

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)

8 Report on Billed Quantities and Line Charge Revenues

Company Name **Horizon Energy Distribution Limited**

For Year Ended **31 March 2022**

Network / Sub-Network Name

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

This schedule requires the billed quantities and associated line charge revenues for each price category code used by the EDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

8(i): Billed Quantities by Price Component

Consumer group name or price category code	Consumer type or types (eg, residential, commercial etc.)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Energy delivered to ICPs in disclosure year (MWh)	Unit charging basis (eg, days, kW of demand, kVA of capacity, etc.)	Billed quantities by price component						
						Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Variable
						Days	kVA/Day	kVA/Month	kW/Month	Light/Month	Month	kWh
LUDU	Domestic	Standard	8,588	45,160		3,134,681	-	-	-	-	-	45,160,036
LUDR	Domestic	Standard	3,989	22,719		1,455,955	-	-	-	-	-	22,718,901
NDU	Standard	Standard	4,687	38,169		1,710,785	-	-	-	-	-	38,169,329
NDR	Standard	Standard	4,475	36,912		1,633,405	-	-	-	-	-	36,911,739
UV	Non-Domestic	Standard	15	-		5,475	-	-	-	-	-	-
EF	Non-Domestic	Standard	6	-		2,281	-	-	-	-	-	-
SL	Non-Domestic	Standard	15	2,297		-	-	-	-	61,447	-	2,297,210
PCM24	Non-Domestic	Standard	61	1		-	-	-	-	-	12	1,037
PCMN	Non-Domestic	Standard	3	-		-	-	-	-	-	12	-
N2U	Non-Domestic	Standard	797	13,322		290,925	-	-	-	-	-	13,321,991
N2R	Non-Domestic	Standard	1,550	23,877		565,917	-	-	-	-	-	23,877,324
N3U	Non-Domestic	Standard	267	10,104		97,466	-	-	-	-	-	10,104,420
N3R	Non-Domestic	Standard	319	17,143		116,553	-	-	-	-	-	17,142,722
N4U	Non-Domestic	Standard	34	2,084		12,513	-	-	-	-	-	2,083,923
N4R	Non-Domestic	Standard	30	1,758		11,125	-	-	-	-	-	1,758,203
N5U	Non-Domestic	Standard	23	2,226		-	1,498,021	-	-	-	-	2,225,533
N5R	Non-Domestic	Standard	22	1,087		-	1,434,754	-	-	-	-	1,086,586
NMD	Non-Domestic	Standard	175	56,200		-	-	587,734	378,338	-	-	56,200,002
MAIORS	Industrial	Non-standard	23	282,713		-	-	-	-	-	12	282,712,951
Add extra rows for additional consumer groups or price category codes as necessary												
Standard consumer totals			25,058	273,059		9,037,081	2,932,775	587,734	378,338	61,447	24	273,058,955
Non-standard consumer totals			23	282,713		-	-	-	-	-	12	282,712,951
Total for all consumers			25,081	555,772		9,037,081	2,932,775	587,734	378,338	61,447	36	555,771,906

Add extra columns for additional billed quantities by price component as necessary

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

This schedule requires the billed quantities and associated line charge revenues for each price category code used by the EDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

8(ii): Line Charge Revenues (\$000) by Price Component

Consumer group name or price category code	Consumer type or types (eg. residential, commercial etc.)	Standard or non-standard consumer group (specify)	Total line charge revenue in disclosure year	Notional revenue foregone from posted discounts (if applicable)	Total distribution line charge revenue	Total transmission line charge revenue (if available)	Rate (eg. \$ per day, \$ per kWh, etc.)	Line charge revenues (\$000) by price component							
								Fixed Days	Fixed KVA/Day	Fixed KVA/Month	Fixed kW/Month	Fixed Light/Month	Fixed Month	Variable kWh	
LUDU	Domestic	Standard	\$5,074	-	\$4,156	\$918		\$470	-	-	-	-	-	-	\$4,604
LUDR	Domestic	Standard	\$2,533	-	\$2,089	\$443		\$218	-	-	-	-	-	-	\$2,315
NDU	Standard	Standard	\$4,083	-	\$3,337	\$746		\$3,805	-	-	-	-	-	-	\$278
NDR	Standard	Standard	\$3,900	-	\$3,188	\$712		\$3,631	-	-	-	-	-	-	\$269
UV	Non-Domestic	Standard	\$5	-	\$5	\$0		\$5	-	-	-	-	-	-	-
EF	Non-Domestic	Standard	\$2	-	\$2	\$0		\$2	-	-	-	-	-	-	-
SL	Non-Domestic	Standard	\$351	-	\$327	\$24		-	-	-	-	\$351	-	-	-
PCM24	Non-Domestic	Standard	\$46	-	\$40	\$6		\$46	-	-	-	-	-	-	-
PCMN	Non-Domestic	Standard	\$1	-	\$1	\$0		\$1	-	-	-	-	-	-	-
N2U	Non-Domestic	Standard	\$1,174	-	\$866	\$308		\$635	-	-	-	-	-	-	\$539
N2R	Non-Domestic	Standard	\$3,561	-	\$2,961	\$600		\$1,942	-	-	-	-	-	-	\$1,619
N3U	Non-Domestic	Standard	\$1,023	-	\$731	\$293		\$568	-	-	-	-	-	-	\$455
N3R	Non-Domestic	Standard	\$1,943	-	\$1,593	\$350		\$1,067	-	-	-	-	-	-	\$876
N4U	Non-Domestic	Standard	\$277	-	\$211	\$66		\$157	-	-	-	-	-	-	\$120
N4R	Non-Domestic	Standard	\$270	-	\$211	\$59		\$158	-	-	-	-	-	-	\$111
N5U	Non-Domestic	Standard	\$270	-	\$207	\$63		-	-	\$153	-	-	-	-	\$116
N5R	Non-Domestic	Standard	\$269	-	\$210	\$59		-	-	\$168	-	-	-	-	\$101
NMD	Non-Domestic	Standard	\$4,645	-	\$3,606	\$1,039		-	-	\$1,149	\$2,055	-	-	-	\$1,442
MAIORS	Industrial	Non-standard	\$4,010	-	\$910	\$3,099		-	-	-	-	-	\$4,010	-	-
Standard consumer totals			\$29,426	-	\$23,740	\$5,686		\$12,704	-	\$1,470	\$2,055	\$351	-	-	\$12,845
Non-standard consumer totals			\$4,010	-	\$910	\$3,099		-	-	-	-	-	\$4,010	-	-
Total for all consumers			\$33,436	-	\$24,651	\$8,785		\$12,704	-	\$1,470	\$2,055	\$351	\$4,010	-	\$12,845

Add extra rows for additional consumer groups or price category codes as necessary

8(iii): Number of ICPs directly billed

Number of directly billed ICPs at year end

Check

9a Asset Register

Company Name **Horizon Energy Distribution Limited**

For Year Ended **31 March 2022**

Network / Sub-network Name

SCHEDULE 9a: ASSET REGISTER

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

sch ref

					Items at start of year (quantity)	Items at end of year (quantity)	Net change	Data accuracy (1-4)
8	Voltage	Asset category	Asset class	Units				
9	All	Overhead Line	Concrete poles / steel structure	No.	18,551	18,607	56	2
10	All	Overhead Line	Wood poles	No.	1,764	1,750	(14)	2
11	All	Overhead Line	Other pole types	No.	31	33	2	2
12	HV	Subtransmission Line	Subtransmission OH up to 66kV conductor	km	245	245	0	3
13	HV	Subtransmission Line	Subtransmission OH 110kV+ conductor	km	-	-	-	N/A
14	HV	Subtransmission Cable	Subtransmission UG up to 66kV (XLPE)	km	4	4	-	4
15	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Oil pressurised)	km	-	-	-	N/A
16	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Gas Pressurised)	km	-	-	-	N/A
17	HV	Subtransmission Cable	Subtransmission UG up to 66kV (PILC)	km	-	-	-	N/A
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.	12	12	-	3
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.	1	1	-	4
27	HV	Zone substation switchgear	33kV Switch (Ground Mounted)	No.	7	7	-	4
28	HV	Zone substation switchgear	33kV Switch (Pole Mounted)	No.	8	8	-	4
29	HV	Zone substation switchgear	33kV RMU	No.	-	-	-	N/A
30	HV	Zone substation switchgear	22/33kV CB (Indoor)	No.	15	15	-	4
31	HV	Zone substation switchgear	22/33kV CB (Outdoor)	No.	10	10	-	3
32	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (ground mounted)	No.	64	64	-	4
33	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (pole mounted)	No.	3	3	-	4
34	HV	Zone Substation Transformer	Zone Substation Transformers	No.	14	14	-	4
35	HV	Distribution Line	Distribution OH Open Wire Conductor	km	1,432	1,432	(0)	3
36	HV	Distribution Line	Distribution OH Aerial Cable Conductor	km	-	-	-	N/A
37	HV	Distribution Line	SWER conductor	km	64	64	0	3
38	HV	Distribution Cable	Distribution UG XLPE or PVC	km	190	195	6	3
39	HV	Distribution Cable	Distribution UG PILC	km	31	31	(0)	3
40	HV	Distribution Cable	Distribution Submarine Cable	km	-	-	-	N/A
41	HV	Distribution switchgear	3.3/6.6/11/22kV CB (pole mounted) - reclosers and sectionalisers	No.	96	95	(1)	3
42	HV	Distribution switchgear	3.3/6.6/11/22kV CB (Indoor)	No.	-	-	-	N/A
43	HV	Distribution switchgear	3.3/6.6/11/22kV Switches and fuses (pole mounted)	No.	4,161	4,185	24	2
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.	307	317	10	3
46	HV	Distribution Transformer	Pole Mounted Transformer	No.	2,588	2,593	5	3
47	HV	Distribution Transformer	Ground Mounted Transformer	No.	844	862	18	3
48	HV	Distribution Transformer	Voltage regulators	No.	1	1	-	4
49	HV	Distribution Substations	Ground Mounted Substation Housing	No.	839	847	8	2
50	LV	LV Line	LV OH Conductor	km	261	259	(2)	2
51	LV	LV Cable	LV UG Cable	km	378	382	4	2
52	LV	LV Street lighting	LV OH/UG Streetlight circuit	km	245	245	(0)	2
53	LV	Connections	OH/UG consumer service connections	No.	25,489	25,686	197	3
54	All	Protection	Protection relays (electromechanical, solid state and numeric)	No.	114	117	3	3
55	All	SCADA and communications	SCADA and communications equipment operating as a single system	Lot	1	1	-	4
56	All	Capacitor Banks	Capacitors including controls	No.	2	2	-	4
57	All	Load Control	Centralised plant	Lot	3	3	-	4
58	All	Load Control	Relays	No.	-	-	-	N/A
59	All	Civils	Cable Tunnels	km	-	-	-	N/A

9c Report on Overhead Lines and Underground Cables

		Company Name	Horizon Energy Distribution Limited	
		For Year Ended	31 March 2022	
		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		Total circuit length (km)	
		Overhead (km)	Underground (km)
9			
10	Circuit length by operating voltage (at year end)		
11	> 66kV	–	–
12	50kV & 66kV	66	–
13	33kV	178	4
14	SWER (all SWER voltages)	64	–
15	22kV (other than SWER)	–	–
16	6.6kV to 11kV (inclusive—other than SWER)	1,432	226
17	Low voltage (< 1kV)	259	382
18	Total circuit length (for supply)	2,000	612
19			
20	Dedicated street lighting circuit length (km)	–	21
21	Circuit in sensitive areas (conservation areas, iwi territory etc) (km)		497
22			
23	Overhead circuit length by terrain (at year end)		
24	Urban	198	10%
25	Rural	1,102	55%
26	Remote only	184	9%
27	Rugged only	400	20%
28	Remote and rugged	115	6%
29	Unallocated overhead lines	1	0%
30	Total overhead length	2,000	100%
31			
32			
33	Length of circuit within 10km of coastline or geothermal areas (where known)	1,973	76%
34			
35	Overhead circuit requiring vegetation management	2,000	100%

9d Report on Embedded Networks

		Company Name	Horizon Energy Distribution Limited	
		For Year Ended	31 March 2022	

SCHEDULE 9d: REPORT ON EMBEDDED NETWORKS
 This schedule requires information concerning embedded networks owned by an EDB that are embedded in another EDB's network or in another embedded network.

sch ref	Location *	Line charge revenue (\$000)		
		Number of ICPS served		
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26	* Extend embedded distribution networks table as necessary to disclose each embedded network owned by the EDB which is embedded in another EDB's network or in another embedded network			

9e Report on Network Demand

Company Name **Horizon Energy Distribution Limited**

For Year Ended **31 March 2022**

Network / Sub-network Name

SCHEDULE 9e: REPORT ON NETWORK DEMAND

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

sch ref

8	9e(i): Consumer Connections		
9	<i>Number of ICPs connected in year by consumer type</i>		
10	<i>Consumer types defined by EDB*</i>	Number of connections (ICPs)	
11	Demand	4	
12	Domestic	204	
13	General	20	
14	Majors	–	
15	Other	–	
16	<i>* include additional rows if needed</i>		
17	Connections total	228	
18			
19	Distributed generation		
20	Number of connections made in year	87	connections
21	Capacity of distributed generation installed in year	0.41	MVA
22	9e(ii): System Demand		
23			
24		Demand at time of maximum coincident demand (MW)	
25	Maximum coincident system demand		
26	GXP demand	68	
27	plus Distributed generation output at HV and above	29	
28	Maximum coincident system demand	97	
29	less Net transfers to (from) other EDBs at HV and above	–	
30	Demand on system for supply to consumers' connection points	97	
31	Electricity volumes carried	Energy (GWh)	
32	Electricity supplied from GXPs	292	
33	less Electricity exports to GXPs	–	
34	plus Electricity supplied from distributed generation	289	
35	less Net electricity supplied to (from) other EDBs	–	
36	Electricity entering system for supply to consumers' connection points	581	
37	less Total energy delivered to ICPs	556	
38	Electricity losses (loss ratio)	25	4.4%
39			
40	Load factor	0.69	
41	9e(iii): Transformer Capacity		
42		(MVA)	
43	Distribution transformer capacity (EDB owned)	268	
44	Distribution transformer capacity (Non-EDB owned, estimated)	81	
45	Total distribution transformer capacity	349	
46			
47	Zone substation transformer capacity	98	

10 Report on Network Reliability

Company Name **Horizon Energy Distribution Limited**

For Year Ended **31 March 2022**

Network / Sub-network Name

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

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

sch ref

8 10(i): Interruptions

9 Interruptions by class

	Number of interruptions
10 Class A (planned interruptions by Transpower)	1
11 Class B (planned interruptions on the network)	194
12 Class C (unplanned interruptions on the network)	233
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)	18
19 Total	446

21 Interruption restoration

	≤3Hrs	>3hrs
22 Class C interruptions restored within	178	55

24 SAIFI and SAIDI by class

	SAIFI	SAIDI
25 Class A (planned interruptions by Transpower)	0.22	135.0
26 Class B (planned interruptions on the network)	0.73	93.5
27 Class C (unplanned interruptions on the network)	1.99	293.3
28 Class D (unplanned interruptions by Transpower)	0.00	0.0
29 Class E (unplanned interruptions of EDB owned generation)	0.00	0.0
30 Class F (unplanned interruptions of generation owned by others)	0.00	0.0
31 Class G (unplanned interruptions caused by another disclosing entity)	0.00	0.0
32 Class H (planned interruptions caused by another disclosing entity)	0.00	0.0
33 Class I (interruptions caused by parties not included above)	0.20	8.2
34 Total	3.14	530.0

36 Normalised SAIFI and SAIDI

	Normalised SAIFI	Normalised SAIDI
37 Classes B & C (interruptions on the network)	2.72	278.3

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

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

sch ref

39 10(ii): Class C Interruptions and Duration by Cause

40

41

42

43

44

45

46

47

48

49

50

51

Cause

Lightning
Vegetation
Adverse weather
Adverse environment
Third party interference
Wildlife
Human error
Defective equipment
Cause unknown

SAIFI	SAIDI
0.02	1.6
0.26	22.2
0.46	182.3
0.00	0.0
0.22	20.2
0.27	20.1
0.07	2.6
0.46	27.8
0.23	16.7

52 10(iii): Class B Interruptions and Duration by Main Equipment Involved

53

54

55

56

57

58

59

60

Main equipment involved

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

SAIFI	SAIDI
0.05	2.3
0.00	0.0
0.00	0.0
0.59	73.1
0.09	18.1
0.00	0.0

61 10(iv): Class C Interruptions and Duration by Main Equipment Involved

62

63

64

65

66

67

68

69

Main equipment involved

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

SAIFI	SAIDI
0.00	0.0
0.00	0.0
0.00	0.0
1.66	279.5
0.33	13.8
0.00	0.0

70 10(v): Fault Rate

71

72

73

74

75

76

77

78

Main equipment involved

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

Number of Faults	Circuit length (km)	Fault rate (faults per 100km)
2	245	0.82
–	4	–
–	–	–
217	1,496	14.51
14	226	6.20
–	–	–
233		

Company Name Horizon Energy Distribution Limited

For Year Ended 31 March 2022

Schedule 14 Mandatory Explanatory Notes

1. This schedule requires EDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and subclauses 2.5.1(1)(f), and 2.5.2(1)(e).
2. This schedule is mandatory—EDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 11 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for EDBs to give additional explanation of disclosed information should they elect to do so.

Return on Investment (Schedule 2)

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

Box 1: Explanatory comment on return on investment

There were no reclassified items during the disclosure year.

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

\$145,800	Application Fees
\$127,981	Miscellaneous Network Service Income
<u>\$ 8,235</u>	Bad Debts Recovered
\$282,016	

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

There was no merger and acquisition activity during the year.

There have been no items classified differently from the previous year.

Value of the Regulatory Asset Base (Schedule 4)

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

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

The Regulatory Asset Base has been calculated in accordance with the IM Determination.

However, the information contained in Schedule 4(vii) is based on historical records manually maintained in spreadsheet format. Sufficient records have been utilised where possible to comply with the Electricity Distribution Information Disclosure Determination 2012 to determine asset category and asset life. However, the historical information used to determine asset category and asset life has been sourced from spreadsheets where the requirements under the Electricity Distribution Information Disclosure Determination 2012 could not have been previously foreseen, and therefore historically these spreadsheets have not been wholly maintained to determine asset category and asset life at the level required under the Electricity Distribution Information Disclosure Determination 2012.

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

8. In the box below, provide descriptions and workings of the material items recorded in the following asterisked categories of 5a(i) of Schedule 5a-
 - 8.1 Income not included in regulatory profit / (loss) before tax but taxable;
 - 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible;
 - 8.3 Income included in regulatory profit / (loss) before tax but not taxable;
 - 8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax.

Box 5: Regulatory tax allowance: permanent differences

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

Nil

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

\$ -27,100 Provisions Relating to Employee Costs

\$ -88,700 Movement in Bonus Provision

\$ -115,800 Total

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

Nil

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

Nil

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)

Schedule 5a(vi) – Calculation of Deferred Tax Balance has not been completed due to Horizon Energy Distribution Limited being exempt from income tax under the charities tax exemption. This treatment is consistent with Horizon Energy Distribution Limited's 31 March 2022 Financial Statements which are prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

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

Cost Allocations have been calculated using the ABAA approach as per the IM Determination. This includes business support costs of \$225k for Governance services that have been allocated to non-electricity distribution services.

All maintenance and operational costs are directly attributable to electricity distribution services.

No items have been reclassified during the disclosure year.

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

Asset Allocations have been calculated using the ABAA approach as per the IM Determination.

All regulated service asset values except Non-Network asset values are directly attributable to regulated services. Non-Network asset values comprise of ICT equipment and have been allocated to regulated services where a causal relationship exists. Due to the quantum allocated to unregulated services deemed as being not material, Schedule 5e has 100% of the not directly attributable Non-Network asset values being allocated to regulated services.

No items have been reclassified during the disclosure year.

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

The level of materiality applied for project disclosure is \$300K.

There were no reclassified items during the disclosure year.

Operational Expenditure for the Disclosure Year (Schedule 6b)

13. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-
- 13.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b;
 - 13.2 Information on reclassified items in accordance with subclause 2.7.1(2);
 - 13.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, a including the value of the expenditure the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

Box 10: Explanation of operational expenditure for the disclosure year

OPEX- Service Interruptions and Emergencies: Expenditure was 16% higher than forecast due to higher spending on November 2021 wind storm-related faults. This expenditure to increase from next year due to the higher frequency of weather-related faults.

OPEX- Vegetation management: Vegetation management expenditure was 10% higher due to the growing risk of vegetation near-critical circuits identified through our vegetation inspection program. This expenditure to increase from next year due to increased plantation by private landowners.

OPEX- Routine and corrective maintenance and inspection operational expenditure: Routine and corrective maintenance were completed as planned with the actuals within a small margin from the forecast

OPEX- Asset replacement and renewal: Spending in this category is 48% lower than the forecast. Planned and major crossarm replacement projects are now classified as CAPEX work since FY21 and these expenditures are reported in CAPEX – Replacement and Renewal, CAPEX – RSE Quality of Supply and CAPEX- RSE – Others. Asset replacement and renewal spend is forecast to reduce because of this ongoing change in treatment.

Variance between forecast and actual expenditure (Schedule 7)

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

Box 11: Explanatory comment on variance in actual to forecast expenditure

CAPEX- Customer Connection: Expenditure for this category is 36% lower than forecast for FY22 due to the deferment of a customer-driven project to winter FY23.

CAPEX- System Growth: The expenditure for this category is 18% lower due to the deferment of a work package for the Opotiki Sub-Transmission Project to FY23.

CAPEX- Asset Replacement and Renewal: The expenditure for this category is 8% lower than the forecast. Approximately \$0.4M Sub-Transmission renewal project deferred to FY23 due to supply chain disruption caused by COVID-19. Actual expenditure reported for this category has deducted \$0.5M of the Infrastructure Direct Contribution (IDC) fee.

CAPEX- Asset Relocations: There are no customer-driven Asset Relocations expenditures for FY22.

CAPEX- Reliability, Safety and Environment(RSE) – Quality of Supply (QoS): Expenditure in the QoS category is 47% higher (approximately \$39k) than the forecast mainly due to the spill over of two Projects from FY21.

CAPEX- RSE - Legislative and regulatory - Expenditure in the Legislative and Regulatory category is 49% higher than the forecast as FY23 Legislative and Regulatory projects were brought forward to FY22 to minimise the impact of COVID 19 on the supply chain.

CAPEX- RSE – Others – Expenditure in this category is 9% lower than the forecast. \$0.15M worth of projects were spill over from FY21. Two projects worth \$0.2M have been postponed to FY23.

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

There was no material difference between the forecast and actual revenue for the disclosure year.

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 SAIDI / SAIFI figures have been calculated in accordance with the Electricity Distribution Information Disclosure Determination 2012 (consolidated 3 April 2018) as opposed to the requirements under the Electricity Distribution Services Default Price-Quality Path Determination 2020.

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

Horizon Energy has insurance cover over buildings and transformers, switch gear and other equipment located at substation sites (sum insured \$44.7M), generators and related plant (sum insured \$1.7M) and SCADA and control room assets (sum insured \$3.2M) pursuant to a market standard Material Damage & Business Interruption insurance policy. The deductible is generally 2.5% subject to a minimum of \$2.5K. The policy includes business interruption cover for network gross profit of up to \$29M.

There is no self-insurance or reinsurance scheme operated by Horizon Energy Distribution Limited.

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

There were no material errors requiring disclosure of amendments to previously disclosed information.

Company Name Horizon Energy Distribution Limited
For Year Ended 31 March 2022

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(i) – Regulatory Tax Allowance includes a Corporate Tax Rate of 0% due to Horizon Energy Distribution Limited being exempt from income tax under the charities tax exemption. This is due to Trust Horizon, a registered charity, acquiring 100% of the shares in Horizon Energy Distribution Limited and the subsequent de-listing of Horizon Energy Distribution Limited from the New Zealand Stock Exchange on 31 July 2015.

Schedule 5a(vi) – Calculation of Deferred Tax Balance has not been completed due to Horizon Energy Distribution Limited being exempt from income tax under the charities tax exemption. This treatment is consistent with Horizon Energy Distribution Limited's 31 March 2022 Financial Statements which are prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Schedule 10 – Report on Network Reliability. Horizon Networks has continued treating successive interruptions in the same way as in previous disclosure years. An interruption starts from the time the supply is first lost until the supply is restored to the last customer. Successful & unsuccessful attempts to sectionalise the faulted area are captured into one interruption.

Schedule 2 – The Incremental Rolling Incentive Scheme (IRIS) value of \$0.726M has been added as Other Financial Incentives. This updates the ROI figures disclosed in Schedule 2.

Certification for Year-end Disclosures

Clause 2.9.2

We, ANTHONY DE FARIAS and LORRAINE WITTEN being directors of HORIZON ENERGY DISTRIBUTION LIMITED certify that, having made all reasonable enquiry, to the best of our knowledge-

a) the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.21, 2.5.1, and 2.7.1 of the Electricity Distribution Information Disclosure Determination 2012 in all material respects complies with that determination; and

b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 9e, 10, and 14 has been properly extracted from the HORIZON ENERGY DISTRIBUTION LIMITED'S accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained.

In addition, while historical records have been maintained, requirements under the Electricity Distribution Information Disclosure Determination 2012 specific to clauses 2.5.1(1)(a) and 2.5.1(1)(b) could not have been previously foreseen to have been required and therefore information obtained from the Geospatial Information Systems will not be wholly sufficient for the purposes of Electricity Distribution Information Disclosure Determination 2012

Dated 1st day of August 2022



.....
ANTHONY DE FARIAS



.....
LORRAINE WITTEN



Independent Reasonable Assurance Report to the Directors of Horizon Energy Distribution Limited and to the New Zealand Commerce Commission

Opinion

Our reasonable assurance opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects, Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10 (i)-(v) and 14 (boxes 1 – 11) of the Horizon Energy Distribution Limited Electricity Distribution Information Disclosure Requirements Information Templates (the 'Annual Disclosure Statement') have been prepared in accordance with the Commerce Commission Electricity Distribution Information Disclosure Determination 2012 (amended as of 3 April 2018) (the 'Electricity Information Disclosure determination') and the related Reasons Paper and Electricity Distribution Services Input Methodologies Determination 2012 (consolidated 20 May 2020) (together 'the Determination') for the regulatory period ended 31 March 2022.

In our opinion, the Company's basis for valuation of related party transactions in the regulatory year ended 31 March 2022 had complied in all material respects, with clause 2.3.6 of the Electricity Distribution Information Disclosure Determination 2012 (amended as of 3 April 2018) and clauses 2.2.11(1)(g) and 2.2.11(5) of the Electricity Distribution Services Input Methodologies Determination 2012 (consolidated 20 May 2020).

In our opinion, in all material respects, as far as appears from an examination of them:

- proper records to enable the complete and accurate compilation of the Annual Disclosure Statement for the regulatory period ended 31 March 2022 have been kept by the Company; and
- the information used in the preparation of the Annual Disclosure Statement for the regulatory period ended 31 March 2022 has been properly extracted from the Company's accounting and other records and has been sourced, where appropriate, from the Company's financial and non-financial systems.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Horizon Energy Distribution Limited's Annual Disclosure Statement for the regulatory period ended 31 March 2022.

Criteria

The criteria we have assessed the Annual Disclosure Statement against is the Determination.

Key Assurance Matters

Key assurance matters are those matters that, in our professional judgement, were of most significance in our reasonable assurance engagement in relation to Horizon Energy Distribution Limited's Annual Disclosure Statement in the current regulatory period. We summarise below those matters and our key procedures to address those matters in order that the Directors and the New Zealand Commerce Commission may better understand the process by which we arrived at our opinion. Our procedures were undertaken in the context of and solely for the purpose of our opinion on the Annual Disclosure Statement as a whole and we do not express discrete opinions on separate elements of the Annual Disclosure Statement.

The key assurance matter

How the matter was addressed in our assurance

1. Capitalisation of assets into the regulatory assets base ('RAB'). Refer to Schedule 4 and Schedule 6a.

Capitalisation of assets into the RAB (capital expenditure during the year of \$7.1 million and asset commissions of \$6.6 million) is a key assurance matter due to the following significant judgements involved:

- Assessment whether an asset meets the definition of network or non-network asset; and
- Allocation of non-directly attributable assets to the electricity business. Specifically, this judgement relates to the selection of allocators which appropriately align to the cause of the expenditure.

Our procedures included, amongst others:

- examining the effectiveness of controls related to the approval of capital expenditure;
- checking a sample of costs to invoice to determine whether the description of the expenditure met the capitalisation criteria in the determination and is consistent with their presentation as either network or non-network assets;
- comparing RAB assets commissioned to those commissioned for financial reporting purposes and obtaining explanation for any significant differences; and
- examining and challenging the allocators used to allocate non-directly attributable assets into the RAB. This includes an assessment of whether the allocator is an appropriate reflection of the cause of the expenditure.

2. Completeness and accuracy of SAIDI and SAIFI. Refer to Schedule 10(i).

The accuracy and completeness of SAIDI and SAIFI (446 interruptions in the period resulting in SAIDI and SAIFI of 530.0 and 3.14 respectively) is a key assurance matter due to the following factors:

- the reliance on manual data entry to collect the interruption information coupled with the large volume of interruptions inherent in a large network of over 25,000 electricity connection points; and
- There are differences in the method of calculating normalised SAIDI and SAIFI between the Electricity Default-Price-Quality Path Determination 2020 and Electricity Information Disclosure determination, there is ambiguity as to which methodology should be used for calculating these statistics and included within the Annual Disclosure Statement and Horizon have elected to include both.

The procedures we performed to evaluate accuracy of the dataset used to calculate SAIDI and SAIFI included amongst others:

- examining the effectiveness of controls related to Horizon Energy Distribution Limited's quality assurance program over data entry;
- Testing a sample of events by comparing the facts surrounding the events such as start time, number of customers affected and end time were consistent with the responding engineer's records and the electricity network design; and
- Recalculating SAIDI and SAIFI according to both the methodology of the Electricity Default-Price-Quality Path Determination 2020 and Electricity Information Disclosure determination.

The procedures we performed to evaluate completeness of the dataset used to calculate SAIDI and SAIFI included amongst others:

- Checking whether, on a sample basis, major storm and outage events recorded in the media were appropriately recorded in the dataset;
- Assessing whether the correct data is extracted from the underlying systems in order to prepare the Annual Disclosure Statement; and



The key assurance matter

How the matter was addressed in our assurance

3. Allocation of shared and other costs into operating expenditure. Refer to Schedule 5d and Schedule 6b.

The allocation of shared and other costs (\$0.4m of not directly attributable expenditure within the total of \$10.6 million of operating expenditure) into operating expenditure is a key assurance matter due to:

- The fact that Horizon Energy Distribution Limited operates across a number of businesses, both regulated services (energy distribution) and non-regulated services. A number of operating costs can therefore be shared across these businesses; and
- Allocation of shared and other costs into the electricity distribution business requires judgement. Specifically, this judgement relates to the selection of allocators which appropriately align to the cause of the expenditure.

- Challenging the dataset where no interruptions were recorded on a specific date, or where interruptions were recorded with zero SAIDI/SAIFI impact.

The procedures we performed to evaluate the allocation of non-directly attributable costs included, among others;

- Examining and challenging the allocators used to record shared and other costs into operating expenditure. This included assessing whether the allocator is an appropriate reflection of the cause of the expenditure;
- Comparing the total amount of shared and other costs to that recorded for financial reporting purposes and assessing any significant differences; and
- Comparing shared and other costs to historic levels and our understanding of the current business model and strategy.

4. Valuation and identification of related party transactions Refer to Schedule 5b.

The valuation of transactions with related parties (\$3.4 million of purchases from related parties included in operating expenditures and \$6.6 million of assets acquired from related parties included into RAB in the period) is a key assurance matter due to the significant judgement in forming a view of related party pricing in the absence, or insufficiency, of publicly available information about pricing and terms of certain services.

The identification of transactions with related parties is a key assurance matter because Horizon Energy Distribution Limited operate in a number of business areas and hold's certain investments which may give rise to related party transactions with the electricity distribution business.

The procedures we performed to evaluate valuation of related party transactions included:

- Comparison of the related party expenditure recorded by Horizon Energy Distribution Limited to the price paid by Horizon Services Limited (ie without margin as the Consolidation Regime is applied).

The procedures we performed to evaluate completeness of related party transactions included:

- Challenging whether all related party transactions had been included by comparing to our understanding of Horizon Energy Distribution Limited's operating model; and
- Assessing whether all related party transactions recorded for financial reporting purposes had been correctly identified and disclosed.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on*



Compliance. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In accordance with those standards we have:

- used our professional judgement to assess the risk of material misstatement and non-compliance and plan and perform the engagement to obtain reasonable assurance that the Annual Disclosure Statement is free from material misstatement and non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express an opinion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement or non-compliance when it exists.

Misstatements, including omissions, within the Annual Disclosure Statement are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Annual Disclosure Statement.

Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any party's other than Horizon Energy Distribution Limited and the New Zealand Commerce Commission for any purpose or in any context. Any party other than Horizon Energy Distribution Limited and the New Zealand Commerce Commission who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Horizon Energy Distribution Limited and the New Zealand Commerce Commission for our work, for this independent reasonable assurance report, or for the opinions we have reached.

Our report is released to Horizon Energy Distribution Limited and the New Zealand Commerce Commission on the basis that it shall not be copied, referred to or disclosed, in whole (save for Horizon Energy Distribution Limited's own internal purposes) or in part, without our prior written consent.

Directors' responsibility for Annual Compliance Statement

The Directors of Horizon Energy Distribution Limited are responsible for the preparation and fair presentation of the Annual Compliance Statement in accordance with the Determination. This responsibility includes such internal control as the Directors determine is necessary to enable the preparation of the Annual Compliance Statement that is free from material misstatement or non-compliance whether due to fraud or error.

Our responsibility

Our responsibility is to express an opinion to the directors on whether the preparation and presentation of the Annual Disclosure Statement is, in all material respects, in accordance with the Determination.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Our firm has also provided other services to services Horizon Energy Distribution Limited including the annual audit of the financial statements, regulatory assurance services, agreed upon procedures in relation to Interim Financial Statements, taxation compliance and advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. These matters have not impaired our independence as assurance providers of the Company for this engagement. The firm has no other relationship with, or interest in, the Company.

A handwritten signature in black ink, appearing to read 'KPMG.' with a period at the end.

KPMG
Auckland

1 August 2022