

**Electricity Distribution Business  
Price-Quality Regulation 1 April 2015 Reset  
Model 20. Disposals and other regulated income  
Final determination version**



Version 2.0. 28 November 2014

## Description

### General Description

1. Four years of historic disposals are deflated, averaged and then projected forward using forecast CPI to create a forecast series of disposals to be input into the financial model
2. Four years of historic other regulated income are deflated, averaged and then projected forward using forecast CPI to create a forecast series of other regulated income to be input into the financial model

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## Inputs

All input data is entered into this worksheet

### Inputs that are the same for all suppliers

Base year	2013/14																
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21						
Change in CPI, quarter on quarter, no lag	2.42%	1.57%	0.86%	1.53%	1.43%	1.74%	2.11%	2.17%	2.11%	2.06%	2.06%						

### Inputs that are specific to individual suppliers

Name	Alpine Energy	Aurora Energy	Centralines	Eastland	Electricity Ashburton	Electricity Invercargill	Horizon Energy	Nelson Electricity	Network Tasman	Orion	OtagoNet	Powerco	The Lines Company	Top Energy	Unison	Vector	Wellington Electricity
Supplier number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

#### Historic Disposals series

Disposals, 2010/11	267	206	-	670	741	121	371	-	461	-	41	5,890	23	4	350	7,255	-
Disposals, 2011/12	213	569	-	301	1,325	481	420	-	342	-	184	9,497	4	5	205	17,091	-
Disposals, 2012/13	617	-	-	263	1,610	139	404	-	375	117	10	8,111	22	54	504	3,348	1
Disposals, 2013/14	168	129	-	146	1,614	214	100	-	274	25,717	19	8,275	14	63	5,461	8,447	371

#### Historic Other regulated income series

Other regulated income, 2010/11	1	698	29	281	659	86	13	-	271	-	274	108	-	-	419	13,987	240
Other regulated income, 2011/12	10	711	99	145	602	82	27	-	357	23,404	280	540	15	101	723	6,271	535
Other regulated income, 2012/13	29	2,989	236	394	322	58	45	289	1,559	3,896	1,217	211	-	740	730	6,090	678
Other regulated income, 2013/14	27	3,225	104	250	668	40	390	51	256	2,742	554	396	-	541	676	3,570	533

#### Historic gains/(losses) on sale of assets series

Gains/(losses) on sale of assets, 2012/13	(539)	(81)	22	(259)	(1,507)	(69)	16	8	(162)	231	(6)	(8,111)	1	-	(327)	(3,008)	-
Gains/(losses) on sale of assets, 2013/14	(168)	(363)	18	(146)	(26)	(167)	(44)	-	(197)	(6,554)	(14)	(8,275)	11	4	(3,861)	(7,805)	(342)

## Inputs for the selected supplier

Data from the Inputs sheet that relates to the selected supplier. The supplier's name is user-selected in cell C4.

Supplier	Scenario
Name	Wellington Electricity
Supplier number	17
Supplier number (for output data table)	17

### General time-series data

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Change in CPI, quarter on quarter, no lag	2.42%	1.57%	0.86%	1.53%	1.43%	1.74%	2.11%	2.17%	2.11%	2.06%	2.06%

### Business-specific data

#### Historic disposals series

Disposals, 2010/11	–
Disposals, 2011/12	–
Disposals, 2012/13	1
Disposals, 2013/14	371

#### Historic other regulated income series

Other regulated income, 2010/11	240
Other regulated income, 2011/12	535
Other regulated income, 2012/13	678
Other regulated income, 2013/14	533

#### Historic gains/losses on sale of assets

Gains/(losses) on sale of assets, 2012/13	–
Gains/(losses) on sale of assets, 2013/14	(342)

## Calculation of CPI deflator

Calculations involving the roll-forward of adjusted depreciation regulatory asset values, deferred tax and tax adjustments.

### Inputs

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
CPI deflator	2.42%	1.57%	0.86%	1.53%	1.43%	1.74%	2.11%	2.17%	2.11%	2.06%	2.06%

### Calculations

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
CPI deflator debased to 2013/14	0.961	0.977	0.985	1.000	1.014	1.032	1.054	1.077	1.099	1.122	1.145

### Outputs

CPI deflator debased to 2013/14	0.961	0.977	0.985	1.000	1.014	1.032	1.054	1.077	1.099	1.122	1.145
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## Calculation of disposals forecast

### Inputs

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Disposals	EDB Data	–	–	1	371							
CPI deflator debased to base year	CPI	0.961	0.977	0.985	1.000	1.014	1.032	1.054	1.077	1.099	1.122	1.145

### Calculations

#### Deflated historic disposals

	Value	2010/11	2011/12	2012/13	2013/14
Disposals converted to constant prices (excluding GST change in 2010)		–	–	1	371
Coefficient of variation	1.99				

#### Disposals projections

		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
4 year Arithmetic mean in constant prices	93							
4 year Arithmetic mean inflated		94	96	98	100	102	104	106

### Outputs

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Projection of disposals	371	94	96	98	100	102	104	106

## Calculation of other regulated income forecast

### Inputs

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Other regulated income	EDB Data	240	535	678	533							
CPI deflator debased to base year	CPI	0.961	0.977	0.985	1.000	1.014	1.032	1.054	1.077	1.099	1.122	1.145
Historic supplier disposals	EDB data			1	371							
Historic gains/(losses) on sale of assets	EDB data			-	(342)							
Projection of disposals						94	96	98	100	102	104	106

### Calculations

#### Deflated historic other regulated income

	Value	2010/11	2011/12	2012/13	2013/14
Other regulated income converted to constant prices (excluding GST change in 2010)		249	548	689	533
Coefficient of variation	0.36				

#### Other Regulated Income projections

		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
4 year Arithmetic mean in constant prices	505							
4 year Arithmetic mean inflated		512	521	532	543	555	566	578

#### Projected disposals

Projection of disposals		94	96	98	100	102	104	106
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#### Deflated historic gains/(losses) on sale of assets

	Value	Override	2012/13	2013/14
Historic gains/(losses) in constant prices			-	(342)
Historic disposals in constant prices			1	371
Average percentage of gains/(losses) to disposals	(92.0%)	1		

#### Gains/(losses) on sale of assets projections

		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Projection of gains/(losses) on sale of assets		(87)	(88)	(90)	(92)	(94)	(96)	(98)
Projection of other regulated income		425	433	442	451	461	470	480

### Outputs

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Projection of other regulated income		191	425	433	442	451	461	470	480



## DPP reset output table

This worksheet uses Excel's data table facility to display the calculated results for all suppliers.

Supplier	Scenario
Name	Wellington Electricity
Supplier number	17

	Active EDB outputs	Alpine Energy	Aurora Energy	Centralines	Eastland	Electricity Ashburton	Electricity Invercargill	Horizon Energy	Nelson Electricity	Network Tasman	Orion	OtagoNet	Powerco	The Lines Company	Top Energy	Unison	Vector	Wellington Electricity
Supplier number	17	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

## Outputs

### Disposals

Disposals, 2013/14	371	168	129	–	146	1,614	214	100	–	274	25,717	19	8,275	14	63	5,461	8,447	371
Disposals, 2014/15	94	327	235	–	360	1,363	247	336	–	376	6,551	66	8,206	16	32	1,660	9,355	94
Disposals, 2015/16	96	333	239	–	366	1,387	251	342	–	383	6,665	67	8,348	17	33	1,689	9,518	96
Disposals, 2016/17	98	340	244	–	374	1,416	256	349	–	391	6,806	69	8,525	17	33	1,725	9,719	98
Disposals, 2017/18	100	347	249	–	382	1,447	262	357	–	400	6,953	70	8,710	17	34	1,762	9,929	100
Disposals, 2018/19	102	354	254	–	390	1,477	268	364	–	408	7,100	72	8,894	18	35	1,799	10,139	102
Disposals, 2019/20	104	362	260	–	398	1,508	273	372	–	416	7,246	73	9,076	18	36	1,836	10,348	104

### Other regulated income

Other regulated income, 2013/14	191	(141)	2,862	122	104	642	(127)	346	51	59	(3,812)	540	(7,879)	11	545	(3,185)	(4,235)	191
Other regulated income, 2014/15	425	(277)	1,956	120	(79)	(71)	(96)	103	87	422	6,173	553	(7,883)	9	355	(508)	(785)	425
Other regulated income, 2015/16	433	(282)	1,990	123	(81)	(72)	(97)	105	89	430	6,280	563	(8,020)	9	361	(516)	(799)	433
Other regulated income, 2016/17	442	(288)	2,032	125	(83)	(73)	(99)	107	91	439	6,413	575	(8,189)	10	369	(527)	(816)	442
Other regulated income, 2017/18	451	(294)	2,076	128	(84)	(75)	(102)	109	93	448	6,552	587	(8,366)	10	377	(539)	(833)	451
Other regulated income, 2018/19	461	(301)	2,120	131	(86)	(76)	(104)	112	95	458	6,690	600	(8,543)	10	385	(550)	(851)	461
Other regulated income, 2019/20	470	(307)	2,163	133	(88)	(78)	(106)	114	97	467	6,828	612	(8,719)	10	393	(561)	(868)	470