

## ***Asset management Plan Update- March 2014***

### ***Background***

Clause 2.6 of the Commerce Commissions Decision NZCC 22, requires that EDBs disclose an Asset Management Plan at least two-yearly with either a full Asset Management Plan or an Asset Management Plan Update on the other years.

For the 2014 Year and in view of the lack of material changes to the Asset Management Plan, Marlborough Lines has elected to only produce an update . The Disclosure schedules 11 to 13 have also been updated.

### ***Network Development Plans***

There are no material changes to the Network Development Plans. Non-material (minor) changes include some changes to the timing of projects and improvements in cost estimates for work.

One year's further work has been undertaken since the production of the 2013 AMP and our understanding of the disclosure requirements has been advanced. The Commerce Commissions Decision NZCC 22 contains considerable changes from the previous regime and was implemented for the first time last year. This together with some difference between the Commerce Commission and the industry in understandings and expectations has resulted in the need for further clarifications. These clarifications have resulted in some minor changes to values disclosed in the schedules.

The work programme for 2014 to 2024 has been further refined and there have been some changes to the estimates based on this work, however this has not resulted in any material changes to the overall levels of expenditure. Similarly the timing of some projects has been altered; however this does not materially affect the network development plans.

### ***Lifecycle Asset Management***

There are no material changes to the Lifecycle Asset Management practises.

## **Disclosure Schedules 11a to 13**

### *Schedule 11a and 11b.*

There are no material changes to the Disclosure Schedules 11a and 11b. There are a number of Non-material minor changes. These include:

- 1) Changes to the rates on inflation used in calculating nominal dollars from the constant dollar prices. The original schedules used 1.5%, while the revised schedules use 3.6% for network capex and opex, 1.8% for non-network capex and 3.5% for non-network opex. These values are based on work undertaken by the ENA (Electricity Network's association) and reflect the expected weighted average values for 2013 to 2023.
- 2) Some minor changes to the value of work. These are a result of changes in timing of some projects due to reasons beyond MLL's control, such as deferment of road alterations by the Roading Authoritys, an improved understanding of the new disclosure requirements, changes in the rates used for inflation, and improvements in information and pricing for projects.

### *Schedules 12 and 13*

- 1) The values for reliability in schedule 12d, for the current year (2014) have been substantially revised upwards. During the 2014 year, Marlborough experienced two earthquakes and two major wind storms. These four events added 96 minutes of class C SAIDI compared to an original forecast of 115 minutes total for the year.
- 2) Schedule 13, the AMMAT (Asset Management Maturity report) has been re-evaluated with some minor changes and improvement noted.