Company Name	MainPower New Zealand Limited
For Year Ended	31 March 2025

Schedule 14 Mandatory Explanatory Notes

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

1. This schedule requires EDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and subclauses 2.5.1(1)(f),and 2.5.2(1)(e).

2. This schedule is mandatory—EDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 11 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.

3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for EDBs to give additional explanation of disclosed information should they elect to do so.

Return on Investment (Schedule 2)

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

Box 1: Explanatory comment on return on investment

MainPower’s Post Tax ROI of 4.31% is lower than both the 6.18% mid-point and 5.50% 25th% percentile estimates provided by the Commerce Commission. This is in part due to a strategic decision not to pass on all operating cost increases to customers, and continuing high investment in the network resulting in significant depreciation expenditure.

Line charge revenue was as forecasted.

Expenditure on assets was 10% lower than forecast. The most significant contribution was delayed spending on system growth projects (now forecast to be spent in FY26-FY28), offset in part by higher spend on other reliability, safety and environment spend, and non-network assets.

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
Regulatory profit before tax is $18.5m compared to $16.9m in FY2024. The main area of fluctuation year-on year was lower CPI RAB revaluations of $4.0m due to lower CPI than FY24. Lines revenue increased by $7.2m (11.9%) and operational expenditure increased by $0.7m (2.8%). Other regulated income (other than gains/losses on asset disposals) is comprised of interest revenue on MainPower's self-insurance fund and revenue relating to sundry network charges for capacity upgrades and connection fees.

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
N/A

Value of the Regulatory Asset Base (Schedule 4)

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

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

Disaggregated Regulatory Asset Base
Following the finalisation of the Input Methodologies review in late 2023, MainPower commenced a project to develop a revised RAB that aligned with the IM Determination.

The 2004 ODV book was rebuilt to involve an assessment on an asset by asset basis, this revised RAB was rolled forward to DY2010, then DY2013 (including the transitional provisions under the IM Determination), and year-on-year until DY2025. This revised RAB was intended to be used to prepare the DY2025 information disclosures.

Work has proceeded on the revised RAB throughout 2025, however this has not been fully completed. More time is required to further identify and understand the extent to which the approach has not complied with the requirements in the IM Determination relating to depreciation, the extent to which the historically disclosed information has disclosed a different value for depreciation, the RAB and other related amounts than what should have been disclosed, whether this is material, and how this affects the DY2025 disclosures.

To meet the 31 August disclosure deadline, the brought forward RAB value and depreciation charge have been calculated on weighted average remaining lives for each asset class. This is consistent with the approach taken in previous years.

MainPower has engaged directly with the Commission about the work undertaken to develop a disaggregated RAB and its impact on schedule 4 information and other schedules following the Commission's letter of 11 July 2025 requesting management assurance relating to the calculation of depreciation. At the Commission's suggestion, MainPower has requested a conditional exemption for DY2025. Unaudited and uncertified schedules will be disclosed by 31 August 2025 and final reconciled, audited and certified schedules will be disclosed early in 2026 when the disaggregated RAB has been completed.

Any corrections to previously disclosed information will be made during 2026.

Comments on Schedule 4
Of the capital expenditure (net of capital contributions) on the RAB of $23.8m, $9.0m remains in works under construction resulting in additions to the RAB of $25.3m ($10.5m of which was in opening works under construction).

Depreciation and disposals for the year totalled $21.1m (FY2024: $21.1m) and revaluations were $8.3m (FY2024: $12.3m).

Adjustments resulting from asset allocation were $208k (FY2024: $476k).

The value of the unallocated RAB increased by $12.6m to $344.6m (FY2024: $332.0m), whereas due to the reduction from the asset allocation the allocated RAB increased by $12.2m to $340.1m (FY2024: $327.9m).

Right-of-Use assets of $4.7m are included in the above RAB closing balances (FY2024:

$4.8m).

There were no items reclassified or any changes in the accounting treatment of expenditure from those adopted last year.

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

There are no permanent differences in the tax calculation.

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)

Temporary differences of $100k related to $1k for movements in Employee Entitlement Provisions, $127k for movements in ROU assets and associated lease liabilities, and $(27k) for movements in Other Provisions.

Cost allocation (Schedule 5d)

10. In the box below, comment on cost allocation as disclosed in Schedule 5d. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 7: Cost allocation

Operating costs were allocated using the Accounting based allocation approach (ABAA).

Costs of $427k have been allocated to Non-electricity distribution services in FY2025 ($662k FY24).

There were not any items reclassified or any changes in the accounting treatment of expenditure from those adopted last 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 costs were allocated using the Accounting based allocation approach (ABAA).

Asset costs of $208k have been allocated to Non-electricity distribution services in FY2025 ($476k FY24).

There were not any items reclassified or any changes in the accounting treatment of expenditure from those adopted last 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

Capital expenditure of $24.2m net of capital contributions was made up of $20.3m on Network assets and $3.9m on Non-network assets.

With regard to 12.1 above, the materiality threshold MainPower has applied is identified projects that form part of the AMP forecasts, where the expenditure reclassification is greater than $50k.

No items were reclassified nor have there been any changes in the accounting treatment of expenditure from that adopted last 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

Operating expenditure of $25.5m was made up of $7.3m directly on the network, $13.3m on System operating and network support, and $4.8m on Business support.

No items were reclassified nor have there been any changes in the accounting treatment of expenditure from that adopted last year.

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

Capital expenditure on Network assets of $24.9m was 20% below forecast ($6.3m), which is explained as follows:

- System growth expenditure was significantly below forecast due to early works and design phase of the zone substation projects taking longer than expected and resulting delays in the commencement of construction.

- Consumer connection spend was 17% below forecast ($1.4m) due to a decrease in demand for new connections.

- Asset replacement and renewal was 3% above forecast ($0.2m).

Network and non-network capital expenditure combined was less than the FY2024 AMP forecast by 10% due to the factors described above plus some strategic decisions to acquire non-network assets including motor vehicles and depots.

Network operational expenditure of $7.3m was $1.6m (18%) below forecast. $0.6m of this was due to significantly less fault events related to adverse weather than the historic average. This in turn contributed to the lower than expected spend on vegetation management.

Non-network operating expenditure of $18.1m was $2.4m lower than forecast (12%). Savings were achieved on IT and other support spend.

No items were reclassified nor have there been any changes in the accounting treatment of expenditure from that adopted last year.

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

Lines revenue for the year of $67.8m was on target.

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

Network reliability measurements for FY2025 were calculated using the ADMS system and Tableau BI tool to develop the reporting. Successive interruptions for FY2025 have been treated in the same way as they were for FY2024.

10(i): The number, duration and frequency of unplanned interruptions in FY2025 were lower than in previous years, primarily due to the absence significant of adverse weather events across the network. 80% of unplanned interruptions were restored within three hours, which was the best performance achieved over the five-year evaluation period. Class B SAIFI and SAIDI were around the five-year average, and Class C SAIFI and SAIDI were the second lowest in the five-year evaluation period. A single Class D interruption accounted for 12% of unplanned SAIFI and 3% of unplanned SAIDI.

10(ii): Class C SAIFI and SAIDI were below normal, largely due to the absence of adverse weather related events. The largest category of unplanned interruptions were categorised as third-party interference, which, at approximately 42% of unplanned Class C SAIFI and 38% of unplanned Class C SAIDI minutes, was the highest frequency index and duration index that the network had experienced in this category in the five-year evaluation period. Third-party interference is further broken down in section 10(ii), highlighting that the main contributors as:

- Vehicle damage, which accounted for 31% of third-party interference SAIFI, and 13% of unplanned SAIFI.
- Vehicle damage accounted for 62% of third-party interference SAIDI, and 24% of unplanned SAIDI.
- Vandalism accounted for 37% of third-party SAIFI, and 16% of unplanned SAIFI.

10(iii): The main equipment involved in planned Class B interruptions related predominantly to subtransmission and overhead distribution lines. This was a result of the delivery of our work program which has a heavy focus on overhead assets such as poles and crossarms.

10(iv) and 10(v): The main equipment involved in Class C interruptions were overhead distribution lines, which were affected by unplanned incidents that are categorised in section 10(ii). 70% of SAIFI and 86% of SAIDI was attributable to the distribution lines category and the bulk of the balance being attributed to distribution cables.

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

MainPower has extensive insurance cover for structures such as zone substations and plant, however it is uneconomic to insure the distribution network E.g. poles and conductors.

As disclosed in 3(v) MainPower maintains a separate self-insurance fund to cover damage caused to uninsured parts of the Network caused by catastrophic events (such as earthquakes and storms). This fund is currently $3.4m and is invested in bank term deposits.

Amendments to previously disclosed information

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

18.1 a description of each error; and

18.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

Box 15: Disclosure of amendment to previously disclosed information

[Insert text here]

Company Name ______________________________

For Year Ended ______________________________

Schedule 14a Mandatory Explanatory Notes on Forecast Information

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

1. This Schedule requires EDBs to provide explanatory notes to reports prepared in accordance with clause 2.6.6.

2. This Schedule is mandatory—EDBs must provide the explanatory comment specified below, in accordance with clause 2.7.2. This information is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.

Commentary on difference between nominal and constant price capital expenditure forecasts (Schedule 11a)

3. In the box below, comment on the difference between nominal and constant price capital expenditure for the current disclosure year and 10 year planning period, as disclosed in Schedule 11a.

Box 1: Commentary on difference between nominal and constant price capital expenditure forecasts
[Insert text here]

Commentary on difference between nominal and constant price operational expenditure forecasts (Schedule 11b)

4. In the box below, comment on the difference between nominal and constant price operational expenditure for the current disclosure year and 10 year planning period, as disclosed in Schedule 11b.

Box 2: Commentary on difference between nominal and constant price operational expenditure forecasts
[Insert text here]

Company Name ______________________________

For Year Ended ______________________________

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
Clause 2,