Company Name	EA Networks
For Year Ended	31 March 2017

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 12 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
- 3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for EDBs to give additional explanation of disclosed information should they elect to do so.

Return on Investment (Schedule 2)

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

Box 1: Explanatory comment on return on investment ROI reflecting all revenue earned comparable to a post-tax WACC is 0.38% above the 75th percentile estimate of 5.48%.

No items have been reclassified in accordance with subclause 2.7.1 (2).

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).

Other regulatory income	\$'000
Loss of constraint	217
New connection fee	317
Other income	139
Sale of scrap	76
Total other regulatory income	749

Asset disposals:

Transformers

EA Networks has sold several 11kV transformers in the year. Due to the conversion programme from 11/22kV the transformers were no longer required on the network.

Distribution and LV lines

Significant undergrounding projects were carried out on state highways. A large amount of the poles and cable recovered from the undergrounding was scrapped. This is the main reasons for the higher than normal level of disposal for the year.

No items have been reclassified items in accordance with subclause 2.7.1(2).

Merger and acquisition expenses (3(iv) of Schedule 3)

- 6. If the EDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below-
 - 6.1 information on reclassified items in accordance with subclause 2.7.1(2)
 - 6.2 any other commentary on the benefits of the merger and acquisition expenditure to the EDB.

Box 3: Explanatory comment on merger and acquisition expenditure No costs have been incurred concerning merger and acquisition expenses.

No items have been reclassified in accordance with subclause 2.7.1(2)

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

All assets commissioned, decommissioned and depreciated in the year have followed the requirements of the determination.

No items have been reclassified in accordance with subclause 2.7.1(2)

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.

Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015) – Schedules 14-15

Movement in Holiday pay and ACC accrual Loss on PPE sold Total 8.3 Income included in regulatory profit / (loss) before tax but not taxable Total	Income not included in regulatory profit / (loss) before tax but taxable	\$'00
Prior to 2014 EA Networks accounted for capital contributions using the 10 year amortisation method for tax. From the start 2014 capital contributions are offset again cost of the asset which they are constructed for tax. The \$188k represents amortisation capital contributions paid prior to the start of 2014 year. 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible Movement in Holiday pay and ACC accrual Loss on PPE sold Total	ital Contributions	18
amortisation method for tax. From the start 2014 capital contributions are offset again cost of the asset which they are constructed for tax. The \$188k represents amortisation capital contributions paid prior to the start of 2014 year. 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible Movement in Holiday pay and ACC accrual Loss on PPE sold Total 8.3 Income included in regulatory profit / (loss) before tax but not taxable Total	al	18
Movement in Holiday pay and ACC accrual Loss on PPE sold Total 8.3 Income included in regulatory profit / (loss) before tax but not taxable Total	rtisation method for tax. From the start 2014 capital contributions are of of the asset which they are constructed for tax. The \$188k represents are	fset against t
Loss on PPE sold	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	\$'00
Total 8.3 Income included in regulatory profit / (loss) before tax but not taxable Total		(1
8.3 Income included in regulatory profit / (loss) before tax but not taxable	s on PPE sold	2,52
Total	al	2,51
	Income included in regulatory profit / (loss) before tax but not taxable	\$'00
8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax	al	
	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	\$'00
		ψü
Tax loss on assets sold	loss on assets sold	84

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 (c		
	<u>2016</u>	2017
Employee entitlements	281	272
Provision for ACC	8	14
	289	286
Less 2016		289
Movement		(3)

Related party transactions: disclosure of related party transactions (Schedule 5b)

10. In the box below, provide descriptions of related party transactions beyond those disclosed on Schedule 5b including identification and descriptions as to the nature of directly attributable costs disclosed under subclause 2.3.6(1)(b).

Box 7: Related party transactions

EA Networks is a co-operative company who has regular related party transactions with its shareholders which may include the purchase of and sale of goods and services, all of which are carried out at market value.

Work undertaken by EA Networks Field Services is carried out at cost with no profit being created as the result of the transaction.

EA Networks own a fibre network, part of which is rented by the power network on the same commercial terms and conditions as it offers third parties.

The fibre rental of the fibre business is valued using a director's certificate.

Cost allocation (Schedule 5d)

11. 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 8: Cost allocation

EA Networks has employed "ACAM" allocation method.

No items have been reclassified in accordance with subclause 2.7.1(2)

Asset allocation (Schedule 5e)

12. 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 9: Commentary on asset allocation EA Networks has employed "ACAM" allocation method.

No items have been reclassified in accordance with subclause 2.7.1(2)

Capital Expenditure for the Disclosure Year (Schedule 6a)

- 13. In the box below, comment on expenditure on assets for the disclosure year, as disclosed in Schedule 6a. This comment must include-
 - 13.1 a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;
 - 13.2 information on reclassified items in accordance with subclause 2.7.1(2),

Box 10: Explanation of capital expenditure for the disclosure year

Section 13.1 Materiality Threshold

A two-step principle based test is used to define materiality associated with schedule 6a.

- 1) The risk associated with the project in question: projects with notable risk are detailed in the schedule.
- 2) Projects which require notable financial investment are detailed individually: Currently notable financial investment is defined as above \$100k.

Section 13.2 Reclassified items

No items have been reclassified in accordance with subclause 2.7.1.(2).

Operational Expenditure for the Disclosure Year (Schedule 6b)

- 14. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-
 - 14.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b;
 - 14.2 Information on reclassified items in accordance with subclause 2.7.1(2);
 - 14.3 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 11: Explanation of operational expenditure for the disclosure year

14.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b

Expenditure is made up as follows

Asset replacement and renewal	\$000's
Overhead	376
Substation	65
Switchgear	67
Transformer	97
Underground	107
Overhead line removal	75
	787

Routine and corrective maintenance and inspection costs are managed at "Network opex" level, refer to section 7(iii) operational expenditure – S7 Actual vs Forecast, rather than the components contained within "Network opex". Network opex costs of \$2.8M for the year were in-line with the AMP forecast of \$2.9M.

14.2 Information on reclassified items in accordance with subclause 2.7.1(2);

No items have been reclassified in accordance with subclause 2.7.1.(2).

14.3 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.

There was not atypical expenditure in operational expenditure for the year.

Variance between forecast and actual expenditure (Schedule 7)

15. 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 12: Explanatory comment on variance in actual to forecast expenditure

7(i): Revenue

Actual Line charges revenue was within 4% of target.

7(ii): Expenditure on Assets

Consumer connection				
	Target (\$000) ¹	Actual (\$000)	Variance	% variance
Consumer connection				
Capacity change	352	284	(68)	(19%)
Large connection	294	103	(191)	(65%)
Rural no transformer	101	265	164	163%
Rural with transformer	1,667	965	(702)	(42%)
Safety	269	302	33	12%
Urban LV	105	245	140	134%
Other	300	64	(236)	(79%)
Subtotal	3,088	2,229	(859)	(28%)

Customer connection expenditure for the AMP was set using historical trends and other information which EA Networks was aware of. Several factors beyond EA Networks control affect the actual number of and amount spent on new connections. For example, milk prices.

System growth				
	Target (\$000) ¹	Actual (\$000)	Variance	% variance
Sub transmission		-	0	(100%)
Zone substation	4,049	3,114	(935)	(23%)
Distribution and LV lines	229	323	94	41%
Distribution and LV cables	582	217	(365)	(63%)
Distribution substations and transformers	1,136	1,162	26	2%
Distribution switchgear	87	-	(87)	(100%)
Other network assets	177	10	(167)	(94%)
Total	6,260	4,826	(1,434)	(23%)

The budget is managed as a combined budget rather than individual parts of system growth. Key reasons for the lower than planned capital investment is:

- The deferral of project 11067 New 66KV Ripple plant, pending a review of emerging technologies in this area.
- Resourcing issues associated with distribution and LV cable instalment

Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015) – Schedules 14-15

Assest renewal and replacement				
	Target (\$000) ¹	Actual (\$000)	Variance	% variance
Sub transmission	264	492	228	(100%)
Zone substation	79	47	(32)	(40%)
Distribution and LV lines	1,321	1,035	(286)	(22%)
Distribution and LV cables	4,663	3,426	(1,237)	(27%)
Distribution substations and transformers	660	561	(99)	(15%)
Distribution switchgear	83	-	(83)	(100%)
Other network assets	0	0	0	0%
Total	7,070	5,563	(1,508)	(21%)

The budget for Asset replacement and renewal has been managed as a combined budget rather than an item by item base. The main reason for the variance is

- The Beach Road and Eton Street projects were delayed by the Ashburton District Council.
- The introduction of a new tendering process, which delayed the start of projects but resulted in decrease construction costs.

Asset Relocation

A third party made a request to have a substation relocated, which was not allowed for in the AMP.

Quality of Supply

Quality of Supply	Target (\$000) ¹	Actual (\$000)	Variance 9	6 variance
[2016-2017] 11-22kV Conversion Programme	61	182	(121)	(198%
[2016-2017] Urban Underground Conversion Programme	218	270	(52)	(24%
[2016-2017] Ashburton 11kV Core Network Programme	418	304	114	279
[2016-2017] Rural Ring Main Unit Programme	776	1,372	(596)	(77%
[2016-2017] [11097] Distribution Transformers - Reliability, Safety, Enviro	431	0	431	1009
[2016-2017] [342] ZSS CRW - 2nd 66/22kV Transformer	32	2,702	(2,670)	(8,344%
[2016-2017] [351] ZSS HTH - 22kV Switchboard Extension	1,180	396	784	665
[2016-2017] [358] ZSS TIN - 22/11 Transformer and Switchboards	179	67	112	63
125 Protection Relay Upgrade - Stage 1 (Feeder) 70	998	12	986	99
[2016-2017] [207] 22kV OH New - Gibsons & Smalls Rd - Underbuild	99	4	95	96
[2016-2017] 22kV OH New - Hepburns Rd	62	59	3	4
[2016-2017][233] 22kV OH New - Maronan Road Fill-in	54	0	54	100
[2016-2017] [234] 22kV OH New - Winslow Westerfield Rd O/H Fill-in	187	129	58	31
[2016-2017] [10679] 22kV OH New - Rawles Crossing Road - Timaru Track	42	1	41	98
[2016-2017] [209] 66kV OH New - From FTN 66 to Pole 84423 along Cpny Rd	181	152	29	16
[2016-2017] [391] 11kV UG New - Mt Somers Back-feed	132	45	87	66
[2016-2017] [537] 22kV UG New - New Carew ZSS Feeders	27	15	12	45
[2016-2017] [536] 22kV UG New - New Hackthorne ZSS Feeders	27	22	5	18
[10080] [2014] Methven 10MVA 11/22kV Transformer		30	(30)	
[2015-2016] TIN New 66kV ZSS - Structural/Electrical		767	(767)	
[2016-2017] [10955] ZSS TIN - New 66kV Switching Station - Civil Works		13	(13)	
[2013-2014] 10032 Methven Highway underground		29	(29)	
[2016-2017] Urban undergrounding programme		70	(70)	
Other		9	(9)	
Total	5,104	6,649	(1,545)	(30%

11-22kV Conversion project, Urban undergrounding conversion programme and Ashburton 11kV core network programme are all managed as one budget. Overall cost for these 3 projects are 10% above target which reflects work carried forward from last year.

Rural ring main unit programme: The higher than planned cost, reflects scope change to better meet the requirements of the network.

Distribution transformers: Reflects the use of 2nd hand transformers on jobs, which are already in RAB, rather than new transformers. When the AMP was prepared, it was unknown if 2nd hand transformers would be used.

ZSS CRW – 2^{nd} 66/22kV transformer and SZS HTH – 22kV Switchboard Extension. Timing issue between years associated with the progress payments of key material.

22kV OH New – Gibsons and Smalls Road. Construction costs were less than planned.

22kV OH Maronan Road fill-in. Project still underway at year end.

22kV OH New – Winslow Westerfield Rd O/H fill in. Cheaper than planned construction cost, due to green field build.

22kV OH New – Rawles Crossing Road – Timaru Track. Higher than planned construction costs due to shutdown requirements and material cost.

66kV OH New – From FTN66 to pole 88423 along Cpny Rd. Lower than planned construction cost, due to green field build.

11kV UG New – Mt Somers Back-Feed. Delayed start to the project due to a new tendering process. The project was still in progress at the end of the financial year.

22kV UG New – New Carew ZSS Feeders. Delayed start to the project due to a new tendering process. The project was still in progress at the end of the financial year.

22kV UG New – New Hackthorne ZSS Feeders. Delayed start to the project due to a new tendering process. The project was still in progress at the end of the financial year.

Projects with no target against them. Unplanned carried forward from last year due to resourcing issues.

Legislative and Regulatory

Legislative and Regulatory				
	Target (\$000) ¹	Actual (\$000)	Variance	% variance
[531] ZSS EGN - Seal road frontage	13	42	(29)	(221%)
[2016-2017][521] 33-66kV OH Conversion - Holmes Rd	24	30	(6)	(24%)
	37	72	(35)	(93%)

ZSS EGN – Seal road Frontage. Additional sealing required.

33-66kV OH conversion – Holmes Road. Additional shutdown required to complete the project

Other Reliability, Safety and Environment

Other Reliability, Safety and Environment				
	Target (\$000) ¹	Actual (\$000)	Variance	% variance
[380&381] ZSS CRW and HTH - Substation Gate	18	13	5	27%
Other	0	1	(1)	(100%)
	18	14	4	22%

ZSS CRW and HTH substation gates: Design change to the gates.

Expenditure on non-network asset

	Target (\$000) ¹	Actual (\$000)	Variance	% variance
Typical				
[2016-2017][1030] Routine Vehicles	120	77	(43)	(36%
[2016-2017][540] Corporate Vehicle	60	56	(4)	(7%
[2016-2017][540] Routine Building	-	63	63	(100%
[2016-2017][550] small IT items and office equipment	56	88	32	57%
[2016-2017][542] Website development	50	0	(50)	(100%
[2016-2017][214] Urban Orthophoto update	25	-	(25)	(100%
[2016-2017] Other	10	3	(7)	(100%
	321	287	(34)	(11%
A-typcial				
[2016-2017][10915] ZSS MVN-Backup control room	106	16	(90)	(85%
[2016-2017][541] ICP Management	400	226	(174)	(43%
[2016-2017][10982 Document Management System	75	43	(32)	(42%
[2016-2017][448] EV Charging Solution	158	160	2	19
[2016-2017][548] Asset Management System	100	408	308	308%
[2016-2017][543] Data Warehouse	100	3	(97)	(97%
[2016-2017][547] Core and storage switches	200	105	(95)	(47%)
[2016-2017][552] Legal Compliance Software	25	-	(25)	(100%
[2016-2017][551] Payroll System	65	-	(65)	(100%
[2016-2017][212] Outage Manager	210	-	(210)	(100%
Other	78	5	(73)	(1,470%
	1,517	967	(550)	(36%
Total typical and A-typical	1.838	1.253	(585)	(32%

Typical

Higher than planned costs in the following projects are due to work carried out from the prior year:

Routine building, small IT items and office equipment. Saving from the core and storage switch projects were used to fund these projects.

Website development. Deferred due to resource being reassigned to the ICP management system.

Urban Aerial update. The local council deferred this project to the next financial year.

Other items

Routine vehicles: 1 less purchased, due to a change in operational requirements.

Corporate vehicles: Lower than expected purchase cost.

A-Typical

Back-up control room: deferred pending a review of control room operating requirements.

ICP management: This project has been delayed due to external contractors. The project has now been brought in house to better meet EA Network's objectives.

Document management system: Key resources needed to complete this project have been reassigned to the ICP management project.

Asset management system. This project was scheduled to be completed over two years, last year and this year. The project was delayed and started in this year with completion occurring next year.

Data Warehouse: delayed due to resourcing being assigned to the ICP management project.

Core and storage switches: Lower than expected costs, funds reassigned to other IT projects.

Legal compliance: Project completed in the prior year.

Payroll system: Delayed due to the Asset Management system project

Outage manager: Delayed until next year, due to delay in defining requirements.

7(iii): Operational Expenditure

Service interruptions and emergencies, vegetation management and routine and corrective maintenance and inspection.

All three items are managed as a combined budget. Overall spending in this area is in-line with target.

Non-network opex

Non-network opex has been managed as a single budget which is in-line with the target.

No items were reclassified in accordance with subclause 2.7.1(2).

Information relating to revenues and quantities for the disclosure year

- 16. In the box below provide-
 - 16.1 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
 - 16.2 explanatory comment on reasons for any material differences between target revenue and total billed line charge revenue.

Box 13: Explanatory comment relating to revenue for the disclosure year EA Networks have little control over the weather and the number of new connections both of which affect consumers and revenue. When the revenue forecast was prepared all known factors were incorporated into the model, however a number of risk elements still existed which were outside of the control of EA Networks. These risk elements such as weather conditions and the number of new connections are the main reason for the difference between actual revenue and budgeted revenue.

Network Reliability for the Disclosure Year (Schedule 10)

17. In the box below, comment on network reliability for the disclosure year, as disclosed in Schedule 10.

Box 14: Commentary on network reliability for the disclosure year

Network reliability is compliant with quality requirements under the default price-quality path, however there are inherent limitations in the ability of EA Networks to collect and record the network reliability information required to be disclosed in Schedule 10(i) to 10(iv). Consequently there is no independent evidence available to support the accuracy of recorded faults and control over the accuracy of installation control point ('ICP') data included in the SAIDI and SAIFI calculations is limited throughout the year.

Insurance cover

- 18. In the box below, provide details of any insurance cover for the assets used to provide electricity distribution services, including-
 - 18.1 The EDB's approaches and practices in regard to the insurance of assets used to provide electricity distribution services, including the level of insurance;

18.2 In respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

Box 15: Explanation of insurance cover

Question 18.1 level of insurance

Where it is economically sensible to insure assets EA Networks has insurance in place. In practise this means that most items outside of substation fencing will not be insured.

Question 18.2 levels of reserves

Rather than holding insurance reserves EA Networks has identified the highest risk associated with the network is adverse weather conditions. In order to minimise this risk EA is undergrounding its networks when it is economically sensible to do so.

Amendments to previously disclosed information

- 19. 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:
 - 19.1 a description of each error; and
 - 19.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

Box 16: Disclosure of amendment to previously disclosed information

No material errors have been identified.

Company Name	EA Networks
For Year Ended	31 March 2017

Schedule 14a Mandatory Explanatory Notes on Forecast Information

- 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 The difference is 0.0%. Costs have been prepared using 2017-18 values for labour, plant and materials. Years after 2017-2018 have been escalated by the 2018 CPI forecast by New Zealand Government Treasury published 8th December 2016. (http://www.treasury.govt.nz/budget/forecasts/hyefu2016)

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 The difference is 0.0%. Costs have been prepared using 2017-18 values for labour, plant and materials. Years after 2017-2018 have been escalated by the 2018 CPI forecast by New Zealand Government Treasury published 8th December 2016 (http://www.treasury.govt.nz/budget/forecasts/hyefu2016)

EA Networks considers the answers given for box 1 and 2 represents the most prudent source of information available to EA Networks for the purpose of estimating future costs. A vast range of alternative algorithms can be proposed and defended but there is no authoritative judgement upon which is the most accurate and reliable.

It is the opinion of EA Networks that the Treasury's CPI forecast is a reasonable indicator of future cost as it incorporates a range of factors that could influence the future costs of expenditure on the electricity network.

Even with additional cost escalation data, EA Networks current future cost modelling is not sufficiently granular to take full advantage of the additional detail.

The treasury forecast extends to 2021. Beyond 2021, EA Networks have used the 2021 CPI value (2.1%) until 2027.

Company Name	EA Networks
For Year Ended	31 March 2016

Schedule 15 Voluntary Explanatory Notes

- 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 Clauses 2.3.1

SCHEDULE 9A: ASSET REGISTER

As part of the undergrounding EA networks is changing pole mounted transformers to ground mounted transfer.

SCHEDULE 9e: REPORT ON NETWORK DEMAND

Electricity losses

The Loss for the year are significantly effect by retailer estimations of irrigation consumption at both the start and end of financial year. Incorrect estimations of irrigation consumption can impact line losses by up to 3%.

Clauses 2.4.21 Pricing information

EA Networks has paid a posted discount to qualifying irrigators who have taken steps to subdue harmonics on the networks.

Clauses 2.4.22 All consumers connected to EA Networks are charged from the same tariff card.

Clauses 2.5.1 no additional disclosure.

Clauses 2.5.2 no additional disclosure.