INFORMATION DISCLOSURES Supporting Information for Related Party Transactions August 2021



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1. INTRODUCTION

1.1 PURPOSE

This disclosure has been prepared for the purpose of meeting the 2021 Related Party Transaction disclosure requirements, in accordance with section 2.3.6, of the Electricity Distribution Information Disclosure Determination 2012 (consolidated April 2018) ("ID").

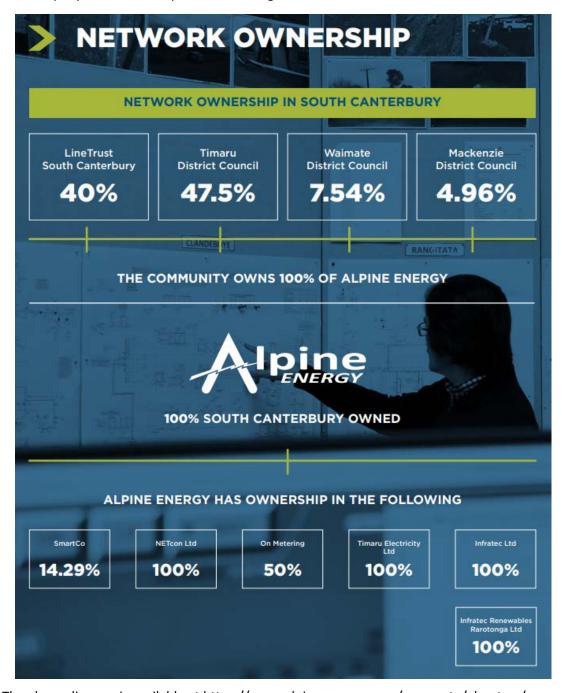
The information is provided in reference to and in support of Schedule 5b – Related Party Transactions as disclosed in the Information Disclosure 2021.

The ID requires Alpine to disclose the following information:

DESCRIPTION	ID REFERENCE
Diagram or description of related party transactions	2.3.8
Report on related party transactions	Schedule 5b
Summary of procurement policy for procurement from related parties	2.3.10
How the policy is applied practice	2.3.12(1)
Representative transactions	2.3.12(3) & (5)
Testing of arms-length transactions	2.3.12(4)
Policies or procedures that require or have the effect of requiring purchase	2.3.12(2)
Map of anticipated network constraints	2.3.13 – 2.3.16
Future operational expenditure during planning period	2.3.15

2. DIAGRAM OF RELATED PARTY TRANSACTIONS

The company structure is depicted in the diagram below:



The above diagram is available at https://www.alpineenergy.co.nz/corporate/about-us/ownership AEL did not have any regulated related party transactions (as defined Electricity Distribution Services Input Methodologies Determination 2012 (Consolidated 20 May 2020) ("IM") with the following related parties in the current regulatory year and these have not been considered further in this disclosure:

- SmartCo
- On Metering
- Timaru Electricity Ltd
- Infratec Ltd
- Infratec Renewables Rarotonga Limited

2.1 THE PRINCIPAL ACTIVITIES OF THE RELATED PARTY



LineTrust South Canterbury was established in 1992, with the resettling of the South Canterbury Power Trust. It holds 40% of the shares in AEL, who owns the electricity lines in the South Canterbury region.



Timaru District Council is a 47.5% shareholder in AEL. The council provides infrastructure services for ratepayers of the wider Timaru district.



Waimate District Council is a 7.54% shareholding in AEL. The council provides infrastructure services for the ratepayers of the Waimate district.



Mackenzie District Council is a 4.96% shareholder in AEL. The council provides infrastructure series for the ratepayers of the Mackenzie District.



NCL is a wholly owned subsidiary of AEL. NCL constructs and maintains substations, overhead and underground lines, and associated equipment for AEL and for other entities.

On Metering Limited

On Metering is an advance metering equipment provider based in North Canterbury. No regulated related party transactions were incurred during the disclosure period.



SmartCo is a joint venture company which serves more than 250,000 urban and rural consumers across New Zealand.

It is owned by six EDB's. SmartCo is the smart metering provider of services to consumers via electricity retailers.

No regulated related party transactions were incurred during the disclosure period.

2.2 REPORT ON RELATED PARTY TRANSACTIONS

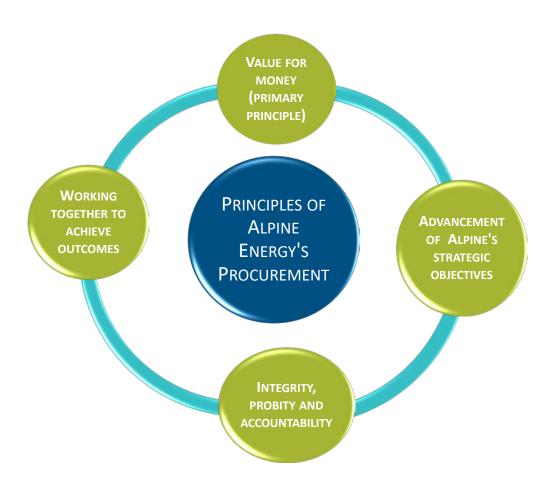
Details of the annual expenditure are outlined in Schedule 5b of the Information Disclosures 2020. The annual expenditure with the related parties is detailed below:

RELATED PARTY	TOTAL ANNUAL EXPENDITURE (\$000)	NATURE OF THE EXPENDITURE
LINES TRUST	NIL	No expenditure incurred in the
		disclosure year
TIMARU DISTRICT COUNCIL	34	Rates
WAIMATE DISTRICT COUNCIL	17	Rates
MACKENZIE DISTRICT COUNCIL	20	Rates
NETCON LIMITED	16,855	Network CAPEX & OPEX
TOTAL	16,926	As disclosed in schedule 5b

3. SUMMARY OF CURRENT PROCUREMENT POLICY OR ALTERNATIVE DOCUMENTATION WHICH IS EQUIVALENT TO A PROCUREMENT POLICY

A Procurement Policy document was approved in November 2019 to establish a framework for AEL's procurement.

The current Procurement Policy summarises the principles to be applied in procurement of goods and services. These principles are summarised in the diagram below



3.1 ADVANCEMENT OF AEL STRATEGIC OBJECTIVE

Putting our network and consumers first when securing value for money. Through procurement, we contribute to the achievement of Alpine's strategic objectives with the vision of empowering our community.

3.2 Integrity, Probity & Accountability

We undertake our procurement with integrity, ensuring probity and accountability for our outcomes. We respect the trust placed in us by the community.

3.3 Working Together to Achieve Outcomes

We take a collaborative approach to planning and managing categories of expenditure. We work together across our business units to improve procurement outcomes.

3.4 VALUE FOR MONEY

We drive value for money in our procurement. We do this through sustainable procurement behaviour focusing on our environment and community.

We use our procurement to advance our region's economic, environmental, and social objectives, supporting the long-term wellbeing of our community.

Where AEL procures from NETcon ("NCL"), it is based on the terms in the Master Service Agreement ('MSA') dated 01 October 2020 (effective 01 October 2020).

In broad terms, the MSAs include provisions that specify the parties' obligations in relation to:

Nothing in the agreement prevents AEL from purchasing from any third party, or from using its own resources to provide services of any kind, including any services which are the same or like the services.

Neither does the agreement restrict NCL from supplying nor offering to supply any services of any kind, including services which are the same as or similar as the services, to any other person.

The objective of entering into an agreement are to ensure that the services are provided in a way that:

- Is safe, for all AEL personnel, all NCL personnel, all users of the Network and all members of the public
- Supports the efficient delivery of reliable services by AEL to users of the Network
- Provides a fair and competitive price to AEL, for the services provided, and a fair return to NCL on its investment in providing the services; and
- Complies with all relevant regulatory requirements

4. How is the Policy Applied in Practice

In practice, the procurement policy was applied differently between expenditure categories, as outlined in the table below

EXPENDITURE CATEGORY	EXPENDITURE CATEGORY PRACTICAL APPLICATION OF PROCUREMENT POLICY				
CAPITAL EXPENDITURE (CAPEX)					
CONSUMER CONNECTIONS	Two quotes are obtained from contractors				
	 A project manager evaluates the quotes 				
	The quotes are disclosed to the customer to select their				
	contractor of choice				
	 A purchase order (PO) is created for the work based on 				
	the acceptance of the quote by the customer.				

SYSTEM GROWTH & ASSET	Considering the principles of procurement, contracts will be		
RELOCATION	awarded to NCL and be subject to the provisions in the MSA:		
	, ,		
	A quote is requested		
	AEL will review the quotes for reasonability		
	Once NCL and AEL agree, a purchase order (PO) is		
	created for the work based on the acceptance of the		
	quote		
ASSET REPLACEMENT & RENEWAL	Considering the principles of procurement, contracts will be		
	awarded to NCL and be subject to the provisions in the MSA:		
	A quote is requested		
	AEL will review the quotes for reasonability		
	Once NCL and AEL agree, a purchase order (PO) is created		
	for the work based on the acceptance of the quote		
	·		
OTHER RELIABILITY, SAFETY &	Considering the principles of procurement, contracts will be		
ENVIRONMENT	awarded to NCL and be subject to the provisions in the MSA:		
	A quote is requested		
	AEL will review the quotes for reasonability		
	Once NCL and AEL agree, a purchase order (PO) is created		
	for the work based on the acceptance of the quote		
OPERATIONAL EXPENDITURE (OPEX)		
ASSET REPLACEMENT & RENEWAL	This is awarded to NCL, considering the principles of procurement,		
	and is subject to the provisions in the MSA:		
	An invoice is received from NCL		
	AEL will review the invoices for reasonability		
	Once NCL and AEL agree, a purchase order (PO) is		
	created for the work based on the acceptance of the		
	invoice		
ROUTINE & CORRECTIVE	This is awarded to NCL, considering the principles of procurement,		
MAINTENANCE & INSPECTION	and is subject to the provisions in the MSA:		
	An invoice is received from NCL		
	AEL will review the invoices for reasonability		
	 Once NCL and AEL agree, a purchase order (PO) is 		
	created for the work based on the acceptance of		
	the invoice		
SERVICE INTERRUPTIONS &	This is awarded to NCL, considering the principles of procurement,		
EMERGENCIES	and is subject to the provisions in the MSA:		
	NCL will issue AEL with an invoice on a monthly basis on a		
	time and materials basis		
	AEL will review the invoice for reasonability		
	PO is created for the invoice amount		
VEGETATION MANAGEMENT	Our current vegetation management policy states that any		
	approved arborist can carry out vegetation management on our		
	network.		

The cost of the "first cut" or trim work is borne by Alpine Energy, while the cost of second and subsequent vegetation management is borne by the consumer.

Consumers required to undertake tree trimming work to protect the network, are free to choose from a preferred contractor list.

First Cut

AEL has geographically divided the network between North and South regions.

The South Region is awarded to NCL, considering the principles of procurement, and is subject to the provisions in the MSA:

- Send a "first-cut" trim notice
- Receive approval from landowner
- Request a quote
- Assess the quote for reasonability
- A purchase order (PO) is created for the work based on the acceptance of the quote

North region, all work is awarded to our second contractor and the below is the process we follow:

- Send a "first cut" trim notice
- Receive approval from landowner
- Request a quote
- Assess the quote for reasonability
- A purchase order (PO) is created for the work based on the acceptance of the quote

Subsequent Trim Notices

Subsequent trim notices are in general sent out after vegetation has had a first trim. A Trim Notice is sent to the landowner, to which the customer will return the notice with their selected network approved contractor and provide a date that the work may be completed by.

The customer liaises with the contractor directly and is billed accordingly.

SYSTEM OPERATIONS & NETWORK SUPPORT

This is awarded to NCL, considering the principles of procurement, and is subject to the provisions in the MSA:

This forms part of the customer contract within the consumer connections process, and the value is included in the PO raised for Consumer Connections

As shown in the section above, the procurement policy is applied differently to expenditure categories. Separate representative examples have been provided to demonstrate the differences.

The table in the next section sets out the details of the application of the procurement policy and the most recent example of market testing for the representative examples selected for each expenditure category.

5. MARKET TESTING OF RELATED PARTY TRANSACTIONS

In the current regulatory year AEL engaged an independent industry expert (Robert Taylor) to perform benchmarking on a sample of CAPEX projects awarded to NCL in the disclosure year to support that the valuation of these were in accordance with the IM's (i.e. at an arm's length). He also performed a review of the NCL labour costing rates to support the valuation of certain OPEX expenditure.

The results from this independent benchmarking exercise is documented in the table below for the applicable expenditure categories.

EXPENDITURE CATEGORY	DETAILS OF REPRESENTATIVE SAMPLE		MOST RECENT EXAMPLE OF MARKET TESTING
CAPITAL EXPENDITUR	RE (CAPEX)		
CONSUMER	PROJECT CODE	A00007636	2 quotes were received and reviewed for each project
CONNECTION	DESCRIPTION OF WORK	Pages Road Install 2 Distribution Box's	in this category, which AEL uses for benchmarking of
	PROJECT EXPENDITURE	\$13,368	each project.
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 Quotes were received from 2 contractors: NCL: \$13,368 Contractor A: \$19,615 The quotes were reviewed by the project manager and submitted to the customer on 01 September 2020 The customer accepted the quote from NCL for \$13,368.78 P1010302 was raised for \$13,368 for the execution of the project 	
SYSTEM GROWTH	PROJECT CODE	A00003785	We engaged an independent industry expert to
& ASSET RELOCATIONS	DESCRIPTION OF WORK	Dawson Street / Timaru Port Upgrade	benchmark this project. Based on the review, the rates fall within the expected market rate for each trade
RELOCATIONS	PROJECT EXPENDITURE	\$1,346,678	group.
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 Quote received from NCL for \$1,346,678 	

		 Quotes were reviewed by the project manager Quotes agreed with NCL PO 1012959 was raised 	We believe the value of the project is at an arm's length basis.		
ASSET REPLACEMENT AND	PROJECT CODE	A00005514	We engaged an independent industry expert to benchmark this project. Based on the review, the rates		
RENEWAL	DESCRIPTION OF WORK	Hannaton Road	fall within the expected market rate for each trade		
	PROJECT EXPENDITURE	\$ 261,103	group.		
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 Quote received from NCL for \$261,103 Quotes were reviewed by the project manager Quotes agreed with NCL PO 1012959 was raised 	We believe the value of the project is at an arm's length basis.		
OTHER RELIABILITY,	PROJECT CODE	A00007234	We engaged an independent industry expert to		
SAFETY AND ENVIRONMENT	DESCRIPTION OF WORK	Pleasant Point Shere and Kbul St 11kV UG	benchmark this project. Based on the review, the rates fall within the expected market rate for each trade		
	PROJECT EXPENDITURE	\$105,866	group.		
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 Quote received from NCL \$105,886.05 was reviewed by the project manager. Quote agreed between AEL and NCL PO 1014022/4015 was raised for \$105,886 	We believe the value of the project is at an arm's length basis.		



Operational Expe	nditure (OPEX)				
ASSET	PROJECT CODE	A00006051	We engaged an independent industry expert to review		
REPLACEMENT AND RENEWAL	DESCRIPTION OF WORK	SHI Winchester "NZTA" Kiwi Rail sing LV suppliers	the labor costing rates, which makes up the majority of the NCL quotes. Based on the review, the rates fall		
	PROJECT EXPENDITURE	\$ 1,875	within the expected market rate for each trade group.		
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 A contract was signed as NCL subcontracted the work to an external contractor Invoice received and assessed for reasonability by the project manager PO 1014308 	We did not perform any other market testing on this expenditure category. This formed part of a bigger project that NCL was working on. We believe the value of the project is at an arm's length basis.		
VEGETATION	PROJECT CODE	A00006569	Management assessment of pricing between NCL and		
MANAGEMENT	DESCRIPTION OF WORK	Vegetation management and surveys with feeder clearance as per quote	our second contractor is monitored on a continuou basis and used to benchmark prices charged by NCL.		
	PROJECT EXPENDITURE	\$10,180			
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 Quote received from NCL for \$10,180 1st Trim notice issued in 1 July 2020 Signed by owner 27 July 2020 PO 1016080 was raised for \$10,180 	As we use 2 contractors we are naturally benchmarking but we have also looked at the hourly rate we are charged by our second contractor vs the hourly rate we are charged by NC, which AEL uses for benchmarking of each project.		
			Overall NCL quoted a fair price and we believe this to be done on an arm's length basis.		
ROUTINE AND CORRECTIVE MAINTENANCE AND INSPECTION	PROJECT CODE	A00006639	We engaged an independent industry expert to review the labor costing rates, which makes up the majority of the NCL quote. Based on the review, the rates fall within the expected market rate for each trade group		
	DESCRIPTION OF WORK	Zone substation management			



	PROJECT EXPENDITURE	\$20,065	We did not perform any other market testing on this expenditure category. We believe the value of the project is at an arm's length basis.
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 Work was issued to NCL on a time and material basis Invoice received and assessed for reasonability by the project manager against a unit price PO 1013244 	
SERVICE	PROJECT CODE	A00006771	We engaged an independent industry expert to review
INTERRUPTIONS AND EMERGENCY	DESCRIPTION OF WORK	Emergency work undertaken as per MSA and additional allowance due to cable fault Lake Ruataniwha and no hot water reconnection call outs	
	PROJECT EXPENDITURE	\$112,551	We did not perform any other market testing on this
	PRACTICAL APPLICATION OF PROCUREMENT POLICY	 Work was issued to NCL on a time and material basis Invoice received and assessed for reasonability by the project manager against a unit price Monthly PO 1012757 was raised 	expenditure category. We believe the value of the project is at an arm's length basis.



6. POLICIES OR PROCEDURES THAT REQUIRE OF HAVE THE EFFECT OF REQUIRING PURCHASE

Alpine Energy has no policies requiring consumers to purchase services from its related parties.

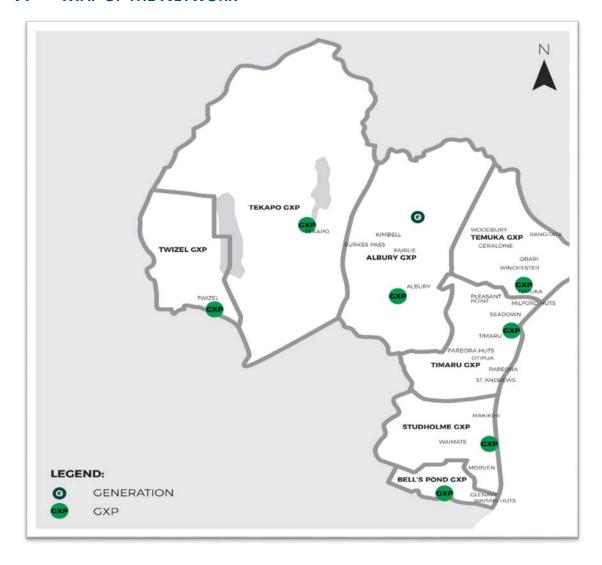
Our capital contribution policy requires consumers to contribute to assets which Alpine Energy own. The customer is free to choose who undertakes any work on their property, provided that the person/entity undertaking the work is qualified to do so and approvals have been sought.

www.alpineenergy.co.nz/contractors-and-developers.

Our current vegetation management policy states that any approved arborist can carry out vegetation management on our network. The cost of the "first cut" or trim work is borne by Alpine Energy, while the cost of second and subsequent vegetation management is borne by the consumer. Consumers required to undertake tree trimming work to protect the network, are free to choose from a preferred contractor list.

Our notices to consumers notifying them of work required on their privately owned land, notices state that they are free to choose who undertakes the work. www.alpineenergy.co.nz/customers/tree-management.

7. MAP OF THE NETWORK



8. NETWORK OR EQUIPMENT CONSTRAINT PROJECTS

ID	Name	DESCRIPTION	LOCATION
1	Tekapo Substation Transformer Upgrade	Replace and upgrade existing transformer due to an increase in demand and	Tekapo
		ongoing development and subdivisions	
2	Tekapo Township Feeder Upgrade	Increase 11 kV feeder capacity into the Tekapo township	Tekapo
3	Waimate Feeder Upgrade	This feeder out of the Studholme zone substation will require an upgrade due to	Waimate
		load growth as currently forecast by 2023	
4	Studholme Feeder Upgrade	This feeder out of the Studholme zone substation will require an upgrade due to	Waimate
		load growth as currently forecast by 2023	
5	Morven Feeder Upgrade	This feeder out of the Studholme zone substation will require an upgrade due to	Waimate
		load growth as currently forecast 2024	
6	Otaio Feeder Upgrade	This feeder out of the Studholme zone substation will require an upgrade due to	Waimate
		load growth as currently forecast 2027	
7	Temuka GXP upgrade	This project is to complete cable work as part of the possible Transpower funded GXP	Temuka
		upgrade. This project may become a reality around 2023-2025.	

The constraints detailed above are either explicitly identified in the Asset Management Plan or alluded to in the network development project/program justifications. Projects 1 – 3 above are also listed under the tenth largest capex projects planned.

Projects 4 and following are projects to alleviate network constraints but do not fall into the category of the ten largest capex projects.

9. FUTURE OPERATIONAL EXPENDITURE OVER THE PLANNING PERIOD

9.1 POLE CONDITION ASSESSMENTS

This program comprises the condition assessment of around 4000 poles per annum across our network. The value of this maintenance program is \$800 k per annum.

9.2 VEGETATION MANAGEMENT

This is a program consisting of numerous individual jobs or projects to remove and maintain vegetation away from our overhead lines. These projects span the whole of the network footprint and is valued at \$800k per annum. Most of these projects are awarded to a related party who makes use of several sub-contractors to complete the work.

9.3 RMU MAINTENANCE PROGRAM

This program addresses the maintenance of all our ring main units across our network. We endeavour to maintain around 85 RMU's every year, with a high concentration at Fonterra's Clandeboye plant over the dairy offseason. The value of this program is approximately \$280k per annum. The work was awarded to a related party for the year under review

9.4 DISTRIBUTION TRANSFORMER INSPECTIONS

This program details the annual inspection of all our ground-mounted distribution transformers and RMU (i.e. distribution substations) at a cost of approximately \$300k per annum. The work for the year under review was awarded to a related party.

9.5 ZONE SUBSTATION MAINTENANCE

This program is the four-yearly maintenance program of our zone substations. Zone substation locations can be found on the above map.

10. 10 LARGEST FORECAST OPERATIONAL EXPENDITURE PROJECTS

	Name	DESCRIPTION	TIMING	AVERAGE VALUE (\$)	LOCATION
1	Pole Condition Assessments	Pole condition assessment of 2000 O/H line pole structures	Annual	800 k	Network Wide
2	Vegetation Management	Clearing vegetation from O/H lines and other infrastructure	Annual	800 k	Network Wide
3	RMU Maintenance	Five and eight yearly ring main unit maintenance	Annual	±280 k	Timaru & Temuka
4	Zone Substation Maintenance	Four yearly zone substation comprehensive maintenance	Annual	±250 k	Network Wide
5	Voltage Regulator Maintenance	Five yearly voltage regulator maintenance program	Annual	±50 k	Network Wide
6	Recloser Maintenance	Four yearly recloser maintenance program	Annual	±50 k	Network Wide
7	Zone Substation Inspections	Monthly inspection program	Annual	±150 k	Network Wide
8	Distribution Transformer	Annual inspection program	Annual	±300 k	Network Wide
	Inspections				

11. 10 LARGEST (BY VALUE) CAPITAL PROJECTS

Name	DESCRIPTION	TIMING	AVERAGE VALUE (\$)	LOCATION
TWIZEL VILLAGE ZONE SUBSTATION UPGRADE	Replace & relocate 11 kV switchboard and associated protection, re-route all 11 kV feeder cables, construct	2022/23	2.25 M	Twizel
	transformer bund, upgrade perimeter fencing & ground works			
TEKAPO SUBSTATION TRANSFORMER UPGRADE	Replace and upgrade existing transformer and potential security upgrade	2021/22	1.2 M	Tekapo
TWIZEL SUBSTATION REBUILD	Replace existing end of life transformer and install new switchgear and protection	2022/23	2 M	Twizel
TIMARU 33 KV UPGRADE	Install new switchgear and protection in the Timaru zone substation plus fire protection for transformers	2023/25	4.3 M	Timaru
HUNT STREET SUBSTATION SWITCHBOARD REPLACEMENT	Replace the 11 kV switchboard trucks	2023/24	400 k	Timaru
UNDERGROUND DISTRIBUTION SUBSTATION REPLACEMENT/UPGRADE PROGRAM	Replace existing underground substations with above ground solutions. Three to four per annum	2021 - 2029	500 k p.a.	Timaru
TEKAPO SWITCHBOARD REPLACEMENT	Replace the existing switchboard, which will be at end of life	2028/29	1 M	Tekapo t
TIMARU CITY O/H LINE REFURBISHMENT	Replace and renew 11 kV overhead lines	2022/23	2.3 M	Pareora
O/H LINE REPLACE/RENEW IN MAUGATAI AREA	Replace and renew 41 km of 11 kV overhead lines along Craigmore Valley Rd	2023/24	760 k	Twizel
TWIZEL TOWNSHIP O/H LINE REFURBISHMENT	Replace and renew some 270 poles in the Twizel township 11 kV overhead lines network	2021/22	0.55 M	Albury