

**Commerce Commission – Input methodologies review Draft decision – Accompanying 2017 gas default price-quality path reset paper**

Good morning

Today we have confirmed mid-year publication dates for our input methodologies review (IM review) draft decision.

We are planning to release our draft decision on Thursday 16 June 2016, and to release determinations relating to this draft decision on Wednesday 22 June 2016. These will also include draft amendments to Airports information disclosure as a result of our airports profitability assessment.

We indicated in the February process and issues paper on the 2017 gas pipeline default price-quality path (DPP) reset that shortly after publishing our draft IM review decision we would publish a paper explaining how the draft IMs would be implemented in the DPP reset. We are still planning to do this, and are intending to publish this paper on 28 June 2016.

As indicated in previous updates, we are planning to allow six weeks from the publishing date for the IM review draft decision for submissions on the IM review draft decision and determinations, and four weeks for submissions on the accompanying Gas DPP paper. There will be a further two weeks for cross submissions on all papers. Submissions will therefore be due at 5pm on Thursday 28 July 2016, and cross submissions at 5pm on Thursday 11 August 2016.

We have also previously announced that we will release further advice on the cost of capital from Dr. Lally in May prior to our main draft decision release. We are still planning to do this and will release his advice on the cost of debt, RAB indexation and inflation risk, along with his review of submissions on the TAMRP and asset beta adjustments for GPBs on 20 May 2016. Submissions and cross submissions on Dr. Lally's advice will also be due on the dates above.

In finalising our process we have been mindful of the recently announced dates for the EA's TPM second issues paper and proposal and the Review of Part 6 (DGPP), and requirements imposed on stakeholders by each process. We are aware this will be a busy period for electricity sector stakeholders that are directly concerned with both consultations, and that the consultation overlap is not ideal.

The Commission has considered all options for reducing the impact on affected stakeholders over this period, including pushing out the submission dates, and the final determination dates, for some aspects of the IM review. However, we face a hard constraint with the requirement to reset the gas transmission and distribution default price-quality paths by 31 May 2017. Our view remains that all aspects of the IM review that are relevant to those resets need to be completed in time to be incorporated into the resets, ie, by December 2016. A lot of the review topics have significant commonality between the gas and electricity sectors, eg, the cost of capital input methodologies. We have therefore not been able to identify enough aspects of the IM review that we could put on a slower path to make a material difference to the workload on electricity sector stakeholders over the next few months.

Throughout our IM review process, we have aimed to allow the issues to drive our process and as a result, our process has benefited from significant engagement with stakeholders. We signalled our



emerging views on key topics earlier this year, and gave stakeholders an opportunity to comment on these views. As noted above, we will release further advice from Dr. Lally, which will be the only expert advice released with our draft decision, later in May to allow further time for those submitting on the cost of capital topic.

Bearing in mind that different stakeholders will have more or less interest in different input methodologies review topics, and the process we have undertaken to date, we consider that the amount of time we have allowed for submissions should be sufficient for most interested parties.

We are open to further discussion with individual parties, once you have reviewed our draft decision package, if you believe that their particular circumstances merit special consideration.

If you have any queries, please don't hesitate to get in touch.

Many thanks,  
Keston Ruxton.

**Keston Ruxton**

Manager, Input Methodologies Review | Regulation Branch  
Commerce Commission | *Te Komihana Tauhokohoko*  
44 The Terrace | PO Box 2351 | Wellington 6140 | New Zealand  
DDI +64 (0)4 924 3673 | [keston.ruxton@comcom.govt.nz](mailto:keston.ruxton@comcom.govt.nz)  
Follow us on Twitter [@NZComCom](https://twitter.com/NZComCom)