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Commerce Commission
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Input Methodologies Review – CPP information requirements for GPBs

1. This is Vector's submission to the Commerce Commission's (Commission) Input Methodologies (IM) Review Draft Decisions for the customised price path (CPP) information for Gas Pipeline Businesses (GPBs).
2. We continue to see merit for the Commission to align the GPB IMs to the Electricity Distribution Business (EDB) CPP IMs. We do not believe there are significant differences between EDBs and GPBs as suggested by the Commission to warrant not making changes to the IMs for Gas Transmission Businesses (GTB) and Gas Distribution Businesses as were made to the EDB CPP IMs.
3. The changes implemented, as part of the IM Review, to the EDB CPP requirements deliver coherency between the CPP application information and supplier asset management plans (AMPs) and information disclosure annual filings. The AMP and annual information disclosure filings are requirements of the Information Disclosure Determination (IDD). These documents provide the Commission and the public with an appreciation of the historical expenditures incurred by the supplier and the forward expectations of the supplier for managing the regulated service.
4. Requiring a CPP application to use similar terms for categorising and defining expenditures as used in the AMP and annual information disclosure filings can only help with the Commission's assessment of the application and the public's understanding of the changes being sought by the CPP. We see some risk where terminology and classification of expenditures which varies significantly in the CPP to the AMP and historic information disclosure filings.
5. The Commission indicated it would consider changes to the CPP IMs for GPBs following its completion of its review of a CPP anticipated to be lodged by First Gas Ltd for its GTB. We do not support this suggested approach. If there are improvements that can be made, then Commission should implement such changes.
6. We do have some concern where the IMs are treated with a mindset of learning from past actions. We recognise there are instances where application of IMs can illuminate better

approaches. However, consumers and suppliers always expect rigour with IMs. Therefore, any review of IMs should undertake the inquiry as to whether the existing IMs are delivering to the Part 4 purpose and providing certainty for suppliers and consumers or whether there are improvements that can be made to the existing IMs.

7. Therefore, we encourage the Commission to further consider the suitability of the approach taken to the CPP IMs for EDBs for its inquiry into the CPP IMs for GPBs. We see significant benefit in having consistent information across all information sources and documents produced with similar purposes, as this will increase public understanding of the CPP application and best promote the Part 4 purpose.

8. If you have any queries with respect to this letter please contact myself on 09 978 7547 or at Richard.Sharp@vector.co.nz.

Yours sincerely
For and on behalf of Vector Ltd

A handwritten signature in blue ink, appearing to read "Richard Sharp".

Richard Sharp
Head of Regulation and Pricing