

## **Commerce Commission – Input methodologies review – process update paper and other documents published**

Good morning

Today we published on our website a number of documents for the input methodologies review.

We are providing our emerging views on several topics at this stage to allow stakeholders to understand our thinking, and we are happy for stakeholders to share their views with us. We are not expecting lengthy submissions or expert reports at this stage, as there will be ample opportunity for these after the draft decision. Our intention, in seeking comments on our emerging views now, is to provide an additional opportunity for stakeholders to develop their thinking and to help shape ours.

### **Process update paper**

This paper updates stakeholders about a number of process matters relating to the input methodologies review.

The paper is available at: <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/>.

### **Consolidated input methodology determination for airports**

This document consolidates all amendments as of 29 February 2016, and includes amendments made on 24 February 2016 as a result of the final decision on the airports land valuation methodology as part of our airports fast track process for the input methodologies review.

The airports consolidated determination is available at: <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/airport-fast-track-processes-for-im-review/> and <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/airports-2/>.

### **Emerging views on form of control**

This paper explains our emerging views on the appropriate forms of control for electricity distribution businesses (EDBs) and gas transmission businesses (GTBs). The paper also sets out our approach to gathering further information to help support a decision on form of control for gas distribution businesses (GDBs).

We welcome stakeholders' comments on the paper, which are due by 5pm on 24 March 2016.

The paper is available at: <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/risk-allocation-under-price-quality-paths/>

### **Emerging views on opportunities to improve the way default and customised price-quality paths work together**

This paper shares and explains our emerging views on opportunities to improve the way default and customised price-quality paths, including the change mechanisms within them (ie, pass-through costs, recoverable costs, and re-openers) work together to promote long-term benefit for

consumers. It follows on from Topic 8 of the 16 June 2015 problem definition paper dealing with the cost-effectiveness of the rules and processes for CPP applications.

We welcome stakeholders' comments on the paper, which are due by 5pm on 24 March 2016.

The paper is available at: <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/interactions-between-dpps-and-cpps-and-the-requirements-for-cpps/>

### **Dr Lally's expert advice on asset beta adjustments and Black's simple discounting rule**

This paper provides Dr Martin Lally's advice on asset beta adjustments and Black's simple discounting rule. This advice also incorporates his response to the submissions from the cost of capital update paper on these topics.

We welcome stakeholders' comments on these topics, which are due by 5pm on 24 March 2016.

The paper is available at: <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/cost-of-capital-im-review/>.

We intend to release the rest of Dr Lally's expert advice on the cost of debt, RAB indexation, and inflation risk in May, and will seek stakeholder comments on these topics at the time of our draft decisions.

### **Gas pipeline default price-quality path reset 2017: process and issues paper**

This paper provides an overview of our approach to resetting the DPP for gas pipeline businesses in 2017. This includes the process that we intend to follow, the issues we are considering, and our analytical framework for making changes to the DPP.

This paper is part of the IM review to the extent that it relates to the IMs. We are seeking comments on the IM related matters in this paper by 5pm on 24 March 2016.

The paper is available at: <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/gas-pipelines-issues-im-review/>.

Kind regards

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