

1 March 2017

Richard Fletcher
General Manager, Regulation and Corporate Affairs
Powerco Limited
2nd Floor Council Building
84 Liardet Street
Private Bag 2061
New Plymouth 4342

Dear Richard

Exemption request response - AMP exemptions for Powerco

1. We refer to your letter of 10 February 2017 in which you requested the Commerce Commission (Commission) grant an exemption to Powerco Limited (Powerco) from the requirement to submit an AMP update in 2017 and a full AMP in 2018 as required by clauses 2.6.3 and 2.6.1 respectively of the Electricity Distribution Information Disclosure Determination 2012 (ID Determination) on the condition that Powerco submit a full AMP (rather than an AMP update) in 2019.

Background to the request

2. Powerco proposes to submit to the Commission an application under s 53Q of the Commerce Act 1986 for a customised price-quality path (CPP) on or before 12 June 2017 (CPP Application).
3. Annual disclosure of an AMP is required by clause 2.6.1 of the ID Determination. Powerco is required to submit an AMP update before 1 April 2017, and a full AMP before 1 April 2018.
4. Powerco submitted a full AMP in 2016 and will submit a revised AMP with the CPP application in June 2017. Powerco anticipates a decision from the Commission on its CPP application before 31 March 2018.

Exemptions requested

5. You indicate that submitting an AMP update before 1 April 2017 is redundant given Powerco will shortly thereafter, as part of its CPP Application, submit a full AMP. The requirement to submit a full AMP before 1 April 2018 is similarly redundant under circumstances where the Commission will have just issued its determination of Powerco's CPP Application, based in part on the AMP submitted in 2017.

6. Additionally, in the absence of its CPP Application, Powerco would be required to submit an AMP update before 1 April 2019. Given the timing of the CPP Application, you seek exemption from submitting AMPs/updates in 2017 and 2018 and have instead suggested that Powerco submits a full AMP in 2019.

Exemptions granted

7. The Commission considers that the exemptions requested by Powerco are reasonable given that:
 - 7.1 the current disclosure rules and the timing of Powerco's CPP Application would increase compliance burden on Powerco by having to publish multiple asset management disclosures; and
 - 7.2 Powerco's intended timeline of AMP disclosure will provide sufficient information to interested persons regarding their asset management strategy.
8. Under clause 2.11.1 of the ID Determination the Commission grants Powerco the following exemptions from the requirements in clauses 2.6.1 and 2.6.3 of the ID Determination. Powerco is exempted from submitting:
 - 8.1 either a full AMP or AMP update before 1 April 2017; and
 - 8.2 a full AMP before 1 April 2018.
9. These exemptions are granted on the condition that:
 - 9.1 Powerco does submit a CPP Application as described in paragraph 2 of this letter;
 - 9.2 Powerco submits a full AMP as part of its CPP;
 - 9.3 Powerco submits a full AMP before 1 April 2019, and
 - 9.4 Powerco notes that it has been granted these exemptions with the publication of the disclosures described in paragraphs 9.1 and 9.3.

Further information

10. This exemption may be revoked or amended in accordance with clause 2.11.1(2) of the ID Determination.
11. For any further questions relating to this letter, please contact Vedika Sachan on (04) 924 3728 or Vedika.sachan@comcom.govt.nz.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S Begg'.

Sue Begg

Deputy Chair