

20 May 2022

Commerce Commission consultation on process and issues and decision-making framework for the Part 4 Input Methodologies review now underway

Tēnā koutou,

Today we are publishing a [Process and Issues paper](#), and a [Draft Framework paper](#), as part of our review of the input methodologies (IMs). The IMs are the rules, processes and requirements that apply to regulation of energy networks and airports under Part 4 of the Commerce Act.

We are inviting you to contribute your views on both papers. Input from our stakeholders will help to shape our views and the next steps in the review, and your continued engagement throughout the process will help promote confidence that the rules and processes that underpin our regulation remain fit for purpose.

The focus of this first phase of the review is on identifying the key topics, issues, risks and opportunities. This review comes at a time when there are significant and ongoing changes affecting the sectors we regulate – particularly the impact of climate change and decarbonisation as well as the impact of COVID-19. Further changes in technology, government policy and consumer preferences are expected to affect these sectors in the medium term.

It is important that the IMs continue to ensure that suppliers of regulated services have incentives to invest and innovate to maintain reliable services while responding to changes in consumer preferences, technology, and other environmental factors consistent with outcomes in a workably competitive market.

Context for the current phase of the review

In February, we published a notice of intention which formally commenced the 7-yearly statutory review of all IMs under Part 4. We noted that a key part of the review will be working closely with key stakeholders including industry, consumer groups, regulators and other government agencies, to understand the issues and the role that our regulatory settings can play in helping regulated entities deliver the right outcomes for Aotearoa New Zealand.

The publication of the two papers today is intended to set the review up for success by seeking views on the key issues we have identified so far, any other issues we should address in the review, and the framework that will guide us in reaching decisions.

Feedback on these papers will be used to inform the process for the review, including any other engagement with you prior to our draft decisions, as well as the development of our draft decisions.

Process and Issues Paper

This paper sets out key topics for the IM review, the issues we have identified to date relating to those topics, and the details of the process by which we intend to complete the review.

We welcome views on the topics we've identified and invite submitters to suggest any other issues relating to the IMs that warrant further consideration. It would be helpful if submitters could link suggested issues and solutions to a specific problem or potential opportunity in the IMs and support their suggestions using the criteria we intend to apply in making our decisions set out in our Draft Framework paper.

We also invite your views on our proposed process for the IM review in this paper, and any other process steps you consider may be helpful in progressing the review.

Draft Framework paper

The Draft Framework paper describes the framework we intend to apply in reaching our decisions. It has two main components:

- the decision-making framework, which describes how we propose to decide whether and how to change or amend the IMs
- the key economic principles, which provide guidance as to how we might best promote the purpose of Part 4 under section 52A of the Act.

Because Part 4 of the Act has not changed materially since the last IM review, the proposed IM review framework is substantially unchanged from the 2016 IM review framework. One new element considers how we can have regard to section 5ZN of the Climate Change Response Act 2002, including the 2050 net zero carbon target.

Your feedback on this paper will inform the decision-making framework and key economic principles in our final framework paper, which we intend to publish in Q3 2022.

How to submit

We welcome your views on the matters raised in this paper by 5pm on Monday 27 June 2022. We will publish public versions of the submissions by Wednesday 6 July 2022 and seek cross-submissions by 5pm on Wednesday 20 July 2022.

Please email your submissions to im.review@comcom.govt.nz with "Process and Issues/Draft Framework submission – [your name]" in the subject line of your email.

For more information on the submissions process, please refer to the [2023 IM Review webpage](#).

Ngā mihi

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