

## **Gas Distribution Services Input Methodologies Determination Amendment 2013**

Decision No. [2013] NZCC 23

Amendment made under s 52X of the Commerce Act 1986 to the input methodologies for information disclosure applicable to gas distribution services.

The Commission:

Dr M Berry

S Begg

P Duignan

Dr S Gale

Date of Decision: 3 December 2013

## Gas Distribution Services Input Methodologies Determination Amendment 2013

Pursuant to Part 4 of the Commerce Act 1986 (the Act) the Commerce Commission makes the following determination:

### 1. DETERMINATION AMENDED

This determination amends the *Gas Distribution Services Input Methodologies Determination 2012*, [2012] NZCC 27 (the **GDB Determination**), as amended.

### 2. COMMENCEMENT

This determination comes into force on the date of public notice in the *Gazette*.

### 3. INTERPRETATION

3.1 Terms in bold type term have the meaning given to those terms in the Determination. Terms used in this determination that are defined in the Act but not this determination, have the same meaning as in the Act.

3.2 Nothing in this determination limits the **Commission's** authority to amend the Determination in accordance with the Act.

### 4. GDB IM AMENDMENTS

4.1 In clause 1.1.4(2) of the GDB Determination—

4.1.1 In the definition for “**2009 disclosure financial statements**”, replace “**disclosure year**” with “financial year ending in”;

4.1.2 Replace the definition of “**disclosure year**” with the following definition:

“**disclosure year** shall be construed as a 12 month period ending on the date specified in an **ID determination** as the last date in the period to which annual disclosure relates;

*“Example: where the **ID determination** provides that disclosure is required by a **GDB** in respect of the annual period ending on 30 June, then ‘disclosure year’, in respect of the **GDB**, means the 12 month period ending on 30 June, and ‘disclosure year 2010’ means the 12 month period ending on 30 June 2010;”*

4.1.3 In the definition of “**disposed assets**”, insert in paragraph (a) after “**disclosure year**” the words “or other period”;

4.1.4 In the definition of “**excluded asset**”, replace “as on the last day of the **disclosure year 2009**” with “as of 30 June 2009”;

- 4.1.5 In the definition of “**initial RAB**”, replace the reference to clause “2.2.1(7)” with “2.2.2”;
- 4.1.6 In the definition of “**initial RAB value**” replace the reference to clause “2.2.3(3)” with “2.2.3(4)”;
- 4.1.7 In clause 2.2.1(1)(c), replace the comma with a full stop;
- 4.1.8 In clause 2.2.1(3), replace “the last day of the **disclosure year 2009**” with “30 June 2009”;
- 4.1.9 In clause 2.2.1(3), replace “the first day of the **disclosure year 2006**” with “1 July 2005”;
- 4.1.10 In clause 2.2.1(5), replace “the last day of the **disclosure year 2009**” with “30 June 2009”;
- 4.1.11 In clause 2.2.1(6)(c), replace “the last day of the **disclosure year 2009**” with “30 June 2009”;
- 4.1.12 In clause 2.2.1(6)(c)(i) and (ii), replace “**2009 disclosure reports**” with “**2009 disclosure financial statements**”;
- 4.1.13 Replace clause 2.2.2 with:
- “2.2.2        Composition of initial RAB
- “Initial RAB means-
- “(a)    **2009 authorisation assets;**
- “(b)    **2009 disclosed assets;**
- “(c)    **included assets; and**
- “(d)    in respect of Powerco Limited, assets first **commissioned** in the period beginning on 1 July 2009 and ending on 30 September 2009,
- “less-
- “(e)    **excluded assets;**
- “(f)    intangible assets, unless they are-
- “(i)    **finance leases; or**
- “(ii)   **identifiable non-monetary assets;**
- “(g)    **works under construction; and**
- “(h)    in respect of Powerco Limited, **disposed assets** for the period beginning on 1 July 2009 and ending on 30 September 2009.”
- 4.1.14 In clause 2.2.3(1), replace the reference to “subclause (2)” with “subclauses (2) and (3)”, and insert a new subclause (3) after subclause (2), renumbering accordingly:

“(3) For the purpose of subclause (1), the value established as the unallocated initial RAB value in respect of Powerco Limited must include an adjustment for the three month period beginning on 1 July 2009 and ending on 30 September 2009 by taking account of-

“(a) **unallocated depreciation** applicable to that period in accordance with the **standard depreciation method**, using a remaining asset life consistent with the **2009 disclosure financial statements** or the **Commission’s ‘Gas Control Model’** for the purpose of authorising the supply of **controlled services** as the case may be; and

“(b) revaluation applicable to that period to account for consumer price index changes using a method consistent with that used in the **2009 disclosure financial statements** or by the **Commission** in its ‘Gas Control Model’ for the purpose of authorising the supply of **controlled services** as the case may be.”

4.1.15 In clause 2.2.3(1), replace “the last day of the **disclosure year 2009**” with “30 June 2009”, replace “the first day of the **disclosure year 2006**” with “1 July 2005”, omit “and” from the end of paragraph (b) and insert “and” at the end of paragraph (c);

4.1.16 Insert the following new paragraph at the end of clause 2.2.3(1):

“(d) in respect of Powerco Limited, an asset first **commissioned** in the period beginning on 1 July 2009 and ending on 30 September 2009, is its **value of commissioned asset.**”

4.1.17 In clause 2.2.3(4) as renumbered, insert the following prior to the full stop at the end of paragraph (b):

“as of-

“(i) in respect of Powerco Limited, 30 September 2009; and

“(ii) in respect of other **GDBs**, 30 June 2009.”

4.1.18 In clause 2.2.8(1)(f), replace “the last day of the **disclosure year 2009**” with “30 June 2009”.

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

Sue Begg, *Deputy Chair*

Dated at Wellington this 3<sup>rd</sup> day of December 2013.

COMMERCE COMMISSION

**Explanatory Note**

The amendments contained in this determination amend the process for calculating the initial RAB for PowerCo Limited for the purposes of information disclosure, to allow for its use of a different disclosure year.