Implementing default price-quality paths for electricity distributors from 1 April 2015

Dear John,

We refer to the recent consultation papers published by the Commerce Commission on 20 October 2014:

- How we propose to implement default price-quality paths for electricity distributors from 1 April 2015
- Electricity Distribution Services Default Price-Quality Path Draft Determination 2015.

As you are aware, PricewaterhouseCoopers provides assurance services to a number of electricity distribution businesses (EDBs) including in respect of regulatory information disclosures and DPP compliance.

To date we have contributed to wider submissions on the DPP proposals. The purpose of this letter is to directly respond to the proposal to modify the form of the assurance report for DPP Compliance Statements from 1 April 2015.

As previously advised, while we acknowledge a number of improvements have been made to proposed assurance requirements for DPPs, including allowing auditors to format their own reports, and to improve consistency with the information disclosure assurance requirements, we continue to oppose the proposal to extend the scope of assurance for DPPs from 2015.

Clause (i)(b)(vii) of Schedule 7 of the Draft DPP Determination introduces a new requirement for auditors to opine as to whether proper records have been kept to enable the complete and accurate compilation of the DPP compliance statement.

In our view, this requirement does not recognise the manual nature of the recording processes typically used when compiling outage data, and the difficulty in independently confirming the number of ICPs affected by an outage. We therefore submit that Clause (i)(b)(vii) is removed from Schedule 7, as we consider that this requirement will result in qualified assurance reports.

1 Through the ENA’s submission process and the PwC Group of 21 submission process.
We note that EDBs are required to include in their compliance statements a description of the policies and procedures used to compile the outage information which is used to demonstrate compliance with the DPP.

We therefore suggest that a replacement clause is introduced which requires auditors to confirm, or otherwise based on the testing performed, that the EDB has complied with the policies and procedures stated in the compliance statement, when compiling the outage information used to demonstrate compliance with the DPP. We believe this additional assurance is useful as it will provide independent confirmation of the procedures stated by the EDB. This will assist readers of compliance statements understand the nature of the outage information used when demonstrating compliance with the DPP quality standards.

We trust this submission assist you in finalising the 2015 DPP Determination, and would be happy to answer any further questions you may have in this regard.

Yours sincerely

[Signature]

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