



16 July 2018

Keston Ruxton
Manager, Price-Quality Regulation
Commerce Commission
PO Box 2351
Wellington 6140

By email to regulation.branch@comcom.govt.nz

Dear Keston

Response to the Commerce Commission's default price-quality path for electricity distribution businesses from 1 April 2020

1. Orion welcomes the opportunity to have input on the Commission's proposed process for the 1 April 2020 reset for electricity distribution businesses.
2. Orion appreciates your early signal regarding a timeframe and the steps that will be taken. While the Commission's end goal of providing a final decision at November 2019 has been transparent for some time the exact mechanism taken to reach this goal has been unclear.
3. Orion notes that there appears to be a long gap between the process paper and the issues paper being issued resulting in submissions and cross submissions over the Xmas period (with the potential for key staff being away during this period) and less time for the Commission to collate that feedback prior to the reset process beginning. Orion submits that an earlier release of the issues paper would be beneficial for all parties, and given the holiday period and the potential unavailability of key staff members that a longer period for cross submissions be considered. An alternative approach could be to release a key issues paper first (emerging views), and then follow this with an additional paper on secondary issues. An emerging views paper would also assist EDBs in their preparation and participation in the first of the workshops proposed by the Commission.
4. The Commission has indicated that ENA material received prior to September 2018 will be taken into account in preparing the issues paper. Orion appreciates the Commission's openness to EDB input via the ENA and in particular we believe it will assist the Commission in formulating the information request on quality of service under 53ZD.
5. The Commission is proposing to issue the draft DPP decision in Q2 2019 (May) and submissions invited after that. This period is extremely busy for EDBs with disclosure, compliance statements and the draft DPP decision submission coinciding. Orion suggests an extension of time for submissions from six to eight weeks.

6. The Commission has indicated that they do not intend releasing a preliminary version of the suite of financial models early in the process. Orion submits an early release of the models would be beneficial to allow a greater understanding of the detail for EDBs and for identification of any potential problems with the models. An appropriate time could be with the release of the draft decision in Q2 2019.
7. The Commission provides no indication of where in the process EDBs will be given an indication of how the Commission will consider Orion's stepping off a CPP onto a DPP, the basis for forecasting and setting quality limits and what the Commission has determined as base year(s) as part of its assessment framework. Orion would appreciate some indication of the Commission's approach to these matters in the issues paper.
8. Orion supports the Commission's plans for an initial DPP knowledge sharing session followed by three workshop sessions during the DPP process. Orion looks forward to participating fully in the sessions.
9. Orion submits that the key differences EDBs should expect between a price cap and a revenue cap should be shared during the knowledge sharing session.

Concluding remarks

10. Thank you for the opportunity to make this submission. We do not consider that any part of this submission is confidential. If you have any questions please contact Dayle Parris (Regulatory Manager), DDI 03 363 9874, email dayle.parris@oriongroup.co.nz.

Yours sincerely



Dayle Parris
Regulatory Manager