

15 August 2024

Claire Harkess
Manager, Data and Information Disclosure
Commerce Commission
Wellington 6140
New Zealand City

Dear Claire,

Submission on Amendment to information disclosure requirement 2024

Electricity Networks Aotearoa (ENA) appreciates the opportunity to submit on the Commerce Commission's (Commission) draft decision on the amendments to the information disclosure (ID) requirements 2024.

ENA is the industry membership body that represents the 27 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses. ENA harnesses members' collective expertise to promote safe, reliable and affordable power for our members' customers.

ENA supports the Commission's intent to align the ID requirements in light of the Input Methodologies (IM) review.

Disclosure of IRIS carry forward balance

ENA recommends the proposed IRIS carry forward disclosure is redrafted so it is consistent with the IRIS mechanism and it is clear to an interested person what is being disclosed.

Our concerns with the current proposed disclosures are:

- interested persons may not easily ascertain that the 'Amount carried forward' disclosure relates to underspends or overspends of an EDBs allowances
- the proposed calculation of 'Cumulative amounts carried forward' is not accurate
- there are inconsistencies in the capex and opex IRIS disclosures, including that opex disclosures include:
 - o prior year information to support the current year calculation; and
 - o a projection of future IRIS amounts,while capex does not
- how the disclosure links to schedule 2(v) does not appear consistent with the IRIS mechanism

ENA proposes the Commission work with industry representatives to determine a disclosure that better meets its aim.

Wash-up account and other carry forward balances

ENA supports the alignment of the wash-up account and other carry forward balances disclosures with the revised IMs. Before finalising the amendments, consideration should be given to:

- the previous breakdown of wash-ups and specific identification of reopener recoverable costs are likely to be useful to interested persons
- to improve readability, the defined terms could be revised to reflect that 'Other wash-ups', 'Other financial incentives' and 'Other recoverable costs excluding financial incentives and wash-ups' relate only to decisions made by the Commission in a CPP decision in accordance with 53V(2)(c) of the Commerce Act. For example, 'Other financial incentives' could be revised to 'Other CPP financial incentives'.
- to achieve consistency between IMs and the ID schedules, 'Wash-up draw down amount' should read 'Wash-up drawdown amount'.

Transferred Works Under Construction

ENA supports refining Schedule 4. However, the proposed structure of the disclosure will require amendment prior to being implemented.

We recommend:

- Schedules 4(ii) and 4(iv) continue to include an 'Asset commissioned' total that allows reconciliation between the two disclosures
- Schedule 4(iv) continue to include a 'Capital expenditure' disclosure that can be reconciled to Schedule 6.

Any additional breakdown of the above amounts can be included in the schedule as a next level of detail.

In determining the next level of detail, the Commission should have regard to:

- the current Schedule 4(iv) accounts for the full value of assets commissioned in a year, including the value of 'Asset acquired from a regulated supplier' and 'Assets acquired from a related party'. This approach should be continued in the new disclosure.
- if a separate disclosure of 'Asset acquired from a regulated supplier' and 'WUC acquired from a regulated supplier' is required, the defined terms will need to be clear on how costs are separated between the two. Consideration will also need to be given to the accessibility of data required to support the disclosure.
- the structure and defined terms need to ensure there is no double accounting. For example, the current definition of 'Capital expenditure' already excludes the value of Capital contributions and Other revenue. Accordingly, the proposed disclosure as currently drafted would require a double deduction of these amounts.

Issue #4 – Network lease opex clarification

The Commission should not remove references to leases from the definition of 'System operations and network support'. New Zealand Equivalent to International Financial Reporting Standard 16 Leases (NZ IFRS 16) allows low value and short term leases as operating leases.

ENA does not have any feedback on the other draft amendments.

If you have any questions about ENA's submission please contact Hamish Groves, Regulatory Manager (Acting) 

Yours sincerely,

Hamish Groves

Regulatory Manager (Acting)
