

3. This letter is our response to the exemption request outlined at paragraph 2.2 only. We have considered the other exemption requests and notified Aurora of the outcomes.^{3 4}

Background

4. Aurora is currently on a 5-year Customised Price-Quality Path (**CPP**). As a requirement of this CPP, Aurora is subject to enhanced disclosure obligations in the ID Determination. The ID Determination was amended on 31 August 2021 to give effect to these obligations.
5. Clause 2.5.5(1) of the ID Determination requires Aurora to complete and publicly disclose an ADR that includes the content specified in Attachment C of the ID Determination.
6. Aurora is required to publicly disclose an assurance report for some of the information in an Annual Delivery Report (**ADR**) at the same time it publicly discloses the ADR. Clause 2.8.1 requires an assurance report for audited disclosure information, and the definition of audited disclosure information includes clauses 1.5 – 1.7 of Attachment C of the ID Determination.⁵
7. For the 2022 disclosure year only, Aurora is required to disclose an ADR with less onerous reporting requirements compared to subsequent ADRs (i.e., the Interim ADR). The Interim ADR and accompanying assurance report must be publicly disclosed by 12 October 2022.⁶

Exemption Request

8. Aurora requested an exemption from providing an assurance report for its Interim ADR, required by clause 2.8.1 of the ID Determination, for clauses 1.6.3 and 1.6.4 of Attachment C of the ID Determination (**clauses 1.6.3 and 1.6.4**).
9. Aurora is concerned that an audit of the information required by clauses 1.6.3 and 1.6.4 may give rise to an unfavourable audit opinion because the processes and controls used to compile this information are unlikely to be sufficiently evidencable for audit purposes.

³ *ID Exemption – Aurora Energy – Extension to ADR Deadline*, dated 14 July 2022.

⁴ *ID Exemption Amendment Letter – Auditing of Successive Interruptions (Aurora Energy)*, dated 9 June 2022.

⁵ The definition is found under Clause 1.4.3 of the ID Determination.

⁶ Aurora received a 6-week extension to the deadline of its 2022 disclosure year Annual Delivery Report. It was originally due by 31 August 2022. This extension was provided in the letter outlined at footnote 3.

10. Aurora considers an unfavourable audit opinion would be predominantly driven by the timing of its enhanced disclosure obligations coming into effect. Aurora says that because the enhanced disclosure obligations commenced 5 months into the reporting period, it has been unable to properly evidence the processes and controls relating to clauses 1.6.3 and 1.6.4 for the full reporting period.⁷
11. Aurora is of the view that the audit would therefore not achieve its purpose as an unfavourable audit opinion would convey a misleading impression of the reliability of its disclosures.

Exemption Granted

12. By this notice, under clause 2.11.1(1) of the ID Determination, the Commission grants Aurora an exemption, subject to the condition outlined below, from procuring an assurance report for clauses 1.6.3 and 1.6.4 for the 2022 disclosure year.
13. The exemption is granted on a conditional basis. Aurora is required to publish the reasons for disclosing the unaudited information with respect to clause 1.6.3 and 1.6.4 using the form set out in Schedule 15 Voluntary Explanatory Notes of the ID Determination, in its information disclosure submission for the 2022 disclosure year.

Reasons for exemption

14. We accept that the timing of implementing the enhanced disclosure obligations will have impacted Aurora's ability to establish processes and controls for some of its new obligations (such as clauses 1.6.3 and 1.6.4) in a timely manner.
15. We consider the materiality of the information being audited is such that the overall cost (including time, effort, and regulatory cost) of having information disclosed under clauses 1.6.3 and 1.6.4 audited is likely to be disproportionate to any benefit to interested persons that the audit would provide.
16. We consider the purpose of information disclosure regulation will still be met if this exemption is granted. This is because:
 - 16.1 The information required by clauses 1.6.3 and 1.6.4 will still be publicly disclosed. The exemption only applies to the requirement to have that information audited;
 - 16.2 The condition of this exemption, outlined in paragraph 13, is to make clear to interested persons why the information has not been audited;

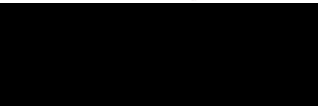
⁷ The disclosure year for Aurora begins on 1 April each year.

- 16.3 Clauses 1.6.3 and 1.6.4 are subject to certification by Aurora’s directors under Schedule 18 of the ID Determination which we consider will provide a reasonable level of assurance;⁸ and
- 16.4 As outlined in paragraph 15, the overall cost (including time, effort, and regulatory cost) of having information disclosed under clauses 1.6.3 and 1.6.4 audited is likely to be disproportionate to any benefit to interested persons that the audit would provide.
17. This exemption applies only to the Interim ADR. We expect this information to be available and auditable in subsequent disclosure years.

Further Information

18. This exemption may be revoked or further amended by the Commission at any time in accordance with clause 2.11.1(2) of the ID determination.
19. A copy of this exemption response letter will be published on the Commission’s website.
20. If you have any questions regarding this matter, please contact Rhys Williams at infrastructure.regulation@comcom.govt.nz.

Yours sincerely



Vhari McWha
Associate Commissioner

⁸ Clause 2.9.5 requires Aurora to publicly disclose a director’s certificate in the form provided by Schedule 18. Aurora’s directors are required to certify the information prepared for the purpose of clause 2.5.5(1) (the clause requiring the Annual Delivery Report) in all material respects complies with the ID Determination.