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Vector submission on information disclosure (Input Methodologies Amendment Determination 2024)

1. This is Vector's ('our,' 'we,' 'us') submission on the Commerce Commission's (Commission) draft decision for the information disclosure (ID) requirements' alignment with the changes from the Input Methodologies (IM) Review 2023. No part of this submission is confidential, and it can be published on the Commission's website.
2. Please see below Vector's comments in relation to the issues raised in the draft decision.

Disclosure of IRIS carry forward balances (Issue #1)

3. Vector questions the benefits of the new incremental rolling incentive scheme (IRIS) Schedule 3a. The Commission has explained in its Reasons Paper that:

"These requirements aim to assess and mitigate the risk that some EDBs do not sufficiently engage with the cashflow implications of IRIS and provide additional information to interested persons on underspends or overspends of EDBs' allowances."

4. We do not consider it a sufficient justification to implement a disclosure requirement based on an EDB's failure to engage with the complexity of the IRIS. There is enough experience and consulting resource in the industry to help those EDBs that need assistance rather than add costs across the sector.
5. We argue that non-exempt EDBs already disclose their IRIS incentive adjustment in their annual price-quality compliance statement so adding a new requirement does not add value and increases both the administrative burden and the cost of audit.

6. The Schedule does not make sense for the following reasons:
 - a. It requests historical data which relates to DPP3 numbers – mixing two regulatory periods does not add value, and in fact will create confusion;
 - b. The two regulatory periods have different IRIS retention factors;
 - c. EDBs are not able to calculate the capex wash-up amount for a particular year; and
 - d. The opex IRIS calculation does not reflect the IM determination because it omits the ‘base year’ adjustment and operating leases from the calculation.
7. We believe that this proposed template creates more confusion and ambiguity to interested parties than it does to provide transparency and understanding of IRIS adjustments.
8. The Commission has already provided the IRIS workings to EDBS in their ‘IRIS Recoverable costs indicative amounts’ model, published with the DPP4 Draft Decision¹. The model outlines all the different steps to derive the IRIS incentive.
9. EDBs should be using this model to understand the impacts of their IRIS adjustments, there should be no additional need to disclose within a separate Schedule.
10. We suggest that the Commission use their model to input all EDB disclosed data to derive the IRIS adjustments for each EDB part of their performance summaries that are produced and published on an annual basis. This would mean this is done once by the Commission and not disclosed and audited by each EDB at a cost to consumers.

Wash-up account and other carry-forward balances (Issue #2)

11. Vector supports the ENA’s submission on this issue.

Transferred ‘Works Under Construction’ (Issue #3)

12. Vector supports the ENA’s submission on this issue.

Other issues #4-10

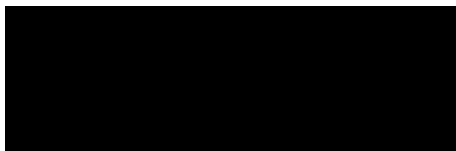
13. Vector supports the changes proposed for the remaining issues #4-10.

Other matters

¹ <https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-lines-price-quality-paths/electricity-lines-default-price-quality-path/2025-reset-of-the-electricity-default-price-quality-path#projecttab>

14. The Commission must ensure that all ID decisions are clear on the effective date of new requirements.
15. In the recent targeted information disclosure reviews the Commission has outlined the 'effective on' dates as 'effective on 1st January' or 'effective on 1st April'. This has caused confusion because January and April are the start of the reporting year so could be interpreted as:
 - a. Start recording the data/ information required from this date; and/ or
 - b. Start disclosing the data/ information at the next disclosure due date after this date.
16. We urge the Commission to always inform the 'disclosure year' like it has in this ID draft decision paper. This method is clear and must be used for these types of reviews going forward.
17. For example, according to the Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022 (dated 25 November 2023), the cybersecurity disclosure is not required for the disclosure year 2024 under Clause 2.3.1A of the ID (Tranche 1). However, the Commission has removed Clause 2.3.1A in the 2024 ID (Tranche 2) and introduced Schedule 5h, effective on 1st April 2024. The Commission did not specify that the Schedule 5h (cybersecurity) should be disclosed for the 2024 disclosure year under the ID determination. It could be interpreted that Schedule 5h applies to the 2025 disclosure year if the entry into force date is 1st April 2024, but the summary of final decisions indicates it should be disclosed for RY24, ending 31st March 2024.

Yours sincerely



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