

OF THURSDAY, 5 JUNE 2003

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COMMERCE ACT
(ELECTRICITY LINES
THRESHOLDS) NOTICE 2003

PURSUANT TO SECTION 57G AND 57T
OF THE COMMERCE ACT 1986

COMMERCE ACT (ELECTRICITY LINES THRESHOLDS) NOTICE 2003

Pursuant to section 57G and 57T of the Commerce Act 1986, the Commerce Commission (“the Commission”) gives the following notice.

NOTICE**1 Title**

This notice may be cited as the Commerce Act (Electricity Lines Thresholds) Notice 2003.

2 Commencement

This notice comes into force on the day after the date on which it is published in the *Gazette*.

3 Interpretation

- (1) In this notice, unless the context otherwise requires—

Act means the Commerce Act 1986

assessment means assessment under section 57H(a) of the Act

assessment date means a date as at which lines businesses are to be assessed against a threshold, being—

for the price path threshold—

- (a) the first assessment date; and
- (b) the second assessment date

for the quality threshold—

- (c) the second assessment date

auditor, in relation to a lines business, means a person who—

- (a) is qualified for appointment as auditor of a company under the Companies Act 1993; and
- (b) has no relationship with, or interest in, the lines business, being a relationship or interest that is likely to involve that person in a conflict of interest; and

- (c) has the necessary expertise to properly undertake an audit required by clause 7; but
- (d) need not be the same person as the person who audits the accounts of the lines business for any other purpose

avoided transmission charge means, in relation to a lines business, any expense (including the cost of capital) of the lines business that arises from any generation or other activity which substitutes for use of the transmission system

base quantity means, for the purpose of calculating the notional revenue of a lines business, the annual quantity (for example, customer numbers, kWh, kVA, etc) corresponding to a price

consumer means—

- (a) any person in New Zealand who is supplied, or who applies to be supplied, with electricity—

but does not include—

- (b) any lines business or electricity retailer, except where the lines business or the electricity retailer is supplied, or applies to be supplied, with electricity for its own consumption and not for the purposes of resupply to any other person

customer—

- (a) in the case of Transpower, means any entity in New Zealand that is connected to Transpower's transmission system (which may include, but is not limited to, generators, lines businesses and consumers); and
- (b) in the case of all lines businesses other than Transpower, means a consumer

EV means economic value

first assessment date means 6 September 2003

first reference date means the date during the period commencing on 8 August 2001 and ending on the publication date that results in the lowest value being assigned to notional revenue for that period for the lines business concerned

interruption, in relation to the conveyance of electricity to a customer by means of a prescribed voltage electric line, means the cessation of conveyance of electricity to that customer for a period of 1 minute or longer, other than by reason of disconnection of that customer—

- (a) for breach of the contract under which the electricity is conveyed; or
- (b) as a result of a request from the customer; or

- (c) as a result of a request by the customer's retailer; or
- (d) for the purpose of isolating an unsafe installation

interruption duration factor, in relation to an interruption, means the sum obtained by calculating, for each customer that is affected by that interruption, the duration (in minutes) of that interruption, and adding together the results of those calculations

lines business means a large electricity lines business as defined in section 57D of the Act

network connection point, in relation to a lines business other than Transpower, means a point where a supply of electricity may flow between the electric lines of that lines business and the electrical installation of a customer, but excluding points where there is no meter at that point or downstream from that point

notional revenue means, in relation to a lines business—

- (a) the summation, across all prices, of the product of price and base quantity—

less—

- (b) pass-through costs

pass-through costs, for any period, means—

- (a) for a lines business other than Transpower, the transmission charges and any rates paid or payable by the lines business for that period; and
- (b) for Transpower, any rates paid or payable by Transpower for that period

prescribed voltage electric line means an electric line that is capable of conveying electricity at a voltage equal to or greater than 3.3 kilovolts

price means a posted price in nominal terms (such as a tariff, fee or charge) or a component thereof, that a lines business charges in relation to a specified service

publication date means the day on which this notice is published in the *New Zealand Gazette*

publicly disclose, in relation to any information required by this notice to be made available, means to make that information available in the following ways:

- (a) by making copies of that information available for inspection, during ordinary office hours, at the principal office of the person making the information available; and
- (b) at the request of any person, by providing the person with a copy of that information (either free of charge or for a charge that is reasonably required to recover the cost of providing that copy, as set out in section 57W of the Act) either—

- (i) by post; or
- (ii) for collection, during ordinary office hours, from the principal office of the person making the information available,—

whichever the person requesting the information prefers;

and the term “public disclosure” has a corresponding meaning

rates, in relation to a lines business, means the rates on system fixed assets (as defined in the Regulations) paid or payable by the lines business to a territorial local authority under the Rating Powers Act 1988 or the Local Government (Rating) Act 2002 during the period concerned

Regulations means the Electricity (Information Disclosure) Regulations 1999

SAIDI class B means the system average interruption duration index for planned interruptions by the lines business

SAIDI class C means the system average interruption duration index for unplanned interruptions originating within the works of the lines business, where those works are used for carrying out lines business activities

SAIFI class B means the system average interruption frequency index for planned interruptions by the lines business

SAIFI class C means the system average interruption frequency index for unplanned interruptions originating within the works of the lines business, where those works are used for carrying out lines business activities

second assessment date means 30 June 2004 for Transpower and 31 March 2004 for all other lines businesses

second reference date means the date during the period commencing on the day after the publication date and ending on the first assessment date that results in the highest value being assigned to notional revenue for that period for the lines business concerned

specified services means—

- (a) in relation to a lines business other than Transpower, all goods and services, provided in New Zealand, that are electricity distribution goods or services or are directly related to the provision of electricity distribution, and includes—
 - (i) the provision, operation, and maintenance of electricity works such as lines, cables and substations that facilitate the local or regional conveyance of electricity from embedded generators or one or more of Transpower’s substations to customers; and
 - (ii) the sale of electricity conveyance services to electricity retailers or customers—

but does not include—

- (iii) connection, disconnection, or reconnection services, if the lines business demonstrates beyond reasonable doubt that there is effective competition for the provision of those services; or
 - (iv) non-conveyance goods and services, such as energy use monitoring services, consulting services, or the provision of information not directly related to the provision of electricity distribution, if the lines business demonstrates beyond reasonable doubt that those goods and services are not directly related to the provision of electricity distribution; or
 - (v) services provided in response to a contestable tender, if the relevant customers agree in writing that, and the lines business demonstrates beyond reasonable doubt that, there is effective competition for the provision of those services; or
 - (vi) any goods and services described in subparagraphs (i) and (ii), if the lines business demonstrates beyond reasonable doubt that there is effective competition for the provision of those goods and services;
- (b) in relation to Transpower, all goods and services, provided in New Zealand, that are electricity transmission goods or services or are directly related to the provision of electricity transmission, and includes—
- (i) the provision, operation, and maintenance of electricity works such as the high voltage direct current inter-island link and lines, cables, and substations that facilitate the national conveyance of electricity from generators to Transpower's substations; and
 - (ii) the sale of electricity conveyance to customers—
- but does not include—
- (iii) the provision of system operator services, if Transpower demonstrates beyond reasonable doubt that there is effective competition for the provision of those services; or
 - (iv) services for which loss and constraint rentals are paid, if Transpower demonstrates beyond reasonable doubt that amounts received for these services are passed on transparently and in full to its customers; or
 - (v) financial services related to transmission (known as “financial transmission rights”), if Transpower demonstrates beyond reasonable doubt that the amounts arising from settlement of those services are passed on transparently and in full to its customers; or

- (vi) goods and services provided under new investment contracts, if the other party agrees in writing that the terms and conditions are reasonable or reflect contestable provision of the goods and services; or
- (vii) goods and services provided as a result of new investment if Transpower demonstrates beyond reasonable doubt that the new investment was approved under a process (whether regulatory or otherwise) that provides for affected customers to make and approve price-quality trade offs and opportunity for competitive provision of new investment by parties other than Transpower; or
- (viii) non-conveyance goods and services, such as consultancy or information goods or services not directly related to the provision of electricity transmission, if Transpower demonstrates beyond reasonable doubt that those goods and services are not directly related to the provision of electricity transmission; or
- (ix) any goods and services described in subparagraphs (i) and (ii), if Transpower demonstrates beyond reasonable doubt that there is effective competition for the provision of those goods and services

system minute means the number calculated in accordance with the formula “a/b” where—

“a” is energy not supplied (in megawatt minutes)

“b” is system maximum demand (in megawatts)

system operator services means co-ordination services for the control, dispatch, and security functions necessary to operate the transmission system

third reference date means the date during the period from the first assessment date to the second assessment date that results in the highest value being assigned to notional revenue for that period for the lines business concerned

threshold compliance statement means a statement of a kind described in *clause 7(1)(a)*

transmission charge, in the case of a lines business other than Transpower, means any amount in respect of—

- (a) the use of Transpower’s transmission system by Transpower for the purpose of providing specified services to a lines business other than Transpower, and includes any amounts received from or payable to Transpower in relation to—
 - (i) connection, interconnection and EV adjustments; and
 - (ii) the provision of system operator services; and

- (iii) loss and constraint rentals; and
- (iv) the settlement of financial transmission rights—

but does not include—

- (v) any amounts described in subparagraphs (i), (ii), (iii) and (iv), if the lines business demonstrates beyond reasonable doubt that those amounts were passed on transparently to its customers and/or electricity retailers;
- (b) avoided transmission charges

Transpower means Transpower New Zealand Limited

unplanned interruption means any interruption in respect of which less than 24 hours' notice, or no notice, was given, either to the public or to all customers affected by the interruption.

- (2) Terms used in this notice have, unless the context otherwise requires, the same meanings as in the Act or in the Regulations.

4 Thresholds for declaration of control in relation to lines businesses

The Commission hereby sets the following thresholds for the declaration of control in relation to lines businesses:

- (a) a price path threshold as specified in clause 5:
- (b) a quality threshold as specified in clause 6.

5 Price path threshold

- (1) The price path threshold for lines businesses is as follows:

- (a) *notional revenue at the first assessment date*: the notional revenue of the lines business at the first assessment date (calculated in accordance with the left-hand side of the following expression) *is not to exceed* the minimum notional revenue of the lines business at any time during the period commencing on 8 August 2001 and ending on the publication date (calculated in accordance with the right-hand side of the following expression):

$$\sum_i P_{i,2003} Q_{i0} - C_{T2003} - C_{R2003} \leq \sum_i P_{i,0} Q_{i0} - C_{T2002} - C_{R2002}$$

where:

- i denotes each price pertaining to every specified service;
- $P_{i,2003}$ is the i^{th} price at the first assessment date;
- $P_{i,0}$ is the i^{th} price at the first reference date;
- Q_{i0} is the base quantity corresponding to the i^{th} price for the year ending 31 March 2003 (30 June 2003 for Transpower);
- C_{T2003} is the sum of transmission charges budgeted for the year ending on the second assessment date (not applicable to Transpower);
- C_{T2002} is the sum of actual or budgeted transmission charges, as appropriate, for the year ending 31 March that includes the first reference date (not applicable to Transpower);
- C_{R2003} is the sum of any rates budgeted for the year ending on the second assessment date;
- C_{R2002} is the sum of any actual or budgeted rates, as appropriate, for the year ending 31 March that includes the first reference date;

- (b) *notional revenue from the publication date to the first assessment date:* the notional revenue of the lines business at any time during the period from the publication date to the first assessment date (calculated in accordance with the left-hand side of the following expression) *is not to exceed* the notional revenue of the lines business at the publication date (calculated in accordance with the right-hand side of the following expression):

$$\sum_i P_{i,2003} Q_{i0} \leq \sum_i P_{i,0} Q_{i0}$$

where:

- i denotes each price pertaining to every specified service;
- $P_{i,2003}$ is the i^{th} price at the second reference date;
- $P_{i,0}$ is the i^{th} price at the publication date;
- Q_{i0} is the base quantity corresponding to the i^{th} price for the year ended 31 March 2003 (30 June 2003 for Transpower);

- (c) *notional revenue from the first assessment date to the second assessment date*: the notional revenue of the lines business at any time during the period from the first assessment date to the second assessment date (calculated in accordance with the left-hand side of the following expression) *is not to exceed* the notional revenue of the lines business at the first assessment date (calculated in accordance with the right-hand side of the following expression):

$$\sum_i P_{i,2004} Q_{i0} - C_{T2004} - C_{R2004} \leq \sum_i P_{i,0} Q_{i0} - C_{T2003} - C_{R2003}$$

where:

- i denotes each price pertaining to every specified service;
- $P_{i,2004}$ is the i^{th} price at the third reference date;
- $P_{i,0}$ is the i^{th} price at the first assessment date;
- Q_{i0} is the base quantity corresponding to the i^{th} price for the year ended 31 March 2003 (30 June 2003 for Transpower);
- C_{T2004} is the sum of actual transmission charges paid or payable for the year ending on the second assessment date (not applicable to Transpower);
- C_{T2003} is the sum of transmission charges budgeted for the year ending on the second assessment date (not applicable to Transpower);
- C_{R2004} is the sum of any actual rates paid or payable for the year ended at the second assessment date;
- C_{R2003} is the sum of any rates budgeted for the year ending on the second assessment date.

- (2) If a lines business restructures its prices during the period from 8 August 2001 to 31 March 2004 (30 June 2004 for Transpower) and provides the Commission with evidence that the restructuring, of itself, did not create an increase in revenue—
- (a) if the restructuring takes place during the period from 8 August 2001 to the first assessment date, the provisions in *subclause (1)(a) and (b)* will apply as if the new price structure applied on and from 8 August 2001; and

- (b) if the restructuring takes place during the period from the first assessment date to the second assessment date, the provisions in *subclause (1)(c)* will apply as if the new price structure applied on and from the first assessment date.
- (3) If during the period from 8 August 2001 to 31 March 2004 a lines business is involved in a purchase, merger, takeover, disposal, or other similar transaction, which results in a change in its total customers or system length of 10% or more—
- (a) if the transaction occurs during the period from 8 August 2001 to the first assessment date, *subclause (1)(a) and (b)* will apply as if the transaction occurred on 8 August 2001; and
 - (b) if the transaction occurs during the period from the first assessment date to 31 March 2004, *subclause (1)(c)* will apply as if the transaction occurred on the first assessment date.
- (4) Despite the other provisions of this clause 5, if the Commission is satisfied that, because of lack of information or *subclauses (1) to (3)* being clearly meaningless in relation to a lines business, it is not practicable to determine whether the lines business has complied with those subclauses, the lines business will be regarded as having complied with the price path threshold if it demonstrates beyond reasonable doubt, by use of an alternative approach that has equivalent effect to those subclauses, that the substance of those subclauses has been complied with.

6 Quality threshold

- (1) The quality threshold for lines businesses is as follows:

For each lines business other than Transpower—

- (a) *interruption duration:* the SAIDI of the lines business for the period of 12 months ending on the second assessment date *is not to exceed* the five-year average SAIDI of the lines business (calculated in accordance with the right-hand side of the following expression):

$$SAIDI_{2004} \leq \left(\frac{SAIDI_{1999} + SAIDI_{2000} + SAIDI_{2001} + SAIDI_{2002} + SAIDI_{2003}}{5} \right)$$

where:

SAIDI_{year} in relation to every year other than 2004—

is the sum of SAIDI class B and SAIDI class C, for that year, where SAIDI for a particular class is calculated by dividing the sum obtained by adding together the interruption duration factors for all interruptions within that particular interruption class for the period of 12 months ending on 31 March in that year by the average of the total number of network connection points at the beginning of that year and the total number of network connection points at the end of that year;

in relation to the year 2004—

is (at the option of the lines business) *either* as defined above in relation to every year other than 2004 *or* the sum of SAIDI class B and SAIDI class C for the period commencing on the day after the publication date and ending on the second assessment date, where SAIDI for a particular class is calculated by dividing the sum obtained by adding together the interruption duration factors for all interruptions within that particular interruption class for that period by the average of the total number of network connection points at 6 June 2003 and the total number of network connection points at the second assessment date, and then dividing the result by 299 and multiplying it by 366;

- (b) *interruption frequency*: the SAIFI of the lines business for the period of 12 months ending on the second assessment date *is not to exceed* the five-year average SAIFI of the lines business (calculated in accordance with the right-hand side of the following expression):

$$SAIFI_{2004} \leq \left(\frac{SAIFI_{1999} + SAIFI_{2000} + SAIFI_{2001} + SAIFI_{2002} + SAIFI_{2003}}{5} \right)$$

where:

$SAIFI_{\text{year}}$ *in relation to every year other than 2004—*

is the sum of SAIFI class B and SAIFI class C, for that year, where SAIFI for a particular class is calculated by dividing the sum obtained by adding together the number of network connection points affected by each interruption within that particular interruption class for the period of 12 months ending on 31 March in that year by the average of the total number of network connection points at the beginning of that year and the total number of network connection points at the end of that year;

in relation to the year 2004—

is (at the option of the lines business) *either* as defined above in relation to every year other than 2004 *or* the sum of SAIFI class B and SAIFI class C, for the period commencing on the day after the publication date and ending on the second assessment date, where SAIFI for a particular class is calculated by dividing the sum obtained by adding together the number of network connection points affected by each interruption within that particular interruption class for that period by the average of the total number of network connection points at 6 June 2003 and the total number of network connection points at the second assessment date, and then dividing the result by 299 and multiplying it by 366;

For Transpower—

- (c) *number of unplanned interruptions:* the total number of unplanned interruptions of Transpower for the period of 12 months ending on the second assessment date *is not to exceed* the five-year average total number of unplanned interruptions of Transpower (calculated in accordance with the right-hand side of the following expression):

$$I_{2004} \leq \left(\frac{I_{1999} + I_{2000} + I_{2001} + I_{2002} + I_{2003}}{5} \right)$$

where:

I_{year} is the total number of unplanned interruptions for the period of 12 months ending on 30 June in that year;

- (d) *customer interruptions:* the total customer interruptions, calculated in system minutes, of Transpower for the 12 months ending on the second assessment date *is not to exceed* the five-year average total customer

interruptions, calculated in system minutes, of Transpower (calculated in accordance with the right-hand side of the following expression):

$$SM_{2004} \leq \left(\frac{SM_{1999} + SM_{2000} + SM_{2001} + SM_{2002} + SM_{2003}}{5} \right)$$

where:

SM_{year} is the total customer interruptions, calculated in system minutes, for the period of 12 months ending on 30 June in that year;

For each lines business (including Transpower)—

- (e) *customer communication:* the lines business, during the period from the publication date to the second assessment date, is to—
 - (i) properly advise (or ensure that another person properly advises on its behalf) its customers about the price-quality trade offs available to them in relation to the goods and services provided by the lines business; and
 - (ii) consult (or ensure that another person consults on its behalf) with its customers about the quality of goods and services that they require, with reference to the prices of those goods and services; and
 - (iii) properly consider the views expressed by customers during and after that consultation; and
 - (iv) adequately take these views into account when making its asset management decisions.
- (2) If during the period from 31 March 1998 to 31 March 2004 a lines business is involved in a purchase, merger, takeover, disposal, or other transaction, which results in a change in its total customers or system length of 10% or more, *subclause (1)(a) and (b)* will apply as if the transaction occurred on 31 March 1998.
- (3) Despite the other provisions of this clause 6, if the Commission is satisfied that, because of lack of information, it is not practicable to determine whether a lines business has complied with *subclauses (1) and (2)*, the lines business will be regarded as having complied with the quality threshold if it demonstrates beyond reasonable doubt, by use of an alternative approach that has equivalent effect to those subclauses, that the substance of those subclauses has been complied with.

7 Information Requirements

- (1) The Commission hereby requires every lines business to publicly disclose and publish on the Internet, within 35 working days of each assessment date that is relevant to the lines business, the following statement and documents:
 - (a) A written statement that—
 - (i) if the assessment date concerned relates to the price path threshold, confirms the lines business' compliance, or otherwise, with the price path threshold, and includes evidence to this effect in the form of revenues, prices, list of excluded services (and the reasons and supporting evidence for excluding these services), and other data and information that supports the confirmation; and
 - (ii) if the assessment date concerned relates to the quality threshold, confirms the lines business' compliance, or otherwise, with the quality threshold, and includes evidence to this effect in the form of SAIDI and SAIFI figures (number of unplanned interruptions and total customer interruptions in the case of Transpower), asset management plans, and other data and information that supports the confirmation; and
 - (iii) includes such other information as is sufficient to enable the Commission to properly determine whether or not the threshold concerned has been breached:
 - (b) A report on the above statement that is signed by an auditor and is in the form set out in Schedule 1:
 - (c) A certificate in the form set out in Schedule 2, duly signed by two directors of the lines business, or one director if that lines business has only one director.
- (2) If a lines business considers that *clause 5(4) or 6(3)* applies, the threshold compliance statement and auditor's report required by *subclause (1)(a) and (b)* must state that, in the view of the lines business or auditor,—
 - (a) it is not practicable to determine whether the lines business has complied with the subclauses concerned (*subclauses 5(1) to (3)* in the case of the price path threshold and *subclauses 6(1) and (2)* in the case of the quality threshold) because of lack of information or (in the case of *clause 5(4)* only) the subclauses concerned being clearly meaningless in relation to the lines business; and
 - (b) the lines business has demonstrated beyond reasonable doubt, by use of an alternative approach that has equivalent effect to the subclauses

concerned, that the substance of those subclauses has been complied with—

but the threshold compliance statement and auditor's report need not state whether the Commission is satisfied as to the matters referred to in *paragraph (a)*.

- (3) Under section 57U of the Act, every lines business is required to supply to the Commission—
 - (a) a copy of each statement and documents disclosed under *subclause (1)*, within 5 working days after the statement and documents are first so disclosed; and
 - (b) all further statements, reports, agreements, particulars, and other information requested in writing by the Commission which, if the Commission so requires, must be verified by statutory declaration.
- (4) A lines business need not include in a statement under *subclause (1)* any information that it considers is commercially sensitive if—
 - (a) it has given the information concerned to the Commission and advised the Commission in writing of the reasons for the exclusion; and
 - (b) that information is covered by the report required under *subclause (1)(b)* and the certificate required under *subclause (1)(c)*; and
 - (c) the Commission has not objected to the exclusion of the information.
- (5) An audit report given for the purposes of *subclause (1)(b)* may be qualified only if—
 - (a) the auditor considers that the statement concerned—
 - (i) fails to comply with this clause 7; or
 - (ii) fails to give a true and fair view of the matters to which it relates (having regard to any information or explanations that may have been provided by the directors of the lines business); and
 - (b) the audit report explains with full reasons the respects in which the statement so fails.
- (6) If any further statements, reports, agreements, particulars, or other information are required to be supplied by any person to the Commerce Commission under section 57U(1)(b) of the Act, the Commission may require that information to be verified by statutory declaration by a director of that person in the form set out in

Schedule 3. The Commission may also require that person to have that information reported on by an auditor.

- (7) Copies of this notice are available for inspection free of charge at the Commission (during ordinary office hours) and on the Internet, or for purchase at a reasonable price at the Commission.
- (8) When a lines business publishes any information on the Internet as required under *subclause (1)*, it must also publicly disclose the Uniform Resource Locator (URL) of the Internet site where that information can be found.

Dated at Wellington this 6th day of June 2003.

COMMERCE COMMISSION

SCHEDULE 1

FORM OF AUDITOR'S REPORT ON THRESHOLD COMPLIANCE STATEMENTS

To the readers of the threshold compliance statements of [insert name].

I/We have examined the attached statement, being a threshold compliance statement in respect of a price path and/or quality threshold that was prepared by [insert name of lines business] for assessment on [insert assessment date] and dated [insert date] for the purposes of information requirements set out in clause 7 of the Commerce Act (Electricity Lines Thresholds) Notice 2003 ("the Notice").

Directors' Responsibilities

Clause 7 of the Notice requires the Directors of [insert name of lines business] to prepare certificates that confirm the compliance, or otherwise, of [insert name of lines business] with the thresholds set out in clauses 4, 5 and 6 of that Notice.

Auditor's Responsibilities

It is my/our responsibility to express an independent opinion on the threshold compliance statements certified by the Directors and report my/our opinion to you.

Basis of Opinion

My/Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the attached threshold compliance statements. It also included assessment of the significant estimates and judgments, if any, made by the lines business in the preparation of the threshold compliance statements and assessment of whether the basis of preparation had been adequately disclosed.

I/We planned and performed my/our audit so as to obtain all the information and explanations which I/we considered necessary. I/We obtained sufficient evidence to give reasonable assurance that the statement is free from material misstatements, whether caused by fraud or error or otherwise. In forming my/our opinion I/we also evaluated the overall adequacy of the presentation of information in the statement.

Other than in my/our capacity as auditor I/we have no relationship with or interests in [insert name of lines business] other than our capacity as auditor/other than our capacity as auditor and [insert relationship and/or interests including statement verifying that no conflict of interest exists].

***Unqualified Opinion**

I/We have obtained all the information and explanations I/we have required. In my/our opinion, having made all reasonable enquiry, to the best of my/our knowledge, the attached threshold compliance statement of [name of lines business], and related information has been prepared in accordance with the Notice, and gives a true and fair view of the performance of [insert name of lines business] as required by the Notice against the threshold/s set out in the Notice for assessment on [insert assessment date].

OR

***Qualified Opinion**

My/Our opinion is qualified as follows:

[Insert the nature of the qualification together with the impact on the threshold compliance statements].

My/Our audit was completed on [insert date] and my/our opinion is expressed as at that date.

[Signature of Auditor]

[Name of auditing firm]

[Address of auditing firm]

[Date]

*Delete that which is inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$10,000 in the case of an individual or \$30,000 in the case of a body corporate.

SCHEDULE 2

FORM OF CERTIFICATION OF THRESHOLD COMPLIANCE STATEMENT

We, [insert full names], being directors of [insert name of lines business] certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached threshold compliance statement of [name of lines business], and related information, prepared for the purposes of the Commerce Act (Electricity Lines Thresholds) Notice 2003 complies with the requirements of that notice except in the following respects*:

[insert description of non-compliance].

[Signatures of Directors]

[Date]

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$10,000 in the case of an individual or \$30,000 in the case of a body corporate.

SCHEDULE 3

FORM OF STATUTORY DECLARATION IN RESPECT OF FURTHER INFORMATION
REQUESTED BY THE COMMERCE COMMISSION

I [insert full name], of [insert address], being a director of [insert name of lines business], solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge and belief, the information attached to this declaration—

- a) is the information [specify] requested by the Commerce Commission on [insert date] under section 57U(1)(b) of the Commerce Act 1986; and
- b) contains all the information [specify] in the possession, or under the control, of [insert name of lines business] that relates to that request.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Declared at this day of Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration).

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$10,000 in the case of an individual or \$30,000 in the case of a body corporate.

EXPLANATORY NOTE

This note is not part of the notice, but is intended to indicate its general effect.

The purpose of this *Gazette* notice is to—

- (a) set thresholds for the declaration of control in relation to large electricity lines businesses, pursuant to section 57G of the Commerce Act 1986; and
- (b) require those businesses to make publicly available certain information relating to their operation and behaviour, pursuant to section 57T of that Act.

The Commission, having conducted a comprehensive process of consultation, has decided to set two thresholds – a price path threshold and a quality threshold. These two thresholds will underpin the achievement of the purpose of the targeted control regime.

The Commission's thresholds are a screening mechanism. The Commission is required to assess one or more lines businesses and identify those that breach the thresholds and may further investigate their performance. Further investigation may lead to control of one or more lines businesses.

Further detail regarding the thresholds for the declaration of control in relation to large electricity lines businesses can be found in a Decision Paper (*Regulation of Electricity Lines Businesses, Targeted Control Regime, Threshold Decisions*), published by the Commission on 6 June 2003.