

Information Disclosure Regulation

Electricity Lines Services and Gas Pipeline Services

Process Update

12 September 2011



COMMERCE COMMISSION

Regulation Branch

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Purpose

- 1 The purpose of this Process Update Paper (**Process Update Paper**) is to advise interested parties of the updated process the Commerce Commission (**the Commission**) expects to follow in determining how information disclosure (ID) regulation applies to businesses supplying electricity distribution services (EDBs), gas pipeline services (GPBs), and Transpower. This paper:
 - summarises progress since the April 2011 Process Update¹;
 - identifies additional consultative steps which are proposed by the Commission before releasing draft Information Disclosure requirements; and
 - proposes revised timeframes for issuing the draft and final Information Disclosure requirements.
- 2 Submissions are not sought on this paper, rather this paper sets out how interested parties can participate in the process for developing the information disclosure requirements including in submissions on the draft ID determinations, and in a proposed briefing on emerging views for information disclosure.

Progress since last Process Update

- 3 Since the last process update in April 2011, we have:
 - undertaken a series of workshops on, for example, asset management plans for suppliers of gas pipeline services, financial and pricing-related disclosures, and a potential Asset Management Maturity Assessment Tool. Documents relating to the workshops are on our website at <http://www.comcom.govt.nz/part-4-review-of-electricity-information-disclosure-requirements/>;
 - met with a number of other stakeholders, including consumer representatives, to better understand how they use information disclosed under the current ID requirements, and what changes (if any) they consider should be made; and
 - continued to develop our proposals regarding ID and how this links with our obligation to undertake summary and analysis of the information provided under ID.

Additional consultative steps

- 4 The Commission had envisaged that the workshops in May and June would be the final consultative step prior to release of the draft ID requirements. The Commission now proposes two additional steps before releasing the draft requirements for consultation.
- 5 The first additional step is a briefing in which the Commission will present its emerging views on information disclosure. This briefing will summarise the Commission's

¹ Commerce Commission, *Information Disclosure Regulation Electricity Lines Services and Gas Pipeline Services Update on Process*, 15 April 2011.

thinking on information disclosure and its views on the type and format of information that is required:

- to ensure there is sufficient information to enable interested persons (and in particular the Commission) to assess whether the purpose of Part 4 is being met, and
 - to understand the performance of individual regulated suppliers, their relative performance and changes in performance over time.
- 6 The Commission proposes this briefing will be held on 7 October, at 152 The Terrace Wellington. Further details will be advised shortly.
 - 7 We will provide an opportunity for targeted submissions on certain matters following the briefing. At the briefing, we will advise participants of the process for making post-briefing submissions, including the specific topics on which submitters are invited to comment in those submissions. The purpose of the post-briefing submissions will be to assist the Commission in making its draft ID Determination, in regard to the specific matters identified at the briefing.
 - 8 All interested parties will have the opportunity to submit on all matters included in the Commission's full proposal for ID regulation after release of the draft ID requirements and reasons paper. That includes an opportunity to make cross-submissions.
 - 9 The second additional step is to establish an ID technical reference group(s) to consider the definition of the specific types of information necessary to assess whether the purpose of Part 4 is being met. The types of information to be considered by the ID technical reference group(s) will be identified at the briefing. It relates to assets and costs. The role of the proposed ID technical reference group(s) is to provide practical input and ensure the information requirements are useful to suppliers and interested persons, are practicable, and are cost-effective. The Commission intends to use the input from the ID technical reference group(s) to assist it in preparing draft ID requirements for consultation.

Information disclosure and summary and analysis

- 10 Section 53B(2)(b) of the Commerce Act requires the Commission to undertake a summary and analysis of the information disclosed by regulated suppliers under information disclosure. The purpose of this summary and analysis is to promote greater understanding of the performance of individual regulated suppliers, their relative performance, and the changes in performance over time.
- 11 One important aspect of summary and analysis will be an assessment of the cost efficiency of electricity line and gas pipeline suppliers (that is, assessing the cost of supplying regulated services, between suppliers and over time). The Commission proposes to present its views (to date) on this issue at the briefing on emerging views on information disclosure mentioned in paragraph 5.

Process and next steps for EDBs and GPBs

- 12 Our timeframes, as set out in the April 2011 Process Update Paper, were to issue draft EDB and GPB ID determinations in September 2011 and final determinations by December 2011. The April 2011 paper noted the Commission would issue a process update paper on the development of the Transpower ID requirements in August 2011.
- 13 We now propose to extend the timeframes for releasing draft determinations for consultation to enable us to:
- provide additional consultative steps with interested persons, including regulated suppliers, before finalising the draft information disclosure requirements;
 - reflect our work to date on our approach to undertaking summary and analysis; and
 - undertake consultation on the proposed draft ID requirements for Transpower once the capex input methodology determination is finalised.
- 14 The revised indicative timeframes for developing and finalising the ID determinations for EDBs and GPBs are set out in the table below. The draft ID determinations for EDBs and GPBs are now proposed to be released in December 2011. Draft reasons papers will accompany the release of the draft ID determinations.
- 15 The Commission's intention remains that the final ID determinations will apply in respect of the 2012 disclosure year (2011/12), although, as with previous timeframes, transitional provisions will need to be considered for some requirements.

Information Disclosure requirements for Transpower

- 16 The Commission is also developing the information disclosure requirements for Transpower. Before issuing the draft information disclosure requirements for Transpower, the Commission proposes to:
- hold a workshop on information on Transpower in late November (after the revised draft Capex IM has been released for technical consultation); and
 - discuss certain aspects of the draft Capex IM including the focus on better specifying outputs.
- 17 A draft ID Determination for Transpower is proposed to be released in the second quarter of the calendar year 2012. It will reflect the requirements in the Capex IM which is expected to be finalised in December 2011.

Table: Overview of Key Steps and Indicative Dates

Key Step		Indicative Date
Discussion stage	Completed	April - July 2011
Draft decision stage	Publication of: Process Update Paper	September 2011
	Briefing on: Emerging views on information disclosure	7 October 2011
	ID technical reference group(s) meets to: Provide practical input into approach to, and definitions of, certain information requirements	October to mid November 2011
	Initial workshop on: Transpower ID requirements	Late November 2011
	Publication of: Draft EDBs and GPBs ID Determination(s) Draft EDBs and GPBs Reasons Paper(s)	December 2011
	Submissions due on: Draft EDBs and GPBs ID Determination(s) Draft EDBs and GPBs Reasons Paper(s)	Mid-February 2012
	Cross-submissions due: Draft EDBs and GPBs ID Determination(s)	Late February 2012
EDB / GPB Decision stage	Publication of: EDBs and GPBs ID Determination(s)& Reasons Paper(s)	April 2012
Transpower draft decision stage	Publication of: Draft Transpower ID Determination(s) Draft Transpower Reasons Paper(s)	Second quarter 2012
Transpower final decision stage	Publication of: Final Transpower ID Determination(s) Final Transpower Reasons Paper(s)	Third quarter 2012