

# **Information Disclosure (Input Methodologies Amendment Determination 2024)**

## **Draft Decision - Reasons Paper**

**Date of publication:** 18 July 2024

## Associated documents

Publication date	Reference	Title
1 October 2012	[2012] NZCC 22	<a href="#">Electricity Distribution Information Disclosure Determination 2012</a>
1 October 2012	[2012] NZCC 23	<a href="#">Gas Distribution Information Disclosure Determination 2012</a>
1 October 2012	[2012] NZCC 24	<a href="#">Gas Transmission Information Disclosure Determination 2012</a>
31 March 2023	N/A	<a href="#">Gas-Distribution-ID-Exemption-Vector-Limited-applying-to-all-GDBs-Asset-Management-Plans-during-DPP3-31-March-2023</a>
6 July 2023	ISBN 978-1-991085-23-8	<a href="#">Electricity Distribution Information Disclosure Determination 2012 (Consolidated)</a>
17 August 2023	ISBN 979-1-99-101298-2	<a href="#">Part 4 Targeted Information Disclosure Review - Framework paper</a>
13 December 2023	[2023] NZCC 35	<a href="#">Electricity Distribution Services IM Review 2023 Amendment Determination</a>
13 December 2023	ISBN 978-1-991085-66-5	<a href="#">Part 4 IM Review 2023 Final decision Risks and Incentives topic paper</a>
14 December 2023	ISBN 978-1-991085-65-8	<a href="#">Part 4 Input Methodologies Review 2023 - Final Decision</a>
29 February 2024	ISBN 978-1-991085-74-0	<a href="#">Targeted Information Disclosure Review (2024) – Electricity Distribution Businesses Final Decision - Reasons Paper</a>
29 February 2024	[2024] NZCC 2	<a href="#">Electricity Distribution Information Disclosure (Targeted Review 2024) Amendment Determination 2024</a>

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## Glossary

Acronyms	
<b>AMP</b>	Asset management plan
<b>CPP</b>	Customised price-quality path
<b>Capex</b>	Capital expenditure
<b>DPP</b>	Default price-quality path
<b>DPP3</b>	The third price-quality path regulatory period <sup>1</sup>
<b>DY</b>	Disclosure year
<b>EDB</b>	Electricity distribution business
<b>EDB ID determination</b>	Electricity Distribution Information Disclosure Determination 2012
<b>FENZ</b>	Fire and Emergency New Zealand
<b>GDB</b>	Gas distribution business
<b>GDB ID determination</b>	Gas Distribution Information Disclosure Determination 2012
<b>GTB</b>	Gas transmission business
<b>GTB ID determination</b>	Gas Transmission Information Disclosure Determination 2012
<b>ID</b>	Information Disclosure
<b>IMs</b>	Part 4 input methodologies
<b>IM Review</b>	Input Methodologies Review 2023
<b>IRIS</b>	Incremental rolling incentive scheme
<b>NZ IFRS</b>	New Zealand – International Financial Reporting Standards
<b>Opex</b>	Operational expenditure
<b>Part 4</b>	Part 4 of the Commerce Act 1986
<b>TIDR</b>	Targeted Information Disclosure Review 2024
<b>WUC</b>	Works under construction

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<sup>1</sup> For the avoidance of doubt, the DPP3 regulatory period is 1 April 2020 – 31 March 2025 for EDBs, and 1 October 2022 – 30 September 2026 for gas pipeline businesses.

## Executive summary

**We are proposing changes to information disclosure requirements to improve public information on electricity distribution businesses', gas distribution businesses' and the gas transmission business' performance, and we want to hear your views**

- X1 We are reviewing the information disclosure (**ID**) requirements for electricity distribution businesses (**EDBs**), gas distribution businesses (**GDBs**), and the gas transmission business (**GTB**) to ensure that ID requirements are aligned with the changes from the Input Methodologies Review 2023 (**IM Review**).
- X2 As part of this review, we propose changing some ID requirements and adding some new ID requirements. These changes are aimed at ensuring our ID requirements remain fit for purpose in light of the IM Review.
- X3 This paper outlines our draft decision for changes we are proposing for the Electricity Distribution Information Disclosure Determination 2012 (**EDB ID determination**), Gas Distribution Information Disclosure Determination 2012 (**GDB ID determination**), and the Gas Transmission Information Disclosure Determination 2012 (**GTB ID determination**).
- X4 We want to hear your views on our draft decision. Your feedback will inform our final decision, which we intend to publish in late 2024. You can submit your views to us by 3 September 2024.

## Chapter 1 Introduction

### We are proposing that new and improved information is disclosed

- 1.1 We are proposing changes to the information disclosure (**ID**) requirements that apply to electricity distribution businesses (**EDBs**), gas distribution businesses (**GDBs**), and the gas transmission business (**GTB**) under Part 4 of the Commerce Act 1986 (**Part 4**).

### We set information disclosure requirements to enable stakeholders to assess the performance of EDBs, GDBs and the GTB

- 1.2 ID is a regulatory tool provided for under Part 4. We use it to regulate certain markets where there is little or no competition (and little prospect of future competition) by requiring suppliers in those markets to publicly disclose information about their performance.
- 1.3 All EDBs, GDBs, and the GTB are subject to ID regulation under Part 4 because they operate as natural monopolies (ie, there is little or no competition in the markets for the services they offer).<sup>2, 3</sup>
- 1.4 The purpose of ID regulation is to ensure that sufficient information is readily available to interested persons (stakeholders) to assess whether the purpose of Part 4 is being met.<sup>4, 5</sup> We also analyse and summarise that information into a form that is helpful and easier for consumers and other stakeholders to understand.
- 1.5 An effective ID regime provides transparency to stakeholders on the performance of regulated suppliers. Information is disclosed regularly, to provide an ongoing source of information so that multi-year trends can be identified and monitored over time. This allows stakeholders to assess whether, in relation to a regulated supplier, outcomes are consistent with those produced in a competitive market.
- 1.6 Publishing our analysis of the information that a supplier publicly discloses can also promote incentives for the supplier to improve its performance, by highlighting performance levels, relative performance, and performance trends to stakeholders including other suppliers.

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<sup>2</sup> Section 54F of the Commerce Act 1986 provides that electricity lines services are subject to information disclosure regulation.

<sup>3</sup> Section 55C of the Commerce Act 1986 provides that gas pipeline services are subject to information disclosure regulation.

<sup>4</sup> Section 52A of the Commerce Act 1968 provides the purpose of Part 4.

<sup>5</sup> Section 53A of the Commerce Act 1986 provides the purpose of ID.

**We are reviewing our information disclosure requirements to ensure our regulation remains fit for purpose in respect of the Input Methodologies Review 2023 (IM Review)**

- 1.7 Our proposed changes are focussed on addressing:
- 1.7.1 the amendments to the ID requirements that apply to EDBs, GDBs, and the GTB that are required as a result of the IM Review; and
  - 1.7.2 some minor clarifications and error corrections.
- 1.8 In coming to our draft decision on the above proposed amendments, we have had regard to the requirements in the Part 4 input methodologies (**IMs**) for EDBs, GDBs, and the GTB (following from our IM Review decisions) and the *Part 4 Information Disclosure Reviews – Framework paper*.<sup>6,7</sup> While the framework paper largely focuses on EDBs, the paper provides a broad overview of the information disclosure regime, making it applicable to GDBs and the GTB as well.
- 1.9 This project arises in the context of our previous EDB Targeted Information Disclosure Review 2024 (**TIDR**), which was completed in February 2024. TIDR was a targeted review of a variety of ID requirements for EDBs and resulted in several changes to the EDB ID determination, including its schedules.

**Next steps**

- 1.10 Table 1.1 sets out the key dates of this ID review from here onwards.

**Table 1.1 - Key dates and milestones**

Indicative date	Publication/event
<b>18 July 2024</b>	Draft decision
<b>15 August 2024</b>	Submissions due (4 weeks)
<b>3 September 2024</b>	Cross-submissions due (2 weeks)
<b>6 November 2024</b>	Final decision

- 1.11 Further information on when the changes come into effect can be found in [Table 2.1](#).

<sup>6</sup> More information on the IM Review can be found in the link [here](#).

<sup>7</sup> Commerce Commission, [Part 4 Information Disclosure Reviews – Framework paper](#), (14 December 2023), paragraphs 6-20.

## How you can provide your views

### *Scope of submissions*

- 1.12 The draft decision includes:
- 1.12.1 this reasons paper detailing the proposed changes and the rationale for these changes; and
  - 1.12.2 the draft ID amendment determinations (including their relevant schedules) with our proposed changes marked with tracked changes in red.
- 1.13 We welcome your feedback on:
- 1.13.1 the changes proposed in this paper, including the determination drafting to give effect to them;
  - 1.13.2 any suggestions of improvements to the proposed changes that better meet the desired outcomes;
  - 1.13.3 any suggestions of improvements to the proposed changes that would enable the EDBs, GDBs, and the GTB to more efficiently meet the disclosure outcomes sought;
  - 1.13.4 the proposed timing for when EDBs, GDBs, and the GTB must first comply with amended disclosure requirements; and
  - 1.13.5 any concerns regarding the costs of compliance associated with the changes proposed, including specific information regarding your assessment of such costs.

### **Process and timeline for submissions**

- 1.14 Submissions are due by 5pm on 15 August 2024 and cross-submissions by 5pm on 29 August 2024.
- 1.15 Please email your submissions to: [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz), and include "ID IM Review" in the subject line.
- 1.16 We prefer submissions in formats suitable for data analysis and for publication on our website, such as a Microsoft Word or a PDF document.



## Chapter 2 Reasons for our draft decision

### This chapter discusses our reasons for our draft decision

- 2.1 The purpose of this chapter is to explain our draft decisions to change ID requirements for EDBs, GDBs, and the GTB.
- 2.2 In this chapter, we discuss the key considerations behind our draft decisions and summarise for each amendment:
- 2.2.1 our draft decisions; and
- 2.2.2 the purpose of our draft decisions.
- 2.3 Table 2.1 shows the proposed application dates for issues.
- 2.3.1 The application dates in the EDB, GDB, and GTB IMs relating to ID will apply from disclosure year (**DY**) 2026, eg, for Issue #1 the application date of 1 April 2025 means that the change will apply to data relating to the period 1 April 2025 to 31 March 2026, which must be reported in August 2026.

**Table 2.1 - Proposal Application Dates**

<i>Issue#</i>	<i>Description</i>	<i>Proposed Application Dates</i>
1	Disclosure of IRIS carry forward balances	EDB: 1 April 2025 (DY26)
2	Wash-up account and other carry-forward balances	EDB*: 1 April 2025 (DY26) *(except for “innovation and non-traditional solutions recovered amount” and “Energy efficiency and demand incentive allowance” which come into effect 1 January 2025 (DY25)).  GDB (Gasnet and Vector): 1 July 2025 (DY26)  GDB (Firstgas & Powerco): 1 October 2025 (DY26)  GTB: 1 October 2025 (DY26)
3	Transferred Works Under Construction	EDB: 1 April 2025 (DY26)  GDB (Gasnet and Vector): 1 July 2025 (DY26)  GDB (Firstgas & Powerco): 1 October 2025 (DY26)  GTB: 1 October 2025 (DY26)

<i>Issue#</i>	<i>Description</i>	<i>Proposed Application Dates</i>
4	Network lease opex clarification	EDB: 1 April 2025 (DY26)  GDBs (Gasnet and Vector): 1 July 2025 (DY26)  GDBs (First Gas & Powerco): 1 October 2025 (DY26)  GTB: 1 October 2025 (DY26)
5	Timing of future AMPs and AMP updates	1 January 2025 (DY25)
6	Update assurance standards	1 January 2025 (DY25)
7	Removal of redundant or transitional ID requirements	1 January 2025 (DY25)
8	Schedule 11c error	1 January 2025 (DY25)
9	Other IM-related proposed amendments	EDB: 1 April 2025 (DY26)  GDB (Gasnet and Vector): 1 July 2025 (DY26)  GDB (Firstgas & Powerco): 1 October 2025 (DY26)  GTB: 1 October 2025 (DY26)
10	Other proposed amendments	1 January 2025 (DY25)

### Issue #1 – Disclosure of IRIS carry forward balances

- 2.4 As part of the final decision in the IM Review, we explained that we intend to consult on proposed ID requirements to require non-exempt EDBs to disclose operating expenditure (**opex**) incremental rolling incentive scheme (**IRIS**) carry-forward amounts, and other relevant IRIS information, in their annual information disclosures.<sup>8</sup>
- 2.5 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.

<sup>8</sup> Commerce Commission, [Part 4 IM Review 2023 Final decision Risks and Incentives topic paper](#), (13 December 2023), paragraphs 3.179 and 3.193.

- 2.6 We propose to introduce a new Schedule 3a – Report on Incremental Rolling Incentive Scheme, which will require non-exempt EDBs to disclose their IRIS carry-forward balances.<sup>9</sup> This will be broken up by expenditure category as follows:
- 2.6.1 For opex incentives, we propose two lines:
- 2.6.1.1 a line that discloses the difference between forecast expenditure and actual expenditure for the previous five years and the current year; and
  - 2.6.1.2 a line outlining the cumulative amounts carried forward for the previous five years and into each of the next five years.
- 2.6.2 For capital expenditure (**capex**) incentives we propose two lines:
- 2.6.2.1 the difference between the forecast value of commissioned assets and actual value of commissioned assets for the current year; and
  - 2.6.2.2 the ‘capex incentive amount’ with a breakdown of the retention adjustment plus the capex wash-up for the current year.
- 2.7 We consider the proposed amendments will promote the purpose of ID as they will provide additional information to interested persons on the underspends or overspends of EDBs’ IRIS allowances.
- 2.8 We propose that information for multiple years is disclosed for the opex incentive amounts as the opex IRIS operates over multiple years, while the effect of the capex IRIS is confined to a single year.

## **Issue #2 – Wash-up account and other carry-forward balances**

- 2.9 The final decision in the IM Review was to implement effectiveness improvements to the revenue path wash-up mechanism for EDBs and the GTB.<sup>10</sup>
- 2.10 The changes were made to:
- 2.10.1 give effect to our substantive decisions in respect of inflation risk and connection capex for customised price-quality paths (**CPPs**);
  - 2.10.2 better manage revenue and price volatility;
  - 2.10.3 mitigate potential issues with cashflow timing and financeability; and

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<sup>9</sup> Note the proposed Schedule 3a is in a new and improved layout, similar to our Fibre ID schedules.

<sup>10</sup> Commerce Commission, [Part 4 IM Review 2023 Final decision Risks and Incentives topic paper](#), (13 December 2023), Attachment D.

2.10.4 reduce the complexity of the overall wash-up mechanism.<sup>11</sup>

2.11 The full changes proposed are in Table 2.2 below.

**Table 2.2 – Proposed changes for Issue #2**

<i>EDB</i>	<i>GDB and GTB</i>
<p>Amendments to EDB ID Schedule 2(v):</p> <ul style="list-style-type: none"> <li>- Add “Re-opener event allowance”</li> <li>- Add “Wash-up draw down amount”</li> <li>- Add “Innovation and non-traditional solutions recovered amount”</li> <li>- Add “Urgent project allowance”</li> <li>- Remove “Catastrophic event allowance”</li> <li>- Remove “Capex wash-up adjustment”</li> <li>- Remove “Energy efficiency and demand incentive allowance”</li> <li>- Remove “Transmission asset wash-up adjustment”</li> <li>- Remove “2013–15 NPV wash-up allowance”</li> <li>- Remove “Reconsideration event allowance”</li> </ul> <p>Amendments to EDB ID Schedule 3(ii):</p> <ul style="list-style-type: none"> <li>- Add “Independent engineer costs”</li> <li>- Add “FENZ levies”</li> <li>- Add “DPP specified pass through costs”</li> <li>- Update “Electricity lines service charge payable to Transpower”</li> <li>- Update “Transpower new investment contract charges”</li> <li>- Update “System operator services”</li> <li>- Remove “Distributed generation allowance”</li> </ul>	<p>Amendments to GTB ID Schedule 2(v):</p> <ul style="list-style-type: none"> <li>- Add “Re-opener event allowance”</li> <li>- Add “Wash-up draw down amount”</li> <li>- Add “Urgent project allowance”</li> <li>- Remove “Catastrophic event allowance”</li> <li>- Remove “Capex wash-up adjustment”</li> <li>- Remove “Revenue wash-up drawdown amount”</li> </ul> <p>Added the following line item in GDB Schedule 2(v) line item:</p> <ul style="list-style-type: none"> <li>- Urgent project allowance</li> </ul> <p>Removed the following line item in GDB and GTB Schedule 3(ii) line item:</p> <ul style="list-style-type: none"> <li>- Urgent project allowance</li> </ul>

2.12 The proposed changes to the ID schedules will allow EDBs, GDBs, and the GTB to disclose their wash-up data in the correct format in Schedule 2(v). This aligns the ID requirements with the new IM requirements.

<sup>11</sup> Commerce Commission, [Part 4 IM Review 2023 Final decision Risks and Incentives topic paper](#), (13 December 2023), paragraph D2.

- 2.13 We are also updating the other recoverable costs as part of this issue. We are bringing forward the enforcement date for the removal of "Energy efficiency and demand incentive allowance" and the inclusion of "Innovation and non-traditional solutions recovered amount" in Schedule 2(v). We are doing this so the "Innovation and non-traditional solutions recovered amount" definition captures both:
- 2.13.1 a recoverable cost in the IMs which allows EDBs to disclose this amount in the final year of the current default price-quality path (**DPP**) regulatory period (**DPP3**); and
  - 2.13.2 a recoverable cost in the new IMs, which are in-affect from the next reset onwards.
- 2.14 We also propose to reclassify "Urgent project allowance" in the GDB and GTB ID schedules from Schedule 3(ii) to 2(v). Given the IM definition, we believe it is more suited to be listed as a wash-up than a recoverable cost.
- 2.15 As part of this issue, and in line with the recent changes to clauses 3.1.2 and 3.1.3 of the EDB IM Determination, we also propose reclassifying transmission recoverable costs as pass-through costs in Schedule 3(ii). This proposed amendment relates to EDB ID determination only.<sup>12, 13</sup>
- 2.16 We consider the above amendments will promote the purpose of ID as they will allow regulated providers to disclose information that the ID requirements specify being made consistent with the underlying regulatory rules of the IMs. For further information on how the effectiveness improvements to the revenue path wash-up mechanism and other carry-forward balances will promote the Part 4 purpose, please see our IM Review final decisions.<sup>14, 15</sup>

### Issue #3 – Transferred Works Under Construction

- 2.17 IM changes arising from our IM Review require that works under construction (**WUC**) acquired from another regulated supplier are capped at the cost incurred by the selling party.<sup>16</sup> We propose adding a row to Schedule 4(iv) in each of the EDB, GDB and GTB schedules to provide disclosure of this value.

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<sup>12</sup> Commerce Commission, [Part 4 IM Review 2023 Final decision Risks and Incentives topic paper](#), (13 December 2023), paragraph D12.

<sup>13</sup> Commerce Commission, [Electricity Distribution Services IM Review 2023 Amendment Determination](#), (13 December 2023), clauses 3.1.2-3.1.3.

<sup>14</sup> Commerce Commission, [Part 4 IM Review 2023 Final decision Risks and Incentives topic paper](#), (13 December 2023), paragraph D102.

<sup>15</sup> Ibid, paragraph D23.

<sup>16</sup> Commerce Commission, [Part 4 Input Methodologies Review 2023 – Final decision](#), (13 December 2023), paragraph 4.5.2.

- 2.18 Clause 2.2.11(1) in each of the EDBs, GDBs, and GTB IM determinations requires capital contributions to be deducted from an asset when it is commissioned, but they are often received when the asset is under construction.<sup>17</sup> Clause 2.2.11(4) in each of the EDBs, GDBs, and GTB IM determinations also requires that any revenue derived in relation to WUC, reduces the value of WUC.<sup>18</sup> Schedule 4(iv) does not currently provide for entries for these movements.
- 2.19 To resolve this issue, we propose adding two new rows into Schedule 4(iv) to capture both capital contributions and revenue received from WUC.
- 2.20 Additionally, Schedule 4(iv) currently takes its assets commissioned value from Schedule 4(ii), which is the full assets commissioned amount and includes assets acquired from other parties that are not WUC. With the changes outlined in paragraph 2.19 above, to allow for disclosure of the WUC movements, we need to change the assets commissioned amount that is entered to be only assets commissioned from works under construction. As a solution to this, we propose to break down “Assets commissioned (other than below)” in Schedule 4(ii) into “Assets commissioned from WUC”, and “Assets acquired (other than below)”. The value entered as “Assets commissioned from WUC” in Schedule 4(ii) will then flow down into Schedule 4(iv).
- 2.21 The proposed amendments will align the ID requirements with the decisions made in the IM Review, and reduce the amount of manual calculation required for disclosure. We believe the above amendments will promote the purpose of ID as it enhances the accuracy and completeness of the information disclosed.

#### **Issue #4 – Network lease opex clarification**

- 2.22 Changes to GAAP as a result of the introduction of NZ IFRS 16 mean that leases previously recognised as opex are now required to be recognised as capex for financial reporting purposes. The IMs were amended in 2019 to reflect this.<sup>19</sup>
- 2.23 Due to these changes, the word “leases” is no longer required in the definition of “System Operations and Network Support”. Lease arrangements are required to be accounted for as right-of-use assets and are not included in opex.<sup>20</sup>

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<sup>17</sup> Commerce Commission, [Electricity Distribution Services Input Methodologies \(IM Review 2023\) Amendment Determination 2023](#), (13 December 2023).  
Commerce Commission, [Gas Distribution Services Input Methodologies \(IM Review 2023\) Amendment Determination 2023](#), (13 December 2023).  
Commerce Commission, [Gas Transmission Services Input Methodologies \(IM Review 2023\) Amendment Determination 2023](#), (13 December 2023).

<sup>18</sup> Ibid.

<sup>19</sup> Commerce Commission, [Treatment of operating leases Final Decision](#), (13 November 2019), paragraph X2.

<sup>20</sup> Commerce Commission, [CPP and in-period adjustment mechanisms topic paper](#), (13 December 2024), table A1.

- 2.24 To address this issue, we propose to amend the definition of System Operations and Network Support (EDBs and GDBs) and Network Support (GTB) to remove leases.
- 2.25 The proposed amendment clarifies the correct categorisation of leases in accordance with the IMs. We believe this will promote the purpose of ID as it enhances the accuracy and completeness of the information disclosed.

#### **Issue #5 – Timing of future AMPs and AMP updates**

- 2.26 The DPP regulatory period for GDBs and the GTB has changed from a five-year cycle to four-year cycle.<sup>21</sup> We therefore propose to amend the timing requirements for asset management plans (**AMPs**) so that these regulated businesses, under a four-year regulated period, do not have to disclose AMPs in consecutive years.
- 2.27 The GDB and GTB ID determinations require that each GDB and the GTB disclose at least two AMPs during a regulatory period. The timing of the two mandatory AMPs within a regulatory period, outlined in clauses 2.6.3(1) and 2.6.3(2) of the GDB and GTB ID determinations, are tied to the length of that regulatory period. Due to the Gas DPP3 being four years instead of five, the timing of the second mandatory AMP disclosure during DPP3 differs from previous DPPs. This has meant that GDBs and the GTB are required to disclose two AMPs consecutively.
- 2.28 We issued an exemption in 2023 to prevent GDBs and GTB from having to disclose two consecutive AMPs.<sup>22</sup> This was because we believe that completing two AMPs consecutively during the same regulatory period will likely create a greater administrative burden while providing no additional benefit, particularly since AMP information does not typically change significantly within a single year.
- 2.29 To resolve this issue, we propose to amend the GDB determination and GTB determination to account for a four-year regulatory cycle. So that regardless of the cycle length, we receive the most up-to-date information ahead of the next DPP reset, whilst benefiting interested parties by spreading out the information provided by AMPs over the whole regulatory period. The proposed amendment will still maintain the current requirements for any future times when the businesses are under a five-year DPP.

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<sup>21</sup> Commerce Commission, [Default price-quality paths for gas pipeline businesses from 1 October 2022](#), (31 May 2022, paragraph 4.6.

<sup>22</sup> Commerce Commission, [Gas-Distribution-ID-Exemption-Vector-Limited-applying-to-all-GDBs-Asset-Management-Plans-during-DPP3-31-March-2023](#), (6 April 2023) , paragraphs 1–17.

- 2.30 We believe this proposed amendment meets purpose of ID, as the regulated businesses will still disclose the same number of AMPs as the ID determination requires during a DPP regulatory period. This proposed amendment also ensures that information remains transparent and up-to-date. Further, we consider that it will reduce unnecessary administrative burdens that disclosing full AMPs in consecutive years will create, thereby enhancing the overall efficiency and effectiveness of the ID regime.

#### **Issue #6 – Update assurance standards**

- 2.31 We propose to amend clause 1.4.3 of the ID determination for GDBs and the GTB to update the definitions of “ISAE (NZ) 3000” and “SAE 3100” to refer to the current version of these assurance standards that are issued by the External Reporting Board. We made this amendment to the EDB ID determination during TIDR (2024)<sup>23</sup> and look to do the same in the Transpower ID determination as well.
- 2.32 As an example of the importance of updating these assurance standards, auditors may not be able to sign off, on the basis of an incorporated standard where it has been changed or superseded, as auditors are bound by professional standards as they exist at the time of carrying out the engagement and issuing their opinions.
- 2.33 ISAE (NZ) 3000 and SAE 3100 are incorporated by reference into the ID determination under Schedule 5 of the Commerce Act. We must consult on these amendments if we wish to amend or replace them.<sup>24</sup> Accordingly, we welcome submissions on our proposal to replace the current version incorporated by reference with the latest version of each document.
- 2.34 An amendment to, or replacement of, material incorporated by reference in an ID determination has legal effect as part of that determination only when certain criteria have been met.<sup>25</sup> We consider that those criteria have been met in this case, because:
- 2.34.1 the replacement assurance standards are made by the same organisation that made the original material (the External Reporting Board);
  - 2.34.2 the replacement assurance standards are of the same general character as the original material; and

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<sup>23</sup> Commerce Commission, [Targeted Information Disclosure Review \(2024\) – Electricity Distribution Businesses Final decision – Reasons paper](#), (29 February 2024), paragraph 3.217.

<sup>24</sup> Clause 7(1)(b) of Schedule 5 requires us to consult before material is incorporated by reference where “the Commission proposes to make a Part 4 determination adopting amended or replacement material...”.

<sup>25</sup> Clause 5 of Schedule 5 of the Commerce Act.



2.34.3 the amendment determination setting out these changes, assuming they are adopted, would be the Part 4 determination stating that the replacement material has legal effect as part of the determination.

2.35 We also propose to remove the following:

2.35.1 The guidance note under the definition of “Arm’s length transaction” that refers to ISA (NZ) 550, as this is not needed given that “Arm’s length transaction has the meaning given in the IM determination”.

2.35.2 The definition for “ISA (NZ) 550” as this term is not used anywhere else in the ID determination other than in the guidance note we propose to remove.

#### **Issue #7 – Removal of redundant or transitional ID requirements**

2.36 We propose to remove redundant and transitional requirements from the EDB, GDB, and GTB ID schedules which will no longer be required past DY2024. This will simplify and ensure the schedules are up to date going forward. Additional minor notes will also be removed for information which will be collected from DY2025 onwards.

2.37 These changes do not affect any information disclosed, they are intended to tidy up notes and requirements which are no longer required going forward.

#### **Issue #8 – Schedule 11c error**

2.38 There is currently an error on EDB Schedule 11c: Report on Cybersecurity Expenditure Forecast, which was issued in TIDR. The schedule incorrectly states that the information is required to be audited. We propose to remove this statement from the schedule template.

#### **Issue #9 – Other IM-related proposed amendments**

2.39 We propose to make some minor amendments to align with new and adjusted definitions in the IMs.

2.40 In the EDB, GDB, and GTB ID determinations, we propose to amend some definitions and IM references to align with the IM review. These minor amendments will maintain consistency between the IM and the ID determinations.

#### **Issue #10 – Other proposed amendments**

2.41 We also propose to address some minor clarifications and error corrections.

2.42 We propose to make the following minor amendments:

- 2.42.1 In the GDB and GTB ID determinations, update how we refer to Schedules 1 -13. These updates are consistent with how the EDB ID determination refers to its schedules.
- 2.42.2 In the GDB and GTB ID determinations, update the definition “Gains / (losses) on asset disposals” to match that of the EDB ID determination.
- 2.42.3 Fix errors in some formulas in EDB Schedules 1, 5b, 7 and 9e.
- 2.42.4 Make minor clarifications and correction of typographical errors.