



COMMERCE COMMISSION

TRANSPOWER DISCUSSION WORKSHOP ON INFORMATION DISCLOSURE UNDER PART 4 OF THE COMMERCE ACT 1986

We invite you to a workshop to discuss the results of our initial scoping of an Information Disclosure determination for Transpower and to discuss the concept of an overarching Transpower information statement, as described below.

We wish to discuss the scope of information that Transpower must make readily available to enable any interested party to assess whether the purpose of Part 4 of the Commerce Act 1986 is being met. In particular, for this purpose, we invite discussion on:

- a) the measures of performance which should be included in Information Disclosure to allow interested persons to determine whether the purpose of Part 4 is being met;
- b) the extent to which information reported by Transpower under other mechanisms can be used to satisfy the requirements of Information Disclosure.

The attached draft Workshop Agenda outlines topics we aim to cover in the discussions.

The workshop will be held in Wellington on **Friday 7 September 2012 9:30am–3:30pm** at:
The Commerce Commission
Level 6
44 The Terrace
Wellington

If you wish to attend, please register your interest no later than **Friday 10 August 2012** by emailing the Commission at:

regulation.branch@comcom.govt.nz

Responses should be marked to the attention of Grant Weston, Chief Adviser, Regulation.

Background

We will publish discussion papers prior to the workshop to give you more details on our initial scoping. The following is a brief background, forming the basis of the approach that we are developing.

Transpower is regulated under Part 4 of the Commerce Act 1986 (the Act). It is subject to the following forms of regulation under the Act:

- a) Individual Price-Quality regulation (IPP); and
- b) Information Disclosure (ID).

The Commission made a determination that set Transpower's price-quality path in December 2010¹. This is supported by determinations on the input methodologies that need to be applied by Transpower under the IPP². The Transpower IM Determination sets out the input methodologies that Transpower must apply for information disclosure.

The Act now requires us to make a determination that specifies how ID will apply to Transpower. The purpose of Part 4 is set out in section 52A(1) of the Act.³ More specifically, Subpart 4 of Part 4 of the Act sets out the purpose, effect and scope that the Commission is required to comply with when setting ID regulation. The purpose of ID regulation is to ensure that interested persons have sufficient readily available information to enable them to assess whether the purpose of Part 4 is being met.

Once we enact the ID determination and Transpower commences reporting the required information, under the Act we must publish a summary and analysis of the information to promote greater understanding of Transpower's performance⁴. Therefore, measures of performance and the underlying information used to calculate these measures are significant to you in assessing performance under Part 4, and will also help us to carry out this statutory duty.

We have made significant progress in determining ID regulation for other forms of regulated entities (airports, electricity distribution businesses and gas distribution businesses). This helps us set the principles and scope of the information we might set under an ID determination for Transpower and will be our starting point for developing ID.

¹ Commerce Commission, *Commerce Act (Transpower Individual Price-Quality Path) Determination 2010*, 22 December 2010.

² Commerce Commission, *Transpower Input Methodologies Determination [2012]* NZCC 17, 29 June 2012 (referred to as the Transpower IM Determination), and *Transpower Capital Expenditure Input Methodology Determination [2012]* NZCC 2, 31 January 2012 (referred to as the Capex IM Determination)

³ *Commerce Act 1986*, s 52A(1): 'The purpose of this Part is to promote the long-term benefit of consumers in markets referred to in section 52 by promoting outcomes that are consistent with outcomes produced in competitive markets such that [Transpower]— (a) [has] incentives to innovate and to invest, including in replacement, upgraded, and new assets; and (b) [has] incentives to improve efficiency and provide services at a quality that reflects consumer demands; and (c) share with consumers the benefits of efficiency gains in the supply of the regulated goods or services, including through lower prices; and (d) [is] limited in [its] ability to extract excessive profits.'

⁴ *Commerce Act 1986*, s 53B(2)(b), '...the Commission must, as soon as practicable after any information is publicly disclosed, publish a summary and analysis of that information for the purpose of promoting greater understanding of the performance of [Transpower], [Transpower's] relative performance, and the changes in performance over time.'

Where possible we will look to reduce duplication of information between ID and other mechanisms where Transpower is able to demonstrate that information reported elsewhere also fulfils the requirements of ID. In order to maximise synergies, we will look to use consistent definitions and formats for information required under other mechanisms where appropriate.

Workshop format

The workshop will be a discussion forum chaired by the staff of the Commission. The Chair of each session will invite discussion and may direct specific questions at attendees based on particular topics on which they may have expertise or interest. Attendees will not be required to make any prepared statement to the workshop and may not pose questions to each other at the workshop unless invited by the Chair of the session.

Pre-workshop comments

We are not seeking detailed submissions from interested persons at this time. However, we will consider brief comments on the draft agenda in answer to the following questions:

- a) Are there any additional topics that should be covered? If so, please briefly provide details, including a comment on the relative importance compared with the topics listed in the draft agenda.
- b) Should changes be made to the weighting/focus placed on topics included in the draft agenda?

Our aim is to ensure that discussion does not omit any alternative matters that you consider are significant to the information specifications.

Pre-workshop comments will not be published, but will be taken into account when finalising the agenda for the session.

Pre-workshop comments from registered workshop attendees may be sent no later than **Friday 24 August 2012** by emailing the Commission at:

regulation.branch@comcom.govt.nz

Responses should be marked to the attention of Grant Weston.

Post-workshop comments

We will not transcribe the workshop discussions, but will provide a list of any matters of significance that are raised in the session that we require further comment on. This will be posted on our website following the workshop.

We will welcome submissions on those additional matters from all interested persons. Post-workshop comments on these matters will be accepted up to **Friday 21 September 2012** by emailing the Commission at:

regulation.branch@comcom.govt.nz

Responses should be marked to the attention of Grant Weston.

Following this, we will invite all interested persons to formally submit on the Commission's draft Transpower ID determination in early October 2012. The full updated timetable for formal submissions and cross-submissions will be outlined in our workshop discussion papers.

**Regulation Branch
Commerce Commission
25 July 2012**

DRAFT AGENDA

9:30am–10:00am	Meet and greet (coffee provided)
10:00am–10:30am	1. Commission introductions
10:30am–11:00am	2. Key learnings from determining ID for EDBs and GPBs
11:00am–11:30am	3. Meaning of performance under Part 4 for Transpower
11:30am–12:15pm	4. Information required to assess this performance
12:15pm–12:30pm	5. The role of summary and analysis
12:30pm–1:15pm	Break (light food and coffee provided)
1:15pm–1:45pm	6. Current thinking on how the information requirements will be structured and filled
1:45pm–2:30pm	7. Readily available information being reported elsewhere by Transpower which can be included in ID. Additional information required.
2:30pm–3:00pm	8. Wrap up and next steps (any other topics)
3:00pm–3:30pm	Opportunity for informal debrief (coffee provided)