



Submission on

**Proposed Compliance Requirements for the 2015-2020
Default Price-Quality Paths for Electricity Distributors**

29 August 2014

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1. Introduction

1. Powerco appreciates the opportunity to provide feedback to the Commerce Commission (the “Commission”) on the proposed compliance requirements for the 2015-2020 default price-quality paths for electricity distributors (the “Draft Reasons Paper”)¹.
2. Powerco notes that the following Commission papers, released alongside the Draft Reasons Paper, contain information relevant to the Draft Reasons Paper:
 - a) *Proposed Amendments to Input Methodologies for Electricity Distribution Services* (“IM Amendments”);
 - b) *Proposed Amendments to Input Methodologies: Incremental Rolling Incentive Scheme* (“IRIS IM Amendments”);
 - c) *Electricity Distribution Services Default Price-Quality Path Draft Determination 2015* (“Draft Determination”);
 - d) *Proposed Quality Targets and Incentives for Default Price-Quality Paths from 1 April 2015* (“Quality Targets and Incentives”).
3. These supporting papers have been referenced where relevant. Powerco is also providing separate submissions on the IRIS IM Amendments and Quality Targets and Incentives papers.
4. This submission has been prepared in parallel with the Electricity Networks Association (ENA). We generally agree with the ENA submission with the exception of the preferred disclosure deadline for the compliance statement – our preference is 70 working days rather than 50 working days.

2. Summary

5. Powerco generally agrees with the compliance principles applied by the Commission (in particular that EDBs should have the opportunity to fully recover pass-through and recoverable costs) and acknowledges that the proposals in the Draft Reasons Paper go some way toward reducing the risk of a technical breach of the price path. However, Powerco has some concerns about the specific mechanisms proposed for pass-through costs and recoverable costs.
6. The following table summarises Powerco’s views on the Commission’s proposals and provides recommendations for consideration.

¹ Commerce Commission, *Proposed Compliance Requirements for the 2015-2020 Default Price-Quality Paths for Electricity Distributors*, 18 July 2014.

| Commission proposal | Powerco view |
|--|--|
| Price limits | |
| <p>The Commission proposes to continue setting the price path using notional values based on quantities lagged by two years and retaining the revenue differential term.</p> <p>The Draft Reasons Paper clarifies how retailer quantity wash-ups are to be treated for compliance purposes</p> | <p>Powerco supports this proposal and welcomes the clarification of the treatment of retailer quantity wash-ups.</p> |
| Recovery of pass-through and recoverable costs | |
| <p>The price path is to be determined excluding transmission recoverable costs. These costs are recovered via a transmission balance over the regulatory period. The balance must be zero or less at the end of the regulatory period. The Commission has expressed concern that this may allow EDBs too much flexibility when recovering transmission costs.</p> <p>Non-transmission recoverable costs and pass through costs must be “ascertainable” prior to inclusion in pricing. The cost of debt is added to these costs to recognise the lagged recovery timeframe.</p> | <p>Powerco supports the introduction of the transmission balance, but we believe the same treatment should be extended to other pass-through and recoverable costs.</p> <p>Any negative Transmission balance at the end of the regulatory period should be able to be carried forward to the next regulatory period. This would align with the Commission’s statement that EDBs should have the ability to fully recover pass through and recoverable costs².</p> <p>An acceptable alternative would be the compliance wash-up previously proposed by the ENA.</p> <p>If the Commission decides to maintain its current approach, the meaning of “ascertainable” should be clarified and there should be a clearly defined mechanism for calculating the time value of money.</p> <p>Powerco does not believe EDBs have much flexibility when setting transmission prices to recover transmission costs, as forecast and actual transmission charges and revenues must be disclosed in the compliance statement, and the transmission component of pricing is publicly disclosed.</p> |
| New and modified recoverable costs | |
| <p>New recoverable costs are introduced to support the proposed incentives and other adjustments. The definition of costs of transmission avoided due to the connection of distributed generation is extended to include notionally embedded generation (“DG Allowance”).</p> | <p>We support the addition of the new recoverable costs and the extension of the DG Allowance definition to include notionally embedded generation.</p> |
| Ex ante approval of recoverable costs | |
| <p>Certain recoverable costs will be subject to ex ante approval by the Commission.</p> | <p>Most recoverable costs do not require ex ante approval as the evidential requirement is clear and requires no judgment from the Commission.</p> <p>The exception to this is the energy efficiency and demand side management incentive which Powerco agrees should be subject to ex ante approval.</p> |

² Op cit., para. 3.33 refers.

| Quality Standards set as targets | Powerco view |
|---|---|
| <p>The quality target is set at the historical mean and the quality path is breached if an EDB exceeds the target.</p> <p>Calculating the incentive is included in the Draft Determination. The recoverable cost is lagged and is subject to an adjustment for the cost of debt.</p> <p>The annual compliance statement must include information on major event days and disclose what action is being taken to mitigate any noncompliance and prevent similar non-compliance in the future.</p> <p>The Commission proposes not to take enforcement action for performance above the target and below the collar except in “exceptional circumstances”.</p> <p>The quality path must be recalculated in instances of major transactions or the purchase of assets from Transpower</p> | <p>We have submitted separately on the Quality Paper.</p> <p>In Powerco’s view the cap rather than the mid-point should be the trigger for a finding of non-compliance, as normal statistical variation will inevitably lead to regular exceedance of the mid-point. The “two out of three” rule should also be retained.</p> <p>The Commission has introduced uncertainty by stating that EDBs may be subject to enforcement action in “exceptional circumstances” without defining what this means; the term should be defined.</p> <p>Powerco supports the recalculation of the quality path in the event of major transactions or a purchase of assets from Transpower.</p> |
| Large transactions | |
| <p>The Commission proposes to establish new requirements for specifying the price path for major transactions when a non-exempt EDB transfers assets to another EDB following the guidance in Schedule 4C of the Draft Determination.</p> <p>The requirements for mergers and acquisitions remain unchanged and align with the requirements in the input methodologies.</p> | <p>Powerco supports the new requirements as they clarify how the price path will be amended when major transactions occur. However, the proposed requirements ignore the possibility of non-exempt EDBs transacting with exempt EDBs. The Commission should specifically consider this possibility.</p> |
| Price restructures | |
| <p>The Commission has clarified the definition of price restructures and will require, in instances where quantities for the new price must be estimated, that EDBs provide information to the Commission 30 days prior to the price taking effect.</p> | <p>Powerco appreciates the clarity the definition provides.</p> <p>However, we are uncertain why the Commission requires the specified information when pre-approval is not required.</p> |
| Energy efficiency and demand-side management incentive recovery | |
| <p>The Draft Reasons paper asks EDBs to comment on a possible definition for energy efficiency and demand side management and comment on the interaction with other mechanisms and suggests it could be based on the definition used in New South Wales</p> <p>This recovery is subject to ex ante approval and it is proposed that the application for the request be submitted within 50 working days of the end of the assessment period.</p> | <p>Powerco supports ex ante approval of this recoverable cost as it requires some judgment from the Commission. We recommend that the application be provided alongside either the annual compliance statement or the annual information disclosure in August.</p> <p>Powerco believes that a definition that provides a high degree of confidence that a scheme is either permissible or clearly out of scope would be useful.</p> |
| CPP application dates | |
| <p>The Commission has clarified the CPP application windows and seeks comments on timing.</p> | <p>Powerco appreciates the clarification of the application timing and that applications may be put forward in any year of the regulatory process. Powerco has previously submitted its views on timing as part of its comments on the Orion CPP application.</p> |

| Annual compliance statement | Powerco view |
|--|--|
| Additional information is being required as part of the annual compliance statement, but the requirement that the statement be submitted within 50 working days of the end of the assessment period remains unchanged. | In general, Powerco supports the extended information requirements. However, the extended compliance requirements require more time from EDBs and their auditors than was required during the current RCP. Consequently, we submit that extending the deadline to 70 working days would be appropriate. |

3. Price limits

7. Powerco supports the proposal to continue to assess the price path using notional values based on quantities which are lagged by two years and to retain the revenue differential term.
8. We welcome the Commission’s clarification of the way in which retailer quantity wash-ups are to be treated for compliance purposes. We agree with the approach whereby a distributor that has calculated allowable notional revenue (and set prices) using a pre-wash-up quantity may use the same quantity for calculating notional revenue and determining compliance with the price path. This clarification provides useful guidance to Powerco and its auditors.

4. Recovery of existing pass-through and recoverable costs

9. We welcome the Commission’s acceptance as a principle that EDBs should have the opportunity to recover pass-throughs and recoverables in full³. At present this is not always the case because:
 - a) Prices are set below the allowable level to accommodate errors in the forecasting of pass-through and recoverable costs; and
 - b) The costs themselves and the actual amounts recovered over an assessment period are subject to volume risk.
10. The Draft Reasons Paper has included the following proposed remedies:
 - a) The introduction of a separate transmission balance for transmission recoverable costs; and
 - b) Non-transmission recoverable costs and pass-through costs to be required to be “ascertainable” at the time prices are set, and inflated by the time value of money when there is lagged recovery.
11. The Draft Reasons Paper states that, to comply with the price path, the transmission balance must be less than or equal to zero at the end of the regulatory period.
12. We welcome the Commission’s proposal to apply a balance mechanism to transmission recoverable costs. However, we suggest that this mechanism be extended to include all pass-through and recoverable costs in order to remove forecasting risk and ensure that distributors are able to fully recover costs that are intended to be fully recoverable. The inclusion of all pass-through and recoverable costs in the balance mechanism would also

³ Loc. cit.

avoid the difficulties associated with determining whether or not particular costs are “ascertainable” prior to their inclusion in pricing.

13. Powerco is subject to the “ascertainable” requirement Powerco under the determination for gas businesses and has observed that, while it addresses the forecasting risk, a number of problems have arisen, including:
 - Difficulties caused by the lack of a clear definition of “ascertainable” that can be accepted and applied by auditors;
 - Inconsistencies with the information disclosures due to the lagged nature of the cost recovery, relative to the costs incurred;
 - lack of clearly defined mechanisms to calculate the time value of money;
 - Problems associated with the transition between regulatory periods and regulatory mechanisms (which may also apply to the DPP to CPP transition); and
 - The practical effect of the ascertainable approach is that at least six months’ worth of non-ascertainable costs will never be able to be recovered despite the costs being incurred (and paid for) by distribution businesses.
14. If the Commission decides to maintain its current approach then the meaning of “ascertainable” should be clarified and there should be a clearly defined mechanism for calculating the time value of money used to inflate the costs to be recovered until they are ascertainable and able to be included in prices.
15. As an alternative possible solution, Powerco continues to support the compliance wash-up for pass through and recoverable costs proposed by the ENA and supported by Powerco in submissions on the Process and Issues Paper in April 2014.
16. Also, in order to achieve the Commission’s objective that distributors should have the opportunity to recover pass-through and recoverable costs in full, we submit that any negative transmission balance should be allowed to be carried forward to the next regulatory period. If this is not permitted the inevitable result will be that transmission costs incurred over the regulatory period as a whole will not be able to be fully recovered.
17. The Commission raises a concern about the degree of flexibility EDBs have when setting transmission prices to recover transmission costs. Powerco does not believe this to be an issue as forecast and actual transmission charges and revenues must be disclosed in the compliance statement, and the transmission component of pricing is publicly disclosed. Consequently, we do not believe that any mechanism to restrict this flexibility is required.

5. Creation of new and modified recoverable costs

18. The Draft Reasons Paper, IM Amendments and IRIS IM Amendments papers propose a number of new recoverable costs consistent with the Draft Determination and include a proposed amendment to the recoverable cost definition for transmission costs that an EDB has avoided as a result of the connection of distributed generation.
19. The new recoverable costs will:
 - Enable the quality incentive scheme to be implemented;
 - Enable the “D-factor” for energy efficiency and demand-side management initiatives to be implemented;
 - Allow a wash-up for expenditure on spur assets that were forecast to be purchased but have not been in practice (inevitably a negative figure);

- Allow a wash-up of capex in the final year of the RCP to reflect more accurately the RAB used to forecast return on capital for the next RCP;
- Allow for the costs of the EA's new AUFLS arrangements to be recovered.

20. These are positive changes. Powerco supports the introduction of new recoverable costs to facilitate recovery of the proposed incentives and adjustments for capital purchases in 2015 (including spur assets). We also support the introduction of a recoverable cost to allow for possible changes to the AUFLS arrangements by the Electricity Authority and the proposed amendment to the avoided cost of transmission (ACOT) allowance for distributed generation to include notionally embedded arrangements.

5.1. Transmission asset wash-up adjustment for 2015 forecast asset purchases

21. A wash-up adjustment is proposed for purchases of transmission assets forecast to occur in 2015. Powerco supports this mechanism as a pragmatic approach to accommodate such purchases while the Commission considers the wider issues related to the purchase of transmission assets.
22. The proposed adjustment to the price path is to cover both the value of opex and capex associated with purchases planned for the 2015 assessment period, and included when setting the price path, but which did not proceed in that year. As specified in the IM Amendments, the adjustment will always be negative, recovered in equal proportions in each of the remaining disclosure years and adjusted for the cost of debt.
23. Powerco supports the inclusion of the wash-up adjustment in schedule 5 of the Draft Determination as a simple and transparent approach.
24. Powerco had forecast the purchase of transmission assets in 2015. This purchase has now been deferred to the 2016 assessment period. This will be confirmed in our response to the 53ZD information request issued in August.

5.2. Need to have ex ante approval of certain recoverable costs

25. The Draft Reasons Paper and Draft Determination propose to require the ex ante approval of the following recoverable costs, viz.:
- a) Charges incurred under Transpower new investment contracts;
 - b) Net costs and amounts received in relation to avoided transmission costs as a result of the connection of distributed generation (DG Allowance);
 - c) Transmission costs avoided as a result of having purchased transmission assets;
 - d) Automatic under-frequency load shedding (AUFLS) receipts and payments made under the Electricity Industry Act; and
 - e) Energy efficiency and demand side incentive allowances.
26. Previously only the transmission costs avoided as a result of having purchased transmission assets and the charges incurred under Transpower new investment contracts were subject to Commission review and this was provided on an ex post basis.
27. We recognise that the Commission is intending to remove uncertainty when setting prices by requiring these recoverable costs to be approved prior to inclusion in pricing, but suggest that, with the exception of the energy efficiency and demand side management incentive allowance, ex ante approval of these costs is unnecessary and may hinder the ability of distributors to recover these costs in a timely manner.

28. Transmission recoverable costs will be forecast when setting pricing in accordance with advice received from Transpower and individual contractual arrangements with distributed generation providers. Inserting a pre-approval step for these costs adds substantial time pressure on both distributors and the Commission and is not necessary to remove uncertainty of approval.

5.2.1 Ex ante approval of the energy efficiency and demand-side management incentive allowance

29. Powerco supports the ex ante approval of the energy efficiency and demand side management incentive allowance. This does require review and judgment from the Commission. The requirement to furnish the application for approval within 50 working days of the end of the assessment period and alongside the annual compliance statement is a pragmatic approach, but Powerco may face time constraints in that period that could affect our ability to meet this requirement. Between April and June, we are focused on proving compliance with the price and quality paths, completing statutory financial reporting and preparing the electricity information disclosure. We recognise that the Commission requires time to review the application to allow inclusion in the following year’s pricing and suggest that the application could be provided alongside either the annual compliance statement or the annual information disclosure in August.

5.2.2 Evidence required to support pre-approval and recovery in pricing

30. Several recoverable costs are subject to pre-approval before they can be included in pricing. This may mean recovery is lagged further than possibly intended with the ascertainable requirement. The mix of pre-approval and the requirement to be ascertainable may also hinder recovery as the Draft Determination specifies that the costs must have been accrued or incurred in, or apply to, the two most recent assessment periods.
31. The Draft Reasons Paper and Draft Determination specify the evidence that must be provided to recover both transmission and non-transmission recoverable costs. For charges incurred under Transpower new investment contracts and contracts for avoided transmission costs as a result of the connection of distributed generation, and under the Electricity Authority’s proposed new AUFLS arrangements, the evidence required is readily available to Directors and auditors to establish the existence of the recoverable cost, as shown in table 1. The value of these recoverable costs does not appear to require any additional judgment from the Commission. We therefore suggest that pre-approval of these costs not be required.

Table 1: Evidence of recoverable costs

| Recoverable cost requiring approval | Evidence of cost |
|---|--|
| Charges incurred under Transpower new investment contracts | A copy of the new investment contract |
| Avoided transmission costs as a result of the connection of distributed generation (ACOT) | Any documentation, calculations or other information reasonably necessary to show how the amount was calculated in accordance with any regulation made by the Electricity Authority under the Electricity Act 2010 |
| Automatic under-frequency load shedding (AUFLS) receipts and payments made under the Electricity Industry Act | |

5.2.3 Timeframe for granting ex ante approval of recoverable costs

32. Without prejudicing our above comments, we are also concerned that the Commission is proposing ex ante approval of an extended range of recoverable costs and not providing any timeframe within which approval will be granted.
33. The Commission has noted that definitive timing cannot be established as EDBs may not provide sufficient evidence to assess the application. Powerco requests that the Commission reconsider this approach. Powerco, under the Draft Determination requirements, would submit an application for the recovery of charges under Transpower new investment contracts and ACOT as soon as these charges are known in early December. Our pricing is effectively finalised by mid-January and released to retailers at the end of January.
34. We suggest that the Commission commit to responding to any application for the approval of recoverable costs, whether issuing approval of the recoverable costs, or requesting further information, within 20 working days of receiving the application.

5.3. Ex ante approval process for transmission costs avoided as a result of purchasing transmission assets

35. The input methodologies⁴ specify that an EDB may recover charges it has avoided liability to pay under either the transmission pricing methodology (TPM) or new investment contracts, as a result of purchasing assets from Transpower.
36. The transmission costs avoided when purchasing transmission assets will be calculated via “but for” solves of the TPM. The Electricity Authority is actively reviewing the TPM and is considering a fundamentally different revenue allocation method. The Commission has possibly recognised that this may affect EDBs’ ability to calculate the recoverable cost we can apply in pricing as a result of purchasing assets from Transpower that were subject to a TPM by providing that, in the first recovery year, the recoverable cost be calculated as the difference between transmission costs to be paid to Transpower for the first assessment period following purchase and the counterfactual if Transpower maintained ownership of the assets and, for each subsequent year of the five year recovery period, that the recovery be the same amount in constant nominal terms.
37. The requirement for ex ante approval could be avoided by clearly defining the evidential requirement in the Determination. The recoverable cost included in pricing could then be reviewed ex post as it is currently.

5.4. Confidentiality

38. Powerco advises that the documentation supporting the Commission’s review of the ACOT included in the recoverable costs is commercially sensitive and we therefore request that this information be provided to the Commission only and not subject to further public disclosure.

6. Quality standards as targets

39. In principle, Powerco supports the Commission’s proposal to introduce a revenue-based incentive quality scheme for the 2015 to 2020 regulatory period. The quality incentive proposal is discussed fully in our accompanying submission on the Commerce

⁴ Commerce Commission, *Electricity Distribution Services Input Methodologies Determination 2012*, clause 3.1.3(1)(e).

Commission's (Commission) consultation paper, "*Proposed Quality Targets and Incentives for Default Price-Quality Paths From 1 April 2015*" (Proposed Quality Targets paper).

40. However, we are concerned that for the purpose of assessing compliance with the quality standards, the quality targets are to be set as the quality standard. The target, under the current proposal, is based on a 10 year historical mean. This will inevitably lead to regular non-compliance due to expected statistical variation.
41. Powerco does not support this approach. The cap rather than the mid-point should be the trigger for a finding of non-compliance. The "two out of three" rule should also be retained. Powerco discusses these points further in our accompanying submission on the Proposed Quality Targets paper.
42. Further, the Draft Reasons Paper proposes that:
 - a) No enforcement action is envisaged where performance is over the target but under the cap, except in "exceptional circumstances"; and
 - b) Pecuniary penalties may be sought in addition to the revenue-linked quality incentive scheme.
43. The Commission has noted that the revenue-linked quality scheme will provide distributors with greater certainty with respect to when the Commission is likely to take enforcement action for non-compliance with the quality standard. Unfortunately, this certainty is undermined by the fact that what comprises "exceptional circumstances" is not defined. We strongly recommend that the Commission identify clearly what would constitute "exceptional circumstances".
44. Powerco accepts the additional requirement to include in our compliance statement commentary on the causes of any non-compliance with the quality path, and our actions taken to mitigate any non-compliance with the quality path and prevent similar non-compliance in future assessment periods, albeit that the causes may simply be extreme weather and/or normal statistical variation.
45. Powerco welcomes the inclusion of the re-calculation of the SAIDI and SAIFI targets, caps and collars following a major transaction or purchase of transmission assets from Transpower.
46. We support the additional requirement to include in the compliance statement explanations for major event days as supporting information to enable a more complete understanding of the issues facing the network in any year. (We note that, if the Commission agrees with our proposal to remove MEDs from the regulated SAIDI and SAIFI totals, more detailed information on MEDs is likely to be required.)
47. We support the inclusion of this incentive in pricing via the recoverable cost mechanism proposed.

7. Large transactions

48. Large transactions include:
 - a) Amalgamations and mergers, which, as a category, covers situations where two distributors amalgamate under the Companies Act 1993 (amalgamations), or situations where one distributor takes over another by any other means (mergers); and

- b) Major transactions (other than amalgamations and mergers) that involve the transfer of assets to or from a non-exempt EDB that results in any consumer being supplied electricity lines services by a different EDB.

49. We welcome the clarification of requirements proposed by the Draft Determination and Draft Reasons Paper and support retaining the current approach following an amalgamation or merger.
50. We note the new arrangements proposed where a major transaction occurs and assets are transferred from one non-exempt EDB to another and support the arrangements as a clear means by which to adjust the price path for sellers and buyers.
51. We encourage the Commission to consider further the possibility that major transactions may occur between non-exempt EDBs and exempt EDBs. In such cases the current drafting of the Determination does not recognise an adjustment to allowable notional revenue ("ANR") or recoverable and pass-through costs if a non-exempt EDB purchases the assets under a major transaction with an exempt EDB. This deficiency should be remedied.

8. Price restructures

52. We welcome the clarification of what a price restructuring means and how it is to be treated for compliance purposes. This will help to ensure we avoid any inadvertent risk of non-compliance.
53. The Commission proposes that, in instances where an EDB must estimate quantities in the process of restructuring prices, the EDB must advise the Commission 30 days prior to the pricing taking effect and provide a schedule containing the new prices and corresponding quantities, a description of the methodology used to determine the quantities and the forecast of the quantities for the assessment period in which the price restructure will occur.
54. Powerco has no objection to providing this information but queries why the Commission requires the information prior to the pricing taking effect. There is no pre-approval process signalled and this information could be provided in the annual compliance statement.

9. Demand-side management initiatives

55. Powerco welcomes the clarification of what the Commission requires in support of an application for revenue forgone as a result of energy efficiency and demand-side management incentives, as well as the process for having the amounts approved.
56. We agree that a definition that provides a high confidence that a scheme is either permissible or clearly out of scope would be useful. The definition should be sufficiently robust not to preclude interventions that may only become viable in the future. The definition should therefore be goal oriented.
57. In keeping with the goal oriented approach, Powerco suggests that an energy efficiency or demand-side initiative for an EDB be an activity that achieves one of the following:
- A reduction of the amount of electricity used to meet a consumer need (such as enabling switching to more energy efficient products or the substitution of energy

used where that substitution will reduce peak loads and therefore the long run costs of the network);

- A change to when electricity is used such that that change will reduce peak loads and therefore the long run costs of the network.

58. The Commission currently proposes that the incentive mechanism apply to a broad range of initiatives, excluding tariff-based initiatives but not necessarily limited to regulated activities, which deliver positive net benefits for the provision of regulated lines services. Views are invited on how the mechanism should interact with current incentives.
59. We do not believe there should be any restriction on the ability of tariff-based mechanisms to benefit from the incentive. These should be able to be considered on a case-by-case basis, as tariff-based mechanisms are often the most effective means of promoting energy efficiency and demand-side management.

10. Annual compliance statement

60. The Draft Determination describes the information which must be included in the annual DPP compliance statement and proposes that the annual compliance statement, including a director's certificate and independent audit report, must be submitted within 50 working days of the end of the assessment period. This timing is the same as under the current default price-quality path regime.
61. The Draft Determination introduces further reporting requirements additional to the current regime. These requirements include the inclusion of transmission recoverable cost information, extended information related to major event days and information on any instances of non-compliance, should they occur. Any energy efficiency and demand-side management application for consideration of recoverable costs is due in the same time frame.
62. Powerco supports the extended information requirements under the Draft Determination but submits that the Commission should recognise the increased workload that will be imposed on EDBs and their auditors to complete the compliance statement.
63. Consequently, we encourage the Commission to consider extending the timeframe in which the compliance statement must be submitted, possibly to 70 working days. Under the current Determination requirements, 50 working days is a challenging timeframe within which to complete the requirements, our internal quality review, external auditor review and provide information to our Board's audit committee and Board meetings.
64. Some synergies could be gained by auditing the quality information for the DPP compliance statement in a similar time frame to an audit of schedule 10 of the Electricity Distribution Services Information Disclosure (ID). The quantities used to calculate the actual transmission recoverable costs received for the assessment period (if remaining at t) are the same quantities subject to internal review for schedule 8 of the ID. These quantities are further audited by our external auditors as they complete the financial year end revenue audit.
65. We continue to support the proposed further five days to publish the compliance statement on our website.

11. Dates for proposing a CPP

66. Powerco appreciates the clarification of the application timing for a CPP. The Draft Determination specifies that, with the exception of the 12 months before the end of a regulatory period, there will be an annual application window in early February, followed by a further application window in early May if no more than four applications are made in the February window.
67. The Draft Reasons Paper seeks feedback on the proposed windows. Powerco supports these windows, consistent with our previous submissions on this matter to the Commission. We also support the two windows together providing a window to apply in every year of the regulatory period.