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**Proposed amendments to information disclosure
determinations for airport services, electricity distribution
services, and gas pipeline services**

Draft companion paper

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Regulation Branch, Commerce Commission
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1. Introduction

Purpose of this paper

- 1.1 This paper proposes amendments to the information disclosure (ID) requirements applying to suppliers of airport services, electricity distribution services, gas distribution services, and First Gas, as a supplier of gas transmission services.
- 1.2 We invite your views on the proposed amendments. Submissions are due by 5pm, 28 July 2017. Chapter 12 provides details on how you can provide your views on this paper and the draft amendments determinations.
- 1.3 By providing your views on this paper and the attached draft amendments determinations, you will help inform our final decision on amendments to the airport services, electricity distribution business (EDB), gas distribution business (GDB) and gas transmission business (GTB) ID determinations that will apply following our final decision.

Structure of paper

- 1.4 Chapter 2 of this paper discusses our process for how we selected the prioritised topics for these proposed ID amendments.
- 1.5 Chapters 3 to 11 of this paper each describe a specific topic that we propose amending as part of these proposed ID amendments, including in each case the current ID requirements, what we are proposing to amend, and when we propose these amendments would take effect.

Information disclosure amendments across sectors we regulate

- 1.6 These proposed ID changes are focused on addressing consequential amendments to the airport services, EDB, GDB and GTB ID determinations arising out of the 2016 Input Methodologies (IM) review. This is not a full review of the ID requirements.
- 1.7 Future ID amendments will be prioritised and phased to address other matters relating to airport services, EDBs, GDBs, GTBs and Transpower which we have deferred at this time.¹

Background to the current ID requirements

- 1.8 The current ID requirements for EDBs, GDBs and GTBs were determined in October 2012.² This followed the determination of the IMs in December 2010.³ Amendments were made to the ID requirements for EDBs, GDBs and GTBs in 2015.⁴

¹ See Attachment A for a listing of potential amendment topics that have been deferred for future consideration.

- 1.9 We recently published further amendments to the GDB and GTB ID determinations on a fast track basis to address workability issues with the disclosure year dates applicable to GDBs and GTBs following the First Gas purchase of Vector’s non-Auckland GDB assets, the GTB previously owned by Vector, and the GTB previously owned by Maui Development Limited.⁵
- 1.10 The current ID requirements for Transpower were determined in February 2014.⁶
- 1.11 The ID requirements for airport services were initially determined in 2010.⁷ Amendments to the ID requirements for airport services were completed in 2012⁸ and further updated alongside the IM review in 2016.⁹

Draft amendments determinations released alongside this paper

- 1.12 Our proposed amendments to the ID determinations in this round of changes are identified as Microsoft Word track changes, except for amendments to the disclosure templates.

² Commerce Commission “Electricity Distribution Information Disclosure Determination 2012” (1 October 2012), Commerce Commission “Gas Distribution Information Disclosure Determination 2012” (1 October 2012) and Commerce Commission “Gas Transmission Information Disclosure Determination 2012” (1 October 2012).

³ Commerce Commission “Electricity Distribution Services Input Methodologies Determination 2010” (22 December 2010), Commerce Commission “Gas Distribution Services Input Methodologies Determination 2010” (22 December 2010) and Commerce Commission “Gas Transmission Services Input Methodologies Determination 2010” (22 December 2010).

⁴ Commerce Commission “2015 Amendment to the Electricity Distribution Information Disclosure Determination 2012” (24 March 2015), Commerce Commission “2015 Amendment to the Gas Distribution Information Disclosure Determination 2012” (24 March 2015) and Commerce Commission “2015 Amendment to the Gas Transmission Information Disclosure Determination 2012” (24 March 2015).

⁵ Commerce Commission “Fast track amendments to information disclosure determinations for gas pipeline services – Companion Paper” (14 June 2017), Commerce Commission “Gas Distribution Information Disclosure Amendments Determination (No.1) 2017” (14 June 2017) and Commerce Commission “Gas Transmission Information Disclosure Amendments Determination (No.1) 2017” (14 June 2017).

⁶ Commerce Commission “Transpower Information Disclosure Determination 2014” (28 February 2014).

⁷ Commerce Commission “Commerce Act (Specified Airport Services Information Disclosure) Determination 2010” (22 December 2010).

⁸ Commerce Commission “Airport Information Disclosure Determination Omnibus Amendment No. 1” (27 February 2012).

⁹ Commerce Commission “Airport Services Information Disclosure Amendments Determination 2016” (20 December 2016).

- 1.13 Proposed changes to the airport services Schedules 1b and 25, EDB Schedules 2, 5c, 5f, 5g, 9a, 9b and 12a, GDB Schedules 2, 3, 5c, 5f, 5g, 9a and 9b, and GTB Schedules 2, 3, 5c, 5f, 5g, 9a and 9b are marked in red text with cells filled in blue.
- 1.14 Chapter 12 provides full details on how you can provide your views on the draft amendments determinations and disclosure templates.

2. How we selected the topics for our proposed amendments

Purpose of this chapter

- 2.1 This chapter describes our approach for selecting topics in the ID determinations for inclusion in these proposed amendments.

How we selected the topics

- 2.2 Potential amendments to our ID determinations can arise from-
- 2.2.1 issues consequential on changes to the IMs;
 - 2.2.2 ambiguities or gaps in our ID determinations, picked up in our current evaluation work, such as our work on price-quality path resets;
 - 2.2.3 ambiguities or gaps in our ID determinations, requiring amendments to enable future summary and analysis work;
 - 2.2.4 complex issues identified by users of the ID determinations;¹⁰ and
 - 2.2.5 less complex administrative issues picked up as part of our compliance testing work or identified by users of the ID determinations.
- 2.3 At any time there are a large number of potential candidates for changes to the ID requirements and it is necessary for us to assess whether the potential changes fit our threshold for immediate change.
- 2.4 Our prioritisation for these proposed amendments has been carried out in accordance with the purpose of ID under the Commerce Act, which is to ‘ensure that sufficient **information** is **readily available** to **interested persons** to assess whether the purpose of this Part [4] is being met.’¹¹ [*emphasis added*]
- 2.5 Key points we considered when making the proposed amendment decisions in accordance with the ID purpose are:
- 2.5.1 continued relevance of the information we are currently requiring;
 - 2.5.2 relevance of any new information we are proposing to require; and

¹⁰ Users of the ID determinations have identified issues with the application of the ID determinations, which have been collated in an issues register. See Commerce Commission “Issues Register for Electricity and Gas Information Disclosure (30 June 2016).

¹¹ Commerce Act 1986, s 53A.

- 2.5.3 importance of getting a series of data on key data points over sufficient periods.
- 2.6 These proposed amendments address some multi-sector disclosure issues consequential on changes to the IMs in the 2016 IM review, some administrative issues picked up as part of our compliance testing work, and some 'low effort, high value' amendments to the EDB asset health requirements.
- 2.7 We are proposing these changes because:
- 2.7.1 they address issues consequential on changes to the IMs to give effect to some of our 2016 IM review decisions and increase consistency between our ID and IM determinations;
- 2.7.2 we anticipate future work on asset health to continue to be a relatively high priority for our summary and analysis work; and
- 2.7.3 they address some administrative and non-complex issues picked up as part of our compliance testing work.
- 2.8 In our 2015 amendments to ID determinations for EDBs, GDBs and GTBs, we identified matters deferred to future rounds of amendments.¹² Some of the matters deferred at that time were addressed as part of the 2016 IM review through amendments to our IM determinations.¹³
- 2.9 Some complex issues identified by users, which were deferred in 2015, have been combined with issues arising since then and are summarised as deferred issues in Table A.1.

Proposed further consultation – items identified in airports price setting events

- 2.10 We are intending to consult soon on technical updates to our airport services ID determination. These updates would require airports to disclose in their annual backward-looking disclosures the difference between forecast and actuals to date for any risk allocation arrangements, included in their price setting event, which would result in adjustments to prices at a future price setting event. The timing of that round of consultation is linked to when those airports are expected to finalise their 2017 price setting events.

¹² Commerce Commission "Amendments to information disclosure determinations for electricity distribution and gas pipeline services 2015: Final reasons paper" (24 March 2015), p. 59.

¹³ The workstreams identified as 'various amendments to asset valuation, treatment of taxation and cost allocation IMs' and 'IM definitions of operating cost, pass-through costs and recoverable costs' were addressed as part of the 2016 IM review. See Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), chapters 2, 4, 5, 7, 11, 12, 13, 16 and 19.

- 2.11 Those proposed updates are essential for future summary and analysis of airports' ex ante profitability performance for the next price setting event. We wish to consult on those technical updates after this consultation to allow Auckland International Airport Limited (AIAL) and Christchurch International Airport Limited (CIAL) a sufficient opportunity after their 2017 price setting events to engage on them.¹⁴ Those proposed changes may also add value to our future assessment of airports' historical return on investment (ROI) performances.
- 2.12 We are expecting to make final decisions on those technical updates by the same time as our final decisions on the topics discussed in this paper.

Disclosure exemptions may be necessary for some deferred matters

- 2.13 Attachment A provides an overview of the ID matters deferred at this time.
- 2.14 Where we consider the deferral of matters might cause material issues for users, we may consider granting disclosure exemptions for regulated services on a case-by-case basis. We have so far identified one possible exemption to enable AIAL and CIAL to provide users with relevant ROI information, which is described in further detail below.

Proposed conditional exemption for AIAL and CIAL from Report on Return on Investment pending a future ID change

Background

- 2.15 Following the completion of our 2016 IM review, there has been an inconsistency in approach for assessing profitability between our backward-looking financial return requirements and our forward-looking financial return requirements for AIAL and CIAL. We consider this could prevent AIAL and CIAL providing relevant information to users.
- 2.16 Our proposal for a conditional exemption is intended as a short-term measure until we make a future amendment to the backward-looking ROI requirements for consistency with the forward-looking internal rate of return (IRR) requirements.
- 2.17 Our current assumption is that we would make a more permanent amendment to the ID requirements by changing the backward-looking disclosure requirements once all three affected airports have completed their price-setting events and have identified their forecast closing carry forward adjustments. We do not consider it practical or valuable to users to be making multiple amendments to this requirement over the course of the various price setting events. Wellington International Airport

¹⁴ AIAL and CIAL are expected to disclose their price setting event information in July 2017.

Limited (WIAL) is not scheduled to complete its price setting event until 2019 and it therefore does not currently have an inconsistency in approach between its current price setting event and its backward-looking ROI disclosure requirements.

Current return on investment requirements

- 2.18 Following their forward-looking price setting events in June 2017, AIAL and CIAL are required to assess profitability by disclosing-
- 2.18.1 a forward-looking IRR for the current pricing period, including an opening investment value, a forecast closing investment value and forecast cash-flows over the duration of the pricing period;¹⁵ and
 - 2.18.2 a carry forward mechanism that can be used to adjust the opening investment value and the forecast closing investment value used in an IRR calculation.¹⁶
- 2.19 However, AIAL and CIAL's backward-looking ID requirement in the Report on Return on Investment does not require the disclosure of-
- 2.19.1 an annual backward-looking IRR, including an opening investment value, a closing investment value and historical cash-flows over the current pricing period; or
 - 2.19.2 a carry forward mechanism that can be used to adjust the opening investment value and the closing investment value used in an IRR calculation.¹⁷

Proposed conditional exemption terms

- 2.20 We propose granting the following conditional exemption for AIAL and CIAL from complying with the ROI requirements of the airport services ID determination for their disclosure year 2018 ended 30 June 2018 and their disclosure year 2019 ended 30 June 2019:¹⁸

¹⁵ Commerce Commission "Input Methodologies review decisions Topic Paper 5: Airports profitability assessment" (20 December 2016), p. 48.

¹⁶ Commerce Commission "Input Methodologies review decisions Topic Paper 5: Airports profitability assessment" (20 December 2016), p. 49.

¹⁷ Commerce Commission "Airport Services Information Disclosure Determination 2010 – consolidating all amendments as of 20 December 2016" (20 December 2016), Schedule 1.

¹⁸ As required by clause 2.3(1)(a)(i) and 2.3(1)(b) of the Commerce Commission "Airport Services Information Disclosure Determination 2010 – consolidating all amendments as of 20 December 2016" (20 December 2016) and included in Schedule 1.

“The Commission considers that a conditional exemption is necessary for [the clause 2.3(1)(a)(i) and 2.3(1)(b) of the Airport Services Information Disclosure Determination 2010] ID requirement due to the inconsistent profitability assessment approach required for [AIAL/CIAL] following our [Airport Services Information Disclosure Amendments determination 2016] amendments determination. We consider that having [AIAL/CIAL] comply with the current Report on Return on Investment requirements in the ID determination would require [AIAL/CIAL] to disclose information which is not useful for interested parties.

Under clause 2.9(1)(a) of the ID Determination, by this notice and subject to the following condition, the Commission grants [AIAL/CIAL] an exemption for the disclosure year ended 30 June 2018 and the disclosure year ended 30 June 2019 from completing and publicly disclosing the Report on Return on Investment set out in Schedule 1.

This exemption is granted on the condition that [AIAL/CIAL] includes with its annual disclosure of its financial position for the disclosure year ended 30 June 2018 and the disclosure year ended 2019-

- (a) an annual return on its regulatory asset base, on a post-tax basis, using an approach consistent with its disclosed pricing methodology;
- (b) the calculation used to produce its annual return;
- (c) the assumptions used for its annual return, including-
 - a. cash-flow timings for revenue and expenditure; and
 - b. any carry forward adjustments used to adjust its opening and closing regulatory asset base value; and
- (d) a description of how its annual return is consistent with its pricing methodology, identifying all material differences with its approach to its pricing methodology.”

3. Airport services interpolated initial regulatory asset base value for land

Purpose of this chapter

3.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the airport services ID determination in relation to the interpolated initial RAB value for land. These changes are summarised in Table 3.1.

Table 3.1: Amendments to interpolated initial regulatory asset base value for land for airport services

Area of change	Amendments to the ID determination	Affected clauses and schedules*
Inclusion of interpolated initial RAB value for land	<ul style="list-style-type: none"> • Propose including a new transitional schedule for the 2018 year-end disclosure in the airports ID determination which requires information to assess the unallocated and allocated initial RAB value for land • Propose including new defined terms in the airports ID determination, consistent with the airport services IM determination- <ul style="list-style-type: none"> ○ 'capital expenditure on land for disclosure year 2010'; ○ 'capital expenditure on land for disclosure year 2011'; ○ 'estimated value of land assets for the 2009 year'; ○ 'estimated value of land assets for the 2011 year'; ○ 'value of disposed assets on land for disclosure year 2010'; and ○ 'value of disposed assets on land for disclosure year 2011'. • Propose requiring that airports use the cost allocation approach they used for disclosure year 2010 when determining the allocated initial RAB value for land. 	<p>Airport services clause 1.4(2), 2.10(2)-(3)</p> <p>Airport services Schedule 25</p>

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

Interpolated initial regulatory asset base value for land

Current airport services ID requirements

- 3.2 The current airport services ID determination does not require the disclosure of a proxy for the initial RAB value for land as at calendar year 2010. As part of our 2016 IM review we introduced a pragmatic proxy for the initial RAB value for land as at calendar year 2010 into our airport services IM by interpolating 2009 and 2011 RAB land values based on existing market value alternative use (MVAU) valuations.¹⁹

Proposed airport services ID change

- 3.3 We propose introducing a transitional schedule requiring the disclosure of information used to calculate the initial RAB value for land as at calendar year 2010 in accordance with the calculation specified in our airport services IM.²⁰
- 3.4 We propose requiring the disclosure of an airport's unallocated initial RAB value for land and an allocated initial RAB value for land, using the airport's cost allocation approach for disclosure year 2010.²¹ Having this information is useful for future summary and analysis, as the initial value of land will provide an objective starting point for the assessment of airports' financial returns from the beginning of the regime.²²
- 3.5 As the initial RAB value for land is not information which needs to be disclosed annually, we propose including it as a transitional schedule, which will be removed from the airport services ID determination following disclosure of the information.

Proposed effective date for ID amendment

- 3.6 We propose that our amendments apply for the 2018 year-end disclosure to allow airport services sufficient time to complete the new schedule.

¹⁹ Commerce Commission "Input Methodologies review decisions Topic Paper 5: Airports profitability assessment" (20 December 2016), at 165.

²⁰ Commerce Commission "Airport Services Input Methodologies Determination 2010 - consolidating all amendments as of 20 December 2016" (20 December 2016), clause 3.2(3).

²¹ Commerce Commission "[DRAFT] Airport Services Information Disclosure Amendments Determination 2017 (30 June 2017), clause 2.10(2)-(3) and Schedule 25.

²² Following the High Court judgment in the merits appeals, we made amendments in 2014 to the Airports IMs to assess the initial RAB value for land to be assessed as at 2010. Airports currently have MVAU land valuations for the years 2009 and 2011, not 2010. As part of our 2016 IM review, we introduced a pragmatic proxy for the initial RAB value for land as at 2010 as a solution to this issue. See Commerce Commission "Input Methodologies review decisions Topic Paper 5: Airports profitability assessment" (20 December 2016), pp. 164-165.

4. Airport Services, EDBs GDB and GTB cost allocation information

Purpose of this chapter

4.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the airport services, EDB, GDB and GTB ID determinations in relation to cost allocation information. These changes are summarised in Table 4.1.

Table 4.1: Amendments to cost allocation information for airport services

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
Airport services, EDBs, GDBs, and GTBs proxy allocator information	<ul style="list-style-type: none"> • Propose requiring that airport services, EDBs, GDBs, and GTBs using proxy allocators to explain why they have used a- <ul style="list-style-type: none"> ○ proxy rather than a causal allocator; and ○ particular quantifiable measure as the proxy allocator. 	Airport services clause 1.4(3) definitions Airport services clause 2.3(4) EDB, GDB, and GTB clause 1.4.3 definitions EDB, GDB, and GTB clause 2.3.5(5)
EDB, GDB, and GTB avoidable cost allocation methodology	<ul style="list-style-type: none"> • Propose removing the disclosure requirement requesting EDBs, GDBs, and GTBs to state whether they have allocated costs in aggregate using the avoidable cost allocation methodology in accordance with the IMs; and • Propose including a requirement in the EDB, GDB, and GTB ID determinations requiring a summary of all instances where ACAM has been applied as a limit on the maximum value of operating costs or regulated service asset values. 	EDB, GDB, and GTB clause 1.4.3 definitions EDB, GDB, and GTB clause 2.3.5(6), and Schedules 5f and 5g

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

Proxy allocator cost allocation information changes

Current airport services, EDB, GDB and GTB ID requirements

- 4.2 The current airport services, EDB, GDB, and GTB ID requirements do not require regulated suppliers that use proxy allocators to explain why they have used a proxy rather than a causal allocator and why they have used a particular quantifiable measure as the proxy allocator. This is inconsistent with our airport services, EDB, GDB, and GTB IM determinations, which now require regulated suppliers to provide this information following our 2016 IM review.²³

Proposed airport services, EDB, GDB and GTB proxy allocator ID changes

- 4.3 We propose including specific requirements in the airport services, EDB, GDB, and GTB ID determinations requiring that regulated suppliers using proxy allocators explain why they have used a proxy rather than a causal allocator and why they have used a particular quantifiable measure as the proxy allocator. We have proposed this requirement to increase consistency between our ID and IM requirements and to make sure that suppliers disclose this information when using proxy allocators.

Proposed effective date for ID amendments

- 4.4 We propose that our amendments apply for the 2018 year-end disclosure onwards for consistency with our EDB, GDB and GTB IM amendments determinations following the 2016 IM review, which require that cost allocation amendments apply from the commencement of disclosure year 2019.²⁴

ACAM cost allocation information changes

Current EDB, GDB and GTB ID requirements

- 4.5 Our current EDB, GDB, and GTB ID determinations do not reflect our 2016 IM review decision to remove the avoidable cost allocation methodology (ACAM) as a stand-alone cost allocation option. However, the ID determinations currently allow EDBs, GDBs, and GTBs to state whether they have allocated costs in aggregate using ACAM in accordance with the IMs.²⁵

²³ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), pp. 13-14.

²⁴ Commerce Commission “Electricity Distribution Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 1.1.2(4)(a), Commerce Commission “Gas Distribution Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 1.1.2(4)(a) and Commerce Commission “Gas Transmission Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 1.1.2(4)(a),

²⁵ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 10, Commerce Commission “Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 5f-5g, Commerce Commission “Gas Distribution

- 4.6 The EDB, GDB, and GTB IM determinations (as amended in the 2016 IM review) require that the maximum value of operating costs or regulated service asset values that may be allocated to the regulated services cannot exceed the total value of operating costs or regulated service asset values (as applicable) that would be allocated using ACAM.²⁶

Proposed EDB, GDB and GTB ACAM ID changes

- 4.7 As our EDB, GDB, and GTB IM determinations no longer allow the use of ACAM as a stand-alone cost allocation option, we propose removing the disclosure requirement requiring EDBs, GDBs, and GTBs to state whether they have allocated costs in aggregate using ACAM in accordance with the IMs. This will improve consistency between our ID and IM requirements.
- 4.8 We propose requiring that EDBs, GDBs, and GTBs provide a summary of all instances where ACAM has been applied as a limit on the maximum value of operating costs or regulated service asset values. This will allow stakeholders to assess how often suppliers have used ACAM as a cap on the maximum value of their operating costs or regulated service asset values.
- 4.9 This will reflect our changes as part of our 2016 IM review, where ACAM will not in future be able to be used as a stand-alone cost allocation option, but under the optional variation to accounting-based allocation approach (OVABAA) EDBs, GDBs, and GTBs will continue to be allowed to allocate costs up to the maximum of the ACAM-calculated level across all regulated services where relevant.²⁷

Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 5f-5g and Commerce Commission “Gas Transmission Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 5f-5g.

²⁶ Commerce Commission “Electricity Distribution Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 2.1.1(4), Commerce Commission “Gas Distribution Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 2.1.1(4) and Commerce Commission “Gas Transmission Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 2.1.1(4).

²⁷ Commerce Commission “Input methodologies review decisions Topic paper 3: The future impact of emerging technology in the energy section” (20 December 2016), p.46.

Proposed effective date for ID amendments

- 4.10 We propose that our ID amendments apply for the 2018 year-end disclosure onwards for consistency with our EDB, GDB and GTB IM amendments determinations following the 2016 IM review, which require that cost allocation amendments apply from the commencement of disclosure year 2019.²⁸

²⁸ Commerce Commission “Electricity Distribution Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 1.1.2(4)(a), Commerce Commission “Gas Distribution Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 1.1.2(4)(a) and Commerce Commission “Gas Transmission Services Input Methodologies Amendments Determination 2016” (20 December 2016), clause 1.1.2(4)(a).

5. Airport services, EDB, GDB and GTB cost of capital

Purpose of this chapter

5.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the airport services, EDB GDB and GTB ID determinations in relation to cost of capital changes. These changes are summarised in Table 5.1.

Table 5.1: Amendments to Airport Services, EDB, GDB and GTB ID determinations for cost of capital

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
Airport services, EDB, GDB, and GTB cost of capital	<ul style="list-style-type: none"> • Propose amending the leverage for- <ul style="list-style-type: none"> ○ the airport services ID determination from '17%' to '19%'; and ○ the EDB, GDB, and GTB ID determination from '44%' to '42%'. • Propose amending the term credit spread differential calculation for EDB, GDB and GTB ID by removing references to the term 'cost of executing an interest rate swap'. <ul style="list-style-type: none"> ○ The term 'cost of executing an interest rate swap' from the definition of 'gross term credit spread differential'; and ○ The column 'cost of executing an interest rate swap' from Schedule 5c and adjusting the calculation • Propose changing references to the term 'debt premium estimates' in the airport services, EDB, GDB, and GTB ID to 'average debt premium estimates' in the definition for 'cost of debt assumption • Propose amending the formula for ascertaining the 'cost of debt assumption' in the airports ID by adding 'debt issuance costs'. 	<p>Airport services clause 1.4(3) definitions, Schedule 1(b)(i)</p> <p>EDB, GDB, and GTB Schedule 2(ii) and 5c(ii)</p> <p>EDB, GDB, and GTB Schedule 16 definitions</p>

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

Airport services, EDB, GDB, and GTB cost of capital - leverage

Current airport services, EDB, GDB, and GTB ID requirements for leverage

- 5.2 The current airport services, EDB, GDB, and GTB ID determinations use a leverage percentage inconsistent with the equivalent IM determinations following the 2016 IM review.
- 5.3 The airport services ID determination currently uses a leverage percentage of 17% and the EDB, GDB, and GTB ID determinations currently use 44%.²⁹
- 5.4 As part of the IM review, we changed the leverage percentage for airport services in the IM determination from 17% to 19% and the EDB, GDB, and GTB leverage percentage in the IM determinations from 44% to 42%.³⁰

Proposed airport services, EDB, GDB and GTB ID changes for leverage

- 5.5 We propose amending the airport services, EDB, GDB, and GTB ID determinations to use a leverage percentage consistent with the IM determinations following the 2016 IM review.

Airport services, EDB, GDB, and GTB cost of capital - term credit spread differential calculation

Current EDB, GDB, and GTB term credit spread differential calculation ID requirements

- 5.6 The current EDB, GDB, and GTB ID determination formulas for ascertaining the gross term credit spread differential are now inconsistent with the equivalent IM determinations following the 2016 IM review. The EDB, GDB, and GTB ID determinations include the ‘cost of executing an interest rate swap’ as part of ascertaining the gross term credit spread differential.³¹ As part of the IM review, we removed an allowance for swap costs from the EDB, GDB and GTB term credit spread differential and instead now use it in the value of debt issuance costs.³²

²⁹ Commerce Commission “Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 2 and 5c, Commerce Commission “Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 2 and Schedule 5c and Commerce Commission “Gas Transmission Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 2 and 5c.

³⁰ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), pp. 65 and 76.

³¹ Commerce Commission “Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 5c and Schedule 16 definitions, Commerce Commission “Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 5c and Schedule 16 definitions and Commerce Commission “Gas Transmission

Proposed EDB, GDB, and GTB term credit spread differential calculation ID changes

- 5.7 We propose amending the EDB, GDB, and GTB ID determinations' calculation for ascertaining the gross term credit spread differential, consistent with the IM determinations. We propose doing this by removing the 'cost of executing an interest rate swap' from the ID determinations.

Airport services, EDB, GDB, and GTB cost of capital – cost of debt

Current airport services, EDB, GDB, and GTB cost of debt assumption ID requirements

- 5.8 The current airport services, EDB, GDB, and GTB ID determination formulas for ascertaining the cost of debt assumption are now inconsistent with the equivalent IM determinations following the 2016 IM review. The airport services, EDB, GDB, and GTB ID determinations include 'debt premium estimates' as part of ascertaining the cost of debt assumption.³³ As part of the IM review, we now determine an 'average debt premium' under the airport services, EDB, GDB, and GTB IM determinations, rather than a 'debt premium'.³⁴
- 5.9 The current airport services ID determination formula for ascertaining the cost of debt assumption is also inconsistent with the airports IM as it does not include 'debt issuance costs'.³⁵

Information Disclosure Determination 2012 – (consolidated in 2015)" (24 March 2015), Schedule 5c and Schedule 16 definitions.

³² Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 62.

³³ Commerce Commission "Airport Services Information Disclosure Determination 2010 – consolidating all amendments as of 20 December 2016" (20 December 2016), clause 1.4(2) definitions, Commerce Commission "Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)" (24 March 2015), Schedule 16 definitions, Commerce Commission "Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)" (24 March 2015), Schedule 16 definitions and Commerce Commission "Gas Transmission Information Disclosure Determination 2012 – (consolidated in 2015)" (24 March 2015), Schedule 16 definitions.

³⁴ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), pp. 61 and 74.

³⁵ Commerce Commission "Airport Services Information Disclosure Determination 2010 – consolidating all amendments as of 20 December 2016" (20 December 2016), clause 1.4(2) definitions and Commerce Commission "Airport Services Input Methodologies Determination 2010 - consolidating all amendments as of 20 December 2016" (20 December 2016), clause 5.1(3).

Proposed airport services, EDB, GDB, and GTB cost of debt assumption ID changes

- 5.10 We propose amending the airport services, EDB, GDB, and GTB ID determination formulas for ascertaining the cost of debt assumption to include ‘average debt premium estimates’, consistent with the IM determinations, rather than ‘debt premium estimates’.
- 5.11 We also propose amending the airport services ID determination formula for ascertaining the cost of debt assumption by including ‘debt issuance costs’, consistent with the IM determination.

Proposed effective date for cost of capital amendments

- 5.12 We propose that our cost of capital amendments apply for the 2018 year-end disclosure onwards, so that suppliers can use the latest version of the templates for their disclosures.

6. EDB, GDB and GTB asset health information

Purpose of this chapter

6.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the EDB, GDB, and GTB ID determination in relation to asset health information. These changes are summarised in Table 6.1.

Table 6.1: Amendments to asset health information for EDBs, GDBs, and GTBs

Area of change	Amendments to the ID determination	Affected clauses and schedules*
EDB asset health grades	<ul style="list-style-type: none"> Propose using the Electricity Engineers' Associations asset health indicator guide for the grading of assets in the EDB ID determination, rather than our current grading system. This requires removing references to the terms 'Grade 1', 'Grade 2', 'Grade 3', 'Grade 4' and 'Grade unknown' and instead, using the terms 'H1', 'H2', 'H3', 'H4', and 'H5'. 	EDB Schedule 12a EDB Schedule 16 definitions
EDB, GDB, and GTB value of asset class	<ul style="list-style-type: none"> Propose amending the EDB, GDB, and GTB ID determination to require suppliers to disclose the value of each asset class at the end of each disclosure year. 	EDB, GDB, and GTB Schedule 9a

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

Asset health grades proposed changes for EDBs

Current EDB ID requirements

6.2 Our current EDB ID determination requires suppliers to assess the condition of assets using the terms 'Grade 1', 'Grade 2', 'Grade 3', 'Grade 4' and 'Grade unknown'.³⁶ The terms 'Grade 1' to 'Grade 4' are now different from the Electricity Engineers' Association's (EEA) asset health indicator scale.³⁷

³⁶ Commerce Commission "Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)" (24 March 2015), Schedule 12a.

³⁷ Electricity Engineers' Association of New Zealand "Asset Health Indicator Guide" (January 2016), p.4.

Proposed EDB asset health ID changes

- 6.3 We propose amending the EDB ID determination to include the Electricity Engineers' Association's asset health indicator scale and remove the terms 'Grade 1', 'Grade 2', 'Grade 3', and 'Grade 4'. Aligning our asset grading requirements with the EEA's grading will allow consistency between our ID determination metrics for assessing asset conditions with a recognised industry guide which is commonly used by EDBs for asset management decisions.
- 6.4 Aligning our requirements with the EEA's guide will also reduce the potential for errors in grading, as EDBs will not need to convert a set of data collected under one methodology for asset management purposes to another system for our regulatory reporting.
- 6.5 We also anticipate that having more disaggregated information using an updated grading scale will be useful for future summary and analysis on asset health.³⁸
- 6.6 We do not consider that making this change would affect the established time series of data on asset health.³⁹

Proposed effective date for ID amendment

- 6.7 We propose that our amendments apply for the 2018 year-end disclosure onwards to allow EDBs sufficient time to complete the new schedule.

Value of asset class changes for EDBs, GDBs, and GTBs

Current EDB, GDB, and GTB ID requirements

- 6.8 Our current EDB, GDB, and GTB ID determinations require information about the quantities, ages, and grades of each asset class. Our ID determinations also require information about the closing RAB value of assets an asset category level, but not the value of assets at an asset class level.

Proposed value of asset class ID changes for EDBs, GDBs, and GTBs

- 6.9 We propose amending the EDB, GDB, and GTB ID determination to require suppliers to disclose the closing RAB value of each asset class at the end of each disclosure year. Requiring suppliers to disclose the value of each asset class will allow interested parties to assess the materiality of specific assets to a supplier's RAB.

³⁸ The EEA guide shows categories H3 and H4 separately. This allows assets which represent an 'increasing asset related risk' (category H3) to be to be disclosed separately from those assets which are in a 'good serviceable condition' (category H4). These are currently combined in 'Grade 3' in our EDB ID requirements.

³⁹ See Electricity Engineers' Association of New Zealand "Asset Health Indicator Guide" (January 2016), 4.5 and Table 5.

- 6.10 We also anticipate that information on the value of each asset class will be essential for future summary and analysis on asset health as our proposed asset register changes would allow more ‘fit for purpose’ information.

Proposed effective date for value of asset class ID amendment

- 6.11 To allow EDBs, GDBs, and GTBs sufficient time to prepare for the disclosure of this information, we propose that our amendments apply for the 2019 year-end disclosure onwards.

7. GDB and GTB recoverable costs

Purpose of this chapter

7.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the GDB and GTB ID determinations in relation to recoverable costs. These changes are summarised in Table 7.1.

Table 7.1: Amendments to recoverable costs for GDBs and GTBs

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
GDB recoverable costs	<ul style="list-style-type: none"> • Propose including in the GDB ID determination requirements for GDBs to disclose information on- <ul style="list-style-type: none"> ○ ‘catastrophic event allowance’ and ‘capex wash-up adjustment’ as <i>wash-up costs</i> in the Report on Return on Investment; and ○ ‘urgent project allowance’ as a <i>recoverable cost excluding financial incentives and wash-ups</i> in the Report on Regulatory Profit. 	GDB Schedule 2 and 3 GDB Schedule 16 definitions
GTB recoverable costs	<ul style="list-style-type: none"> • Propose including in the GTB ID determination- <ul style="list-style-type: none"> ○ ‘catastrophic event allowance’, ‘capex wash-up adjustment’ and ‘revenue wash-up draw down amount’ as <i>wash-up costs</i> in the Report on Return on Investment; and ○ ‘urgent project allowance’ and ‘compressor fuel gas cost’ as <i>recoverable costs excluding financial incentives and wash-ups</i> in the Report on Regulatory Profit. 	GTB Schedule 2 and 3 GTB Schedule 16 definitions

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

Changes in recoverable costs for GDBs

Current GDB ID requirements

7.2 The current GDB ID determination does not include recoverable costs added to the GDB IM determination as part of the 2016 IM review. As part of the 2016 IM review, the GDB IM determination included new recoverable costs for-

7.2.1 catastrophic event allowance;⁴⁰

7.2.2 a capex wash-up adjustment;⁴¹ and

7.2.3 an urgent project allowance.⁴²

Proposed GDB recoverable cost ID changes

7.3 We propose including the catastrophic event allowance and capex wash adjustment as additional wash-up costs in the GDB ID Report on Return on Investment. Requiring this information will allow interested parties to assess the impact of a catastrophic event or capex wash-up on a GDB's return on investment.

7.4 We propose including an urgent project allowance in the recoverable costs excluding financial incentives and wash-ups in the GDB ID Report on Regulatory Profit. Requiring this information will allow interested parties to more accurately assess the impact of recoverable costs, other than those affecting a GDB's financial incentives and wash-ups, on a GDB's expenses.

7.5 Including these recoverable costs in the GDB ID determination will improve the consistency between our GDB ID and IM determinations.

Proposed effective date for ID amendments

7.6 We propose that our amendments would apply for the 2018 year-end disclosure onwards so that interested parties have an accurate assessment of the impact of wash-up costs on ROI and expenses for the next full GDB default price-quality path regulatory period beginning 1 October 2017.

⁴⁰ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 95.

⁴¹ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 95.

⁴² Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 96.

Changes in recoverable costs for GTBs

Current GTB ID requirements

7.7 The current GTB ID determination does not include recoverable costs added to the GTB IM determination as part of the 2016 IM review. As part of the 2016 IM review, the GTB IM determination included new recoverable costs for-

7.7.1 catastrophic event allowance;⁴³

7.7.2 a capex wash-up adjustment;⁴⁴

7.7.3 revenue wash-up draw down amount;⁴⁵

7.7.4 an urgent project allowance;⁴⁶ and

7.7.5 compressor fuel gas cost.⁴⁷

Proposed GTB recoverable cost ID changes

7.8 We propose including the catastrophic event allowance, capex wash-up adjustment and revenue wash-up draw down amount as additional 'wash-up costs' in the GTB ID Report on Return on Investment. Consistent with including the revenue wash-up draw down amount, we propose changing the ROI formulae and the specification of the 'regulatory investment value' to reflect the current balance of the 'wash-up account'.

7.9 Requiring this information will allow interested parties to assess the financial impact of a catastrophic event, capex wash-up or revenue wash-up draw down on a GTB's return on investment.

7.10 We propose including an urgent project allowance and compressor fuel gas costs in the recoverable costs excluding financial incentives and wash-ups in the GTB ID Report on Regulatory Profit. Requiring this information will allow interested parties to more accurately assess the impact of recoverable costs, other than those affecting a GTBs' financial incentives and wash-ups, on a GTB's expenses.

⁴³ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 98.

⁴⁴ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 98.

⁴⁵ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 98.

⁴⁶ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 98.

⁴⁷ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 98.

- 7.11 Including these recoverable costs in the GTB ID determination will also improve the consistency between our GTB ID and IM determinations.

Proposed effective date for ID amendments

- 7.12 We propose that our amendments would apply for the 2018 year-end disclosure onwards so that interested parties have an accurate assessment of the impact of wash-up costs on ROI and expenses for the next full GTB default price-quality path regulatory period beginning 1 October 2017.

8. GDB and GTB incremental rolling incentive scheme information

Purpose of this chapter

8.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the GDB and GTB ID determinations in relation to incremental rolling incentive scheme (IRIS) changes. These changes are summarised in Table 8.1.

Table 8.1: Amendments to incremental rolling incentive scheme information for GDBs and GTBs

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
GDB and GTB incremental rolling incentive scheme information	<ul style="list-style-type: none"> Propose removing 'Incremental Rolling Incentive Scheme' information from the GDB and GTB Report on Return on Investment and Report on Regulatory Profit, including related defined terms 'actual controllable opex', 'allowed controllable opex', 'incremental gain/(loss) in year', 'net incremental rolling incentive scheme', 'net recoverable costs allowed under incremental rolling incentive scheme', 'other financial incentives', "previous years' incremental gain/(loss)" and "previous years' incremental gain/(loss) adjusted for inflation"; and Propose amending the definition for 'financial incentives' to now be the previous definition for 'other financial incentives'. 	GDB and GTB Schedule 2(v), and Schedule 3 GDB and GTB Schedule 16 definitions

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

IRIS proposed changes for GDBs and GTBs

Current GDB and GTB ID requirements

8.2 The current GDB and GTB information disclosure requirements include disclosures for IRIS information.⁴⁸ As part of our 2016 IM review, we removed the asymmetric operating expenditure IRIS applying to customised price-quality paths for GDBs and GTBs.⁴⁹

Proposed GDB and GTB ID changes

8.3 We propose removing the IRIS information from our GDB and GTB ID determinations and related definitions.⁵⁰ This will allow increased consistency with our IM determinations.

Proposed effective date for ID amendments

8.4 We propose that our amendments apply for the 2018 year-end disclosure onwards so that suppliers can use the latest version of the templates for their disclosures.

⁴⁸ Commerce Commission “Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 2(v) and 3(iii) and Commerce Commission “Gas Transmission Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 2(v) and 3(iii).

⁴⁹ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), pp. 115-116.

⁵⁰ Definitions of ‘actual controllable opex’, ‘allowed controllable opex’, ‘incremental gain/(loss) in year’, ‘net incremental rolling incentive scheme’, ‘net recoverable costs allowed under incremental rolling incentive scheme’, ‘other financial incentives’, “previous years’ incremental gain/(loss)” and “previous years’ incremental gain/(loss) adjusted for inflation”.

9. Airport Services, EDB, GDB, and GTB IM determination cross-reference updates

Purpose of this chapter

9.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the Airport Services, EDB, GDB and GTB ID determinations in relation to IM cross-reference changes. These changes are summarised in Table 9.1.

Table 9.1: Amendments to IM determination cross-references for airport services, EDBs, GDBs and GTBs

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
IM determination cross-reference updates for airport services, EDBs, GDBs and GTBs	<ul style="list-style-type: none"> Propose amending the airport services, EDB, GDB and GTB ID determinations IM cross-references to now reference the relevant Part and subpart of the IM determination, rather than the specific clause. 	EDB, GDB, and GTB clause 1.4.3 definitions, 2.3.9 and Schedule 16 definitions EDB Schedule 18 GDB and GTB Schedule 19. Airport Services clause 1.4(3) definitions, 2.5(1)(t)

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

IM determination cross-references proposed changes for airport services, EDBs, GDBs and GTBs

Current airport services, EDB, GDB and GTB ID requirements

9.2 Currently when referencing the relevant IM determination, the airport services, EDB, GDB and GTB ID determinations cross-reference the specific IM clause. This causes cross-reference inconsistencies between the ID and IM determinations when specific clauses in the IMs, which are referenced in an ID determination, are amended.

Proposed airport services, EDB, GDB and GTB ID changes

9.3 We propose amending cross-references to IM determinations in the airport services, EDB, GDB and GTB ID determinations to no longer reference the specific clause in the IM determination, but to instead reference the affected Part and Subpart of the IM determination. This change will reduce confusion as, following an IM amendment, there is unlikely to be immediate inconsistencies in IM cross-references within the ID determinations. There are unlikely to be inconsistencies in IM cross-references as IM amendments generally involve clause and subclause changes, not changes to the higher-level specific Parts and Subparts of an IM determination.

Proposed effective date for ID amendments

9.4 We propose that our amendments apply for the 2018 year-end disclosure onwards.

10. EDB and GDB tax

Purpose of this chapter

10.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the EDB and GDB ID determinations in relation to tax. These changes are summarised in Table 10.1.

Table 10.1: Amendments to tax for EDBs and GDBs

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
EDB and GDB Tax	<ul style="list-style-type: none"> Propose amending the EDB and GDB ID determination definition for ‘opening weighted average remaining useful life of relevant assets (years)’ to now reference the meaning given in the applicable IM determination. 	EDB and GDB Schedule 16 definitions

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

EDB and GDB tax

Current EDB and GDB ID requirements

10.2 The current EDB and GDB ID determinations include a calculation for determining the ‘opening weighted average remaining useful life of relevant assets (years)’. As a result of the 2016 IM review, we defined the term ‘opening weighted average remaining useful life of relevant assets’ in the EDB and GDB IM determinations to now include the definition from the current EDB and GDB ID determinations.⁵¹

Proposed EDB and GDB ID changes

10.3 We propose amending the definition of ‘opening weighted average remaining useful life of relevant assets (years)’ in the EDB and GDB ID determinations to now reference the meaning found in the IM determination. As the IM meaning is aligned with the current ID determination definition, we propose removing the ID determination definition to avoid potential confusion by having the same term defined in the same manner across multiple determinations.

Proposed effective date for ID amendments

10.4 We propose that our amendments apply for the 2018 year-end disclosure onwards.

⁵¹ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), pp. 52, and 55-56.

11. EDB, GDB and GTB administrative updates

Purpose of this chapter

11.1 This chapter describes our proposed changes, and the reasons for the proposed changes, to the EDB GDB and GTB ID determinations in relation to administrative changes. These changes are summarised in Table 11.1.

Table 11.1: Amendments to the airport Services, EDB, GDB and GTB ID determinations for administrative updates

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
EDB, GDB and GTB asset age profile	<ul style="list-style-type: none"> Propose extending the asset age columns in the EDB, GDB, and GTB ID to include 2018 to 2025 	EDB, GDB and GTB Schedule 9b
EDB and GDB transitional provisions	<ul style="list-style-type: none"> Propose removing transitional provisions that no longer apply. 	EDB and GDB clauses 2.1.1, 2.6.6, 2.7.2, 2.9.1, 2.12.1 and 2.12.2 EDB and GDB clause 2.13 (clause in principal determination) GDB 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2, 2.6.1, 2.6.3, 2.7.1, 2.9.3 and Schedule 17

*Clause and schedule references are to the renumbered clauses and schedules in the draft amendments determinations

Asset Age information proposed changes for EDBs, GDBs and GTBs

Current EDB, GDB and GTB ID requirements

11.2 The current EDB, GDB, and GTB ID asset age profile schedules only include columns up to the 2017 year-end disclosures.⁵² This means that suppliers would not be able to include information about assets installed after disclosure year 2017 in the asset age profile.

⁵² Commerce Commission “Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 9b, Commerce Commission “Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 9b, and Commerce Commission “Gas Transmission Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), Schedule 9b.

Proposed EDB, GDB and GTB ID changes

- 11.3 We propose adding columns to the EDB, GDB, and GTB ID asset age profile schedules to cover up to the 2025 year-end disclosures. This will allow suppliers to include assets installed for the next full DPP period for EDBs from 2020-2025 and GPBs from 2017 to 2022.

Proposed effective date for ID amendments

- 11.4 We propose that our amendments apply for the 2018 year-end disclosure onwards so that suppliers can use the latest version of the templates for their disclosures.

EDB and GDB transitional provisions*Current EDB and GDB ID requirements*

- 11.5 The EDB and GDB ID determinations include transitional provisions which no longer apply.⁵³

Proposed EDB and GDB ID changes

- 11.6 We propose removing the transitional provisions which no apply to the EDB and GDB ID determinations. The EDB transitional provisions allowed suppliers to transition into the 2015 amendment determination. The GDB transitional provisions allowed suppliers to transition into the 2012 determination and the 2015 amendment determination. The EDB and GDB transitional requirements are no longer relevant because their applicable time period has passed. We have removed the expired requirements to reduce the length of the ID determination and improve its readability. We also propose removing the relevant references and terms that apply only to the transitional requirements.⁵⁴

Proposed effective date for ID amendments

- 11.7 We propose that our amendments apply for the 2018 year-end disclosure onwards.

⁵³ Commerce Commission “Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), clause 2.13 and Commerce Commission “Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), clause 2.13.

⁵⁴ Commerce Commission “Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), clauses 2.1.1, 2.6.6, 2.7.2, 2.9.1, 2.12.1 and 2.12.2 and Commerce Commission “Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)” (24 March 2015), definition of ‘transitional AMP’ and cross-references in clauses 2.1.1, 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2, 2.6.1, 2.6.3, 2.6.6, 2.7.1, 2.7.2, 2.9.1, 2.9.3, 2.12.1, 2.12.2 and Schedule 17.

12. How you can provide your views

Purpose of this chapter

- 12.1 This chapter sets out how you can provide your views on this round of proposed amendments to the ID determinations.

Timeframe for submissions

- 12.2 We welcome your views on the amendments proposed in this paper. Submissions are due by 5pm, 28 July 2017.
- 12.3 We do not intend to take into account any material that is submitted outside of the timeframes provided. Any party that is concerned about the time to engage with the material should contact us with a request for an extension outlining their specific concerns.

Address for submissions

- 12.4 Submissions should be addressed to:

Rhianne Ogilvie (Senior Analyst, Regulation Branch)
c/o regulation.branch@comcom.govt.nz

Format for submissions

- 12.5 We prefer submissions in both MS Word and PDF file formats.
- 12.6 Please include “Submission on proposed changes to ID determinations for airport, electricity distribution and gas pipeline services, [DD Month] 2017” in the subject line of your email.
- 12.7 Where submitters propose an alternative to the draft decision, we encourage submitters to outline their reasoning and proposed change. We prefer proposed changes be identified as track changes to extracts of the principal determination or our draft amendments determination.

Requests for confidentiality

- 12.8 We encourage full disclosure of submissions so that all information can be tested in an open and transparent manner, but we offer the following guidance:
- 12.8.1 If it is necessary to include confidential material in a submission, both confidential and public versions of the submission should be provided.
 - 12.8.2 The responsibility for ensuring that confidential information is not included in a public version of a submission rests entirely with the party making the submission.
- 12.9 We request that you provide multiple versions of your submission if it contains confidential information or if you wish for the published electronic copies to be 'locked'. This is because we intend to publish all submissions on our website. Where relevant, please provide both an 'unlocked' electronic copy of your submission, and a clearly labelled 'public version'.

Next steps in our process

- 12.10 We intend to make final decisions on the proposed amendments by the end of December 2017 in time for some of the changes in the ID determinations to apply for the start of the next EDB disclosure year – 1 April 2018.⁵⁵
- 12.11 At this stage, we do not intend to hold a technical consultation prior to our final decisions. We will review this position after considering submissions and notify parties if there is any change to this.

⁵⁵ Commerce Commission "Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)" (24 March 2015), definition of 'disclosure year' in clause 1.4.3.

Attachment A: Summary of matters deferred to future rounds of amendments

Purpose of this chapter

A1 This chapter provides an overview of the matters deferred for consideration during this round of amendments.

Matters deferred to future rounds of amendments

A2 In accordance with our prioritisation decisions, not all matters could be addressed in this round of amendments.⁵⁶

A3 Table A.1 provides an overview of matters deferred to future rounds of amendments. The deferred matters include remaining complex issues identified by users of the ID determinations and remaining issues consequential to changes to the IMs.

Table A.1: Summary of matters deferred to future rounds of amendments

Type of disclosure	Matters deferred
Financial Information	<ul style="list-style-type: none"> Airport Services implementation of ROI based on ROI with specified cash flow timings and including carry forward values Airport Services consideration of assets held for future use information in Report on Regulatory Asset Base Roll Forward EDB, GDB and GTB valuation of related party transactions⁵⁷ EDB and Transpower disclosure of incremental rolling incentive scheme EDB, GDB and GTB depreciation disclosures EDB, GDB and GTB expenditure categories EDB form of control changes consequential on IM review from 2016 Transpower alignment with regulatory control period 2 individual price-quality path information

⁵⁶ See Chapter 2.

⁵⁷ This is being considered as part of a separate workstream – see Commerce Commission “Input Methodologies review: Related party transactions – Invitation to contribute to problem definition (12 April 2017).”

Type of disclosure	Matters deferred
Pricing information	<ul style="list-style-type: none"> • EDB, GDB and GTB clarification of criteria for disclosing contract, pricing and pricing methodology information • EDB, GDB and GTB timing of non-standard contract disclosures • GTB price notice period timing
Non-financial information	<ul style="list-style-type: none"> • Airport Services assessment of Report on Capacity Utilisation Indicators for Specified Passenger Terminal Activities • Airport Services consideration of whether to include explanatory notes • Airport Services and Transpower consideration of whether to include a disclosure of errors requirement • EDB, GDB and GTB alignment of SAIDI and SAIFI definitions to price-quality path regulation • EDB, GDB and GTB definition and application of terms ICP, customer and connection • EDB, GDB and GTB asset categories • EDB, GDB and GTB Assurance provided on quality measures • EDB quality measures • EDB circuit length disclosures • EDB changes to monitor the rate of deployment of new technologies • EDB changes to customised price-quality path (CPP) information requirements consequential on IM review from 2016 • GPB emergency definitions • GDB classes of interruptions • GDB odour test disclosure • GDB telephone call disclosures • GTB definition of interruptions • Transpower consideration of reporting dates