

Notification Email: Process Update Paper and Amended Notice of Intention for CPP Fast Track Processes Now Available

Good morning

Update on our decision to undertake a two-limbed fast track process relating to CPPs

Today the Commission has published a Process Update Paper and Amended Notice of Intention relating to our 21 July 2015 decision to fast track consideration of certain issues relating to customised price-quality paths (CPPs) ahead of the main input methodology (IM) review process scheduled for completion in December 2016.

The Amended Notice of Intention and Process Update Paper are available on our website at: www.comcom.govt.nz/cpp-fast-track-processes-for-im-review

Together these documents provide more information on the scope and indicative process for the two-limbed fast track process for considering amendments to CPP IMs for electricity distributors and gas pipeline businesses.

Overview of two-limbed Fast track process for CPPs including indicative dates

Limb 1 — Changes affecting the preparation, assessment and determination of CPP applications — Final decision scheduled for 5 Nov 2015

- Introducing flexibility for suppliers through:
 - modifications or exemptions to the process for, and content of, CPP proposals; and
 - allowing the use of alternative methodologies with equivalent effect (AMWEEs) for the customised price-quality path.
- Accepting CPP applications for consideration if they comply with the process and content IMs “in all material respects”.
- Clarifying which IMs apply if IM amendments are made after a proposal is accepted as complete but before a CPP is determined.

Limb 2 — Alignment of DPP and CPP WACC — Final decision scheduled for 29 Feb 2016

- The alignment of the weighted average cost of capital (WACC) for CPPs with the prevailing WACC for DPPs.

Today’s update follows our 21 July decision to undertake a fast track process for CPPs

We took the step of releasing the Amended Notice of Intention and Process Update Paper separately from our decision of 21 July so that interested parties were aware of it in advance of the IM Forum (held 29 and 30 July 2015), and so we could take more time to

provide greater detail on process and scope. We also thought an early decision may be beneficial to regulated suppliers' planning for potential CPP proposals in 2016.