

23 April 2020

To: All suppliers of electricity distribution services as regulated under Part 4 of the Commerce Act 1986

Tēnā koutou,

Notice of conditional exemptions from electricity distribution services information disclosures – related party transactions

1. In the exemption notice dated 31 March 2020, the Commerce Commission (**Commission**) extended a number of the timeframes specified in the Electricity Distribution Information Disclosure Determination 2012 (**ID Determination**) for the public disclosure of information in 2020 by suppliers regulated under Part 4 of the Commerce Act 1986 (**Part 4**).¹
2. Further to that exemption notice dated 31 March 2020, the Commission gives notice under clause 2.11.1(1) of the ID Determination that it has decided to extend timeframes specified in the ID Determination for the public disclosure of information in 2020 by suppliers regulated under Part 4 in relation to related party transactions.
3. This notice sets out the changes to related party transaction disclosure timeframes for electricity distribution businesses (**EDBs**) that supply regulated services under Part 4. The current disclosure requirements for EDBs are set out in the ID Determination.
4. This course of action was signalled in the open letter to Part 4 regulated industries, *Extension of information disclosure deadlines for Part 4 regulated industries*, dated 26 March 2020.²

Related party transactions

Disclosure requirements

5. The ID Determination requires each EDB to publicly disclose information relating to its financial position each disclosure year. If, during a disclosure year, an EDB has had related party transactions involving a procurement from a related party, then

¹ The exemption notice dated 31 March 2020 is available at: https://comcom.govt.nz/data/assets/pdf_file/0026/213848/ID-Exemption-All-EDBs-Notice-of-conditional-exemptions-from-electricity-distribution-services-information-disclosures-31-March-2020.pdf

² This letter is available at: https://comcom.govt.nz/data/assets/pdf_file/0021/213555/Extension-of-information-disclosure-deadlines-for-Part-4-regulated-industries-26-March-2020.pdf

additional information about those transactions must be publicly disclosed within 5 months of the end of that disclosure year.

6. The requirements for related party transaction reporting are set out in the ID Determination at clauses 2.3.8, 2.3.10, 2.3.11, 2.3.12 and 2.3.13.

Exemption granted

7. By this notice, under clause 2.11.1(1) of the ID Determination, the Commission grants EDBs an exemption from the requirements stated above to complete, publicly disclose, or disclose to the Commission, information pertaining to the disclosure year ending on 31 March 2020 by the relevant due date in the ID Determination. The relevant due date would normally be 31 August 2020. Instead, EDBs are now required to complete and publicly disclose the information listed above, by **31 October 2020**.
8. The Commission notes that the definition of 'publicly disclose' in the ID Determination includes requirements to:
 - 8.1 provide a copy of the disclosed information to the Commission within 5 working days after the information is disclosed to the public;
 - 8.2 provide any person with a copy of the information within 10 working days of being requested to do so.
9. These public disclosure requirements have not changed. However, the requirement in 5.1 above to provide copies of disclosed information to the Commission now applies to 5 working days after the extended disclosure date of 31 October 2020.

Further information

10. This exemption notice may at any time be revoked or amended by the Commission in accordance with clause 2.11.1(2) of the ID Determination.
11. A copy of this exemption notice will be published on the Commission's website.
12. The exemptions in this notice have been granted on an exceptional basis, in light of the COVID-19 pandemic, and taking into account the Financial Markets Authority's changes to the deadlines for financial reporting.³
13. The Commission recognises that the situation with COVID-19 in New Zealand is constantly changing and evolving, and further changes to timeframes or exemptions may be appropriate in the future. We will remain open and responsive to industry feedback, to ensure that companies are able to focus on providing essential goods and services during the COVID-19 pandemic.

³ See the Financial Markets Authority's media release here: <https://www.fma.govt.nz/news-and-resources/media-releases/fma-to-extend-deadline-for-financial-reporting/>

14. We intend to be pragmatic in our approach to enforcement where regulated suppliers can demonstrate that any compliance issues have arisen as a consequence of prioritising efforts to protect customers, security of supply and safety or as a consequence of factors entirely outside of the supplier's control. We would appreciate all EDBs keeping us informed of any decisions that they make that may lead them to breach their disclosure, or other, regulatory requirements.
15. If you have any questions relating to this notice, please contact Stephen Bass on (04) 924 3749 or Stephen.Bass@comcom.govt.nz.

Yours sincerely

A handwritten signature in blue ink that reads "Sue Begg". The signature is written in a cursive, flowing style.

Sue Begg
Deputy Chair