

## **NOTICE OF INTENTION**

**31 MARCH 2014**

### **Potential Amendments to Input Methodologies for Electricity Distribution Services, Gas Pipeline Services, Airports, and Transpower**

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1. The purpose of this notice is to advise that the Commerce Commission has begun further work on the input methodologies contained in the following determinations, as amended:
  - 1.1 *Commerce Act (Specified Airport Services Input Methodologies) Determination 2010* (Commerce Commission Decision 709, 22 December 2010);
  - 1.2 *Transpower Input Methodologies Determination 2012* [2012] NZCC 17;
  - 1.3 *Electricity Distribution Services Input Methodologies Determination 2012* [2012] NZCC 26;
  - 1.4 *Gas Distribution Services Input Methodologies Determination 2012* [2012] NZCC 27; and
  - 1.5 *Gas Transmission Services Input Methodologies Determination 2012* [2012] NZCC 28.
2. The further work relates to:
  - 2.1 The appropriate percentile of the weighted average cost of capital (WACC) range to use for the purposes of setting default and customised price-quality paths, and individual price-quality paths;
  - 2.2 The appropriate percentile of the WACC range to use for the purposes of information disclosure;
  - 2.3 The date by which the Commission must determine the estimates of WACC used for setting the default price-quality path for electricity distribution businesses and the individual price-quality path for Transpower New Zealand Limited.
3. For the avoidance of doubt, the work does not include reconsideration of the methodologies that apply to the determination of the mid-point estimate of WACC, or the estimation of the standard error.

4. In accordance with sections 52V(1) and 52X of the Commerce Act 1986, this notice provides an outline of the process that will be followed and sets out the proposed timeframes for reaching a final decision. Updates and any process refinements will be published on the Commerce Commission's website as required.

<b>Process</b>	<b>Indicative time frame</b>
Submissions providing further evidence or expert reports due	1 May 2014
Draft decision on any amendments to the cost of capital IMs published	June/July 2014
Submissions on draft decision due	Early August 2014
Cross-submissions on draft decision due	Late August 2014
Final decision on any amendment to the date by which WACC determinations must be published	September 2014
Final decision on any amendments to the cost of capital IMs published	November 2014