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Proposed amendments for 2015 to information disclosure determinations for electricity distribution and gas pipeline services

Technical consultation paper

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Associated documents

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| 1 October 2012 | NZCC 23 | Gas Distribution Information Disclosure Determination 2012 |
| 1 October 2012 | NZCC 22 | Electricity Distribution Information Disclosure Determination 2012 |

Regulation Branch, Commerce Commission
Wellington, NEW ZEALAND

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1. Introduction

Purpose of this paper

- 1.1 This paper invites submissions on the drafting of the amendments to the information disclosure requirements applying to suppliers of electricity distribution, gas transmission and gas distribution services (ID requirements).¹
- 1.2 The deadline for making submissions is 5pm, Friday 6 March 2015.²

Information disclosure amendment process

- 1.3 On 23 June 2014, we published a proposed process paper outlining the key features of the proposed process for amending the ID requirements and provided indicative dates for key publications and events.³
- 1.4 On 22 October 2014, we published a consultation paper and draft ID requirements.⁴ The consultation paper outlined the matters considered as part of these proposed amendments.⁵

Consultation on the revised drafting of the amendment determinations

- 1.5 Before publishing a final decision, we are providing an additional opportunity for submissions on the drafting of the revised draft amendment determinations. In particular, we are seeking views on whether the revised drafting of the amendment determinations give effect to the matters described in this paper.
- 1.6 To the extent practicable, the revised versions of the amendment determinations take into account submissions and cross-submissions on an earlier version. This

¹ Commerce Commission “Electricity Distribution Information Disclosure Determination 2012” (1 October 2012); Commerce Commission “Gas Distribution Information Disclosure Determination 2012” (1 October 2012); Commerce Commission “Gas Transmission Information Disclosure Determination 2012” (1 October 2012)

² Chapter 3 provides full details on how you can provide your views.

³ Commerce Commission “Proposed Process – Amendments to information disclosure requirements” (23 June 2014)

⁴ Commerce Commission “Consultation paper – Proposed amendments to information disclosure for electricity distribution and gas pipeline services” (22 October 2014); Commerce Commission “Electricity Distribution Information Disclosure Determination 2015” (draft determination, 22 October 2014); Commerce Commission “Gas Distribution Information Disclosure Determination 2015” (draft determination, 22 October 2014); Commerce Commission “Gas Transmission Information Disclosure Determination 2015” (draft determination, 22 October 2014)

⁵ Commerce Commission “Consultation paper – Proposed amendments to information disclosure for electricity distribution and gas pipeline services” (22 October 2014), page 6

additional round of consultation on the drafting of the determination follows a request from submitters.⁶

- 1.7 We are grateful for the submissions made in response to our draft decision. We are not seeking further views on our consultation paper and draft determination published on 22 October 2014 at this stage. Our response to submissions received to date will be discussed in the final reasons paper.
- 1.8 The scope of the amendments in the revised draft amendment determinations is consistent with that outlined in the consultation paper.⁷ Matters raised during the consultation process that are outside the scope of this round of amendments will be noted on the issues register and considered at a later date.

We invite drafting suggestions and submissions before the final decision

- 1.9 Before we publish our final decision, we invite drafting suggestions on the revised drafting of the amendments to the ID requirements.
- 1.10 Chapter 2 sets out our policy decisions on amendments to the ID requirements and provides notes on our drafting. We have also attached an attachment of notes on drafting for non-complex issues which are not addressed within Chapter 2.
- 1.11 We invite interested parties to highlight any instances in which the revised draft amendment determinations do not reflect the policy decision or drafting notes.

Material released alongside this paper

- 1.12 Alongside this paper, we have published revised drafts of the amendment determinations to apply to electricity distribution, gas transmission and gas distribution services (revised draft amendment determinations).⁸
- 1.13 Amendments are identified as Microsoft Word track changes except for amendments to the disclosure templates (Schedules 1-12) which are highlighted in orange and light blue. We have provided different coloured track changes for

⁶ Electricity Networks Association “Submission on the proposed amendments for 2015 to the information disclosure determination for electricity distribution services” (19 December 2014), page 6; PriceWaterhouseCoopers “Submission to the Commerce Commission on Proposed amendments for 2015 to information disclosure determinations for electricity distribution and gas pipeline services” (19 December 2014), page 7

⁷ Commerce Commission “Consultation paper – Proposed amendments to information disclosure for electricity distribution and gas pipeline services” (22 October 2014)

⁸ Commerce Commission “[Revised Draft] Amendment to the Electricity Distribution Information Disclosure Determination 2012” (23 February 2015); Commerce Commission “[Revised Draft] Amendment to the Gas Distribution Information Disclosure Determination 2012” (23 February 2015); Commerce Commission “[Revised Draft] Amendment to the Gas Transmission Information Disclosure Determination 2012” (23 February 2015)

amendments made during the draft stage and amendments made for this consultation.

- 1.14 We have also released draft consolidated determinations to apply to electricity distribution, gas transmission and gas distribution services.⁹ We note that this has been created by removing track changes from the respective amendment determinations. Some further revisions will be required to reflect how the amendment is incorporated into a consolidated determination.
- 1.15 We have released excel templates for electricity distribution businesses.¹⁰ Excel templates for gas transmission and gas distribution services will be released separately.

Next steps in our process

- 1.16 We welcome your views on the matters contained and the proposed option for implementation within this technical consultation paper and the revised draft amendment determinations. Submissions on this technical consultation paper are due by 5pm, Friday 6 March 2015. Chapter 3 provides details for how you can provide your views.
- 1.17 We intend to publish the final amendment determinations in late March 2015.¹¹

⁹ Commerce Commission, “[Draft] Electricity Distribution Information Disclosure Determination 2012 – consolidated” (23 February 2015); Commerce Commission, “[Draft] Gas Distribution Information Disclosure Determination 2012 – consolidated” (23 February 2015); Commerce Commission, “[Draft] Gas Transmission Information Disclosure Determination 2012 – consolidated” (23 February 2015)

¹⁰ Commerce Commission, “EDB Schedules 1 to 10 v4.01 [technical draft]” (23 February 2015); Commerce Commission, “EDB Schedules 5f–5g v4.01 [technical draft]” (23 February 2015); Commerce Commission, “EDB AMP Schedules 11–13 v4.01 [technical draft]” (23 February 2015)

¹¹ Commerce Commission “Process Update Paper: 2015 amendments to information disclosure determinations for electricity distribution and gas pipeline services” (27 January 2015)

2. Overview of the revised draft amendment determinations

Purpose of this chapter

- 2.1 This chapter sets out specific policy decisions that are intended to be reflected in the revised draft amendment determinations.
- 2.2 The policy decisions and notes on drafting are provided to assist interested persons in assessing whether the drafting of the revised draft amendment determinations is reflective of the outlined policy decisions.
- 2.3 We invite you to highlight any instances in which the revised draft amendment determinations are either insufficient and/or unclear in reflecting the policy decisions.
- 2.4 Table 2.1 does not cover all of the changes contained within the revised draft amendment determinations. Amendments that are non-complex are not discussed in this paper but are instead identified as track changes in the revised draft amendment determinations.¹² We recommend interested parties review these changes for reasonableness.
- 2.5 We encourage submitters to provide alternative drafting within their submissions.

¹² Non-complex matters are matters that require more limited consultation, do not require a fundamental change to the ID requirements and can be addressed without expert resource. These generally relate to drafting improvements.

Table 2.1: Specific matters reflected in the revised draft amendment determinations

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|-----------------------------------|---|--|
| ROI - assessment of profitability | <p data-bbox="488 357 647 378"><u>Policy decision</u></p> <ul data-bbox="488 400 1771 699" style="list-style-type: none"> <li data-bbox="488 400 1771 458">• ROI's both reflecting and excluding revenue from financial incentives and wash-ups are disclosed. (Policy decision revised from draft policy decision) <li data-bbox="488 480 1771 537">• Notional cash flow timing assumptions in the internal rate of return (IRR) ROI calculations are aligned to the timing assumptions applied in price-quality regulation. (No change in policy from draft policy decision) <li data-bbox="488 560 1771 617">• Suppliers subject to price-quality path regulation are required to disclose alongside the ROI the WACC rate used to set prices. (Policy decision revised from draft policy decision) <li data-bbox="488 639 1771 697">• The 'notional cash flow' criteria for disclosing the Monthly ROI is removed, the 'assets commissioned' criteria is retained. (Policy revised from draft policy decision) <p data-bbox="488 719 678 740"><u>Notes on drafting</u></p> <ul data-bbox="488 762 1771 1046" style="list-style-type: none"> <li data-bbox="488 762 1771 820">• Recoverable costs identified as financial incentives and wash-up costs are not actual costs incurred in the financial year. These have been excluded from regulatory profit. <li data-bbox="488 842 1771 900">• The revised ROI disclosures reflecting and excluding the effect of financial incentives and wash-up recoverable costs include and/or exclude the revenue earned as a result of the recoverable costs. <li data-bbox="488 922 1771 1046">• References to the Microsoft Excel IRR calculation have been removed from the ROI definitions to address concerns around the adequacy of the Microsoft calculation under certain conditions. The templates are to continue to use the Microsoft formula with the ability for suppliers to use alternative calculation methods should the Microsoft formula not produce a valid disclosure. | <p data-bbox="1805 357 1921 378">Schedule 2</p> <p data-bbox="1805 400 2058 421">Clause 1.4.3 definitions</p> <p data-bbox="1805 443 2058 464">Schedule 16 definitions</p> |

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|---|---|---|
| Pass-through and recoverable costs recognised in information disclosure | <p data-bbox="488 300 645 322"><u>Policy decision</u></p> <ul data-bbox="488 341 1778 721" style="list-style-type: none"> <li data-bbox="488 341 1778 402">• Recoverable costs identified as financial incentives or wash-up costs adjustments are separately recognised from other pass-through and recoverable costs. (No change in policy from draft policy decision) <li data-bbox="488 421 1778 481">• Financial incentive and wash-up recoverable costs are disclosed in the ROI Schedule and their effect is reflected in the revised ROI disclosures. (Policy decision revised from draft policy decision) <li data-bbox="488 501 1778 561">• The list of pass-through costs is updated to clarify how costs are disclosed. (No change in policy from draft policy decision) <li data-bbox="488 580 1778 641">• The recoverable cost listing for Electricity Distribution Businesses (EDB)'s is updated to reflect new recoverable costs.¹³ (No change in policy from draft policy decision) <li data-bbox="488 660 1778 721">• All EDBs are required to disclose a detailed breakdown of pass-through and recoverable costs. (No change in policy from draft policy decision) <p data-bbox="488 740 678 762"><u>Notes on drafting</u></p> <ul data-bbox="488 782 1778 877" style="list-style-type: none"> <li data-bbox="488 782 1778 877">• The new data point 'other recoverable costs' has been established within Schedule 3 so costs specified in a Customised Price-Quality Path (CPP) determination can be disclosed. The term will incorporate the specific costs specified in the Orion CPP determination. | Schedule 2 Schedule 3 Schedule 16 definitions |

¹³ Commerce Commission, "NZCC31 Electricity Distribution Input Methodology Amendments Determination 2014", (27 November 2014)

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|----------------------------|--|--|
| Regulatory tax disclosures | <p><u>Policy decision</u></p> <ul style="list-style-type: none"> Regulatory tax calculation reflects Input Methodology (IM) changes which remove the double deduction of the Term Credit Spread Differential (TCSD) and revised tax timing assumption of the TCSD. (No change in policy from draft policy decision)¹⁴ Revaluations are separately disclosed as an exclusion from regulatory taxable income. (No change in policy from draft policy decision) The definition of ‘opening weighted average remaining life of relevant assets’ which is used for determining ‘amortisation of initial difference in asset values’ is clarified - EDB and GDB only. (No change in policy from draft policy decision) Various terms are defined or refined to improve clarity. (No change in policy from draft policy decision). Schedule 14 disclosures relating to permanent and temporary differences are only required for material items. (No change in policy from draft policy decision) <p><u>Notes on drafting</u></p> <ul style="list-style-type: none"> The Schedule 3 formula and Schedule 16 definition of regulatory profit / (loss) includes the deduction of the TCSD allowance so the TCSD allowance expense is recognised in regulatory profit / (loss). The tax effect of the TCSD allowance is recognised in regulatory profits / (loss) through the notional deductible expense tax adjustment. The Schedule 16 definition of ‘Deferred tax balances relating to assets disposed in the disclosure year’ has been clarified so it is clear that it is referring to a deferred tax asset. When this term is defined as a deferred tax asset it should be deducted from the deferred tax balance, which is also defined as a deferred tax asset. If the deferred tax balance is a liability it should be entered as a negative number. The Schedule 16 definition of ‘Tax payments’ adds the closing deferred tax balance and subtracts the opening, with the deferred tax balance being defined as a deferred tax asset. | <p>Clause 1.4.3 definitions</p> <p>Schedule 3</p> <p>Schedule 5a</p> <p>Schedule 14</p> <p>Schedule 16 definitions</p> |

¹⁴ Commerce Commission, “NZCC31 Electricity Distribution Input Methodology Amendments Determination 2014”, (27 November 2014); Commerce Commission “Gas Pipeline Services Input Methodologies Determination Amendment (No. 1) 2013” (25 February 2013)

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|--|---|--|
| Discretionary discounts, customer rebates and customer distributions | <p><u>Policy decision</u></p> <ul style="list-style-type: none"> EDBs are required to make ‘financial distributions relating to ownership interests’ disclosure where they determine the allocation, make a recommendation on the allocation or where they make an allocation to customers on behalf of the owner - EDBs only. (No change in policy from draft policy decision) The erroneous reference to discretionary discounts and customer rebates is excluded from the GDB information disclosure requirements - GDB only. (No change in policy from draft policy decision) | <p>EDB clause 1.4.3 definitions EBD clause 2.4.23 GDB Schedule 5a</p> |
| Related party transaction disclosure | <p><u>Policy decision</u></p> <ul style="list-style-type: none"> Improved disclosure of the valuation approach adopted. (No change in policy from draft policy decision) | Schedule 16 definitions |
| Asset management plans | <p><u>Policy decision</u></p> <ul style="list-style-type: none"> Forecast schedules (Schedules 11 and 12) are required to be publicly disclosed before the start of the disclosure year. (No change in policy from draft policy decision) Improved clarity on when an Asset Management Plan (AMP) update can be disclosed instead of a full AMP. (No change in policy from draft policy decision) Only relevant columns of the Report on Asset Management Maturity (AMMAT) are required to be disclosed in the AMP. (No change in policy from draft policy decision) Clarify that AMMATs are not required to be maintained. (No change in policy from draft policy decision) Remove the Gas Transmission Business (GTB) requirement that available capacity calculations have specific regard to historic pressure requirements at offtake points. (No change in policy from draft policy decision) Clarify the period for which suppliers must describe the difference between nominal and constant price expenditure. (No change in policy from draft policy decision) <p><u>Notes on drafting</u></p> <ul style="list-style-type: none"> AMP updates should include information on sub-networks. We have retained the intent of clause 2.6.3* but we have substantially redrafted it as clauses 2.6.3** and 2.6.4** to improve clarity. Any new EDBs, GDBs, or GTBs should publicly disclose a full AMP before disclosing an AMP update. | <p>Clause 2.6.3 Clause 2.6.4 Clause 2.6.5 Schedule 13 Schedule 14a Schedule 17 Schedules 11.x-12.x GTB Attachment A 8.2 EDB Schedule 18, GDB and GTB Schedule 19 EDB clause 2.7.2, GDB and GTB clause 2.7.3 Various cross-references to the above clauses.</p> |

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|-------------------------|--|--|
| EDB network information | <p data-bbox="488 300 645 323"><u>Policy decision</u></p> <ul data-bbox="488 339 1758 675" style="list-style-type: none"> <li data-bbox="488 339 1758 403">• Clarify terms relating to zone substations; including ‘installed firm capacity’ and ‘transfer capacity’. (No change in policy from draft policy decision) <li data-bbox="488 419 1758 515">• Consolidate terms relating to distributed generation to clarify that they relate to the incremental increase in distributed generation from adding or forecasting to add distributed generation to the network. (No change in policy from draft policy decision) <li data-bbox="488 531 1758 595">• Retain the requirement for EDBs to disclose information about non-EDB owned transformers but allow them to estimate the capacity. (No change in policy from draft policy decision) <li data-bbox="488 611 1758 675">• Retain the requirement to disclose non-coincident maximum system demand. (No change in policy from draft policy decision) <p data-bbox="488 691 678 715"><u>Notes on drafting</u></p> <ul data-bbox="488 730 1758 1209" style="list-style-type: none"> <li data-bbox="488 730 1758 866">• The security of supply classification (Schedule 16 definitions) has not been extended to include upstream constraints because the security of supply classification and the definition of ‘installed firm capacity’ do not need to be consistent. The inclusion of upstream constraints in the definition of ‘installed firm capacity’ is useful but not required across all related information. <li data-bbox="488 882 1758 1018">• The requirement to include the capacity of non-EDB owned transformers (Schedule 16 definitions) has been retained because although the accuracy may be less than for other information disclosed, it will continue the opportunity for interested parties to calculate the capacity utilisation of the network as a whole. More detailed analysis of disaggregated data will also still be possible using data from Schedule 12b**. <li data-bbox="488 1034 1758 1098">• The definition and application of the terms ICP, customer and connection are not included in the scope of this round of information disclosure amendments. <li data-bbox="488 1114 1758 1209">• The definition of transformer capacity (Schedule 16 definitions) has been amended to refer to “transformers on the network” rather than “transformers within the system” for consistency and clarity across the EDB information disclosure determination. | <p data-bbox="1805 300 2007 323">EDB Schedule 9e(i)</p> <p data-bbox="1805 339 2047 363">EDB Schedule 9e(iii)**</p> <p data-bbox="1805 379 2024 403">EDB Schedule 12b(i)</p> <p data-bbox="1805 419 2024 443">EDB Schedule 12c(i)</p> <p data-bbox="1805 459 1989 531">EDB Schedule 16 definitions</p> |

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|-------------------------|---|--|
| GDB Network Information | <p data-bbox="488 300 647 322"><u>Policy decision</u></p> <ul data-bbox="488 341 1756 491" style="list-style-type: none"> <li data-bbox="488 341 1509 367">• Consolidate terms describing gas volumes. (No change in policy from draft policy decision) <li data-bbox="488 386 1756 442">• Retain the ‘maximum daily load’ and ‘maximum monthly load’ disclosures. (No change in policy from draft policy decision) <li data-bbox="488 461 1727 486">• Retain the requirement for information by operating pressure. (No change in policy from draft policy decision) <p data-bbox="488 505 678 528"><u>Notes on drafting</u></p> <ul data-bbox="488 547 1778 724" style="list-style-type: none"> <li data-bbox="488 547 1738 611">• The terms describing aggregate overall load (Schedule 12c(ii)) have been retained so that interested parties can continue to have the opportunity to calculate overall utilisation and for other indicators. <li data-bbox="488 630 1778 724">• The requirement for information by operating pressure is retained to enable interested parties to compare information across networks, expenditure, and expenditure drivers. Information on these characteristics is likely to be more comparable when compared with other network assets of the same operating pressure. | <p data-bbox="1805 300 2002 322">GDB Schedule 1(i)</p> <p data-bbox="1805 341 2022 363">GDB Schedule 9d(ii)</p> <p data-bbox="1805 383 2033 405">GDB Schedule 12c(ii)</p> <p data-bbox="1805 424 1995 486">GDB Schedule 16 definitions</p> |

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|-------------------------|---|--|
| GTB Network Information | <p><u>Policy decision</u></p> <ul style="list-style-type: none"> • Clarify that GTB ‘new connections’ and ‘gas volumes and connections’ disclosures relate to injection and offtake points. (No change in policy from draft policy decision) • Clarify the requirement to disclose connection types. (No change in policy from draft policy decision) • Clarify terms used to describe gas quantities conveyed, delivered and entering the network or system. (No change in policy from draft policy decision) • Change the count (in Schedule 9c) of the number of offtake points to a count of the connection points. (Policy decision revised from draft policy decision) • Remove the requirement to disclose the maximum allowable operating pressure for each transmission system. (Policy decision revised from draft policy decision) • Enhance GTB ‘unaccounted for gas disclosure’ by adding table showing gas entering the system from other systems owned by GTB. (No change in policy from draft policy decision) • Change the specified days that information concerning transmission system capacity reservations applies to ‘pricing year’. (No change in policy from draft policy decision) • Remove the line items for “Change in Line Pack” and “Unaccounted for gas” in the demand forecast. (Policy decision revised from draft policy decision) <p><u>Notes on drafting</u></p> <ul style="list-style-type: none"> • The definition of Quantity of gas delivered excludes gas used in compressor stations and heating systems. • The definition of ‘Change in line pack’ refers to the line pack in the network rather than in the “pipeline” as line pack is disclosed for an entire network rather than for each transmission system. • Gas entering the system refers to both gas injected from production stations and from other transmission systems, whereas gas entering the network refers to intake volume. • The definitions of Gas entering the network, Gas entering the system and Quantity of gas delivered all include the clarification that the quantities for bidirectional connection points should be the gross amounts. • Schedules 8(i) is deleted and Schedules 8(ii) and 8(iii) column headings reflect current transmission billing structures. • In Schedule 9d(ii), the column heading “Gas entering the network” has been maintained to be clear as to the direction of the flow . | <p>GTB clause 2.5.4(4)</p> <p>GTB Schedule 1(i)-1(ii)</p> <p>GTB Schedule 8(i)-(ii)</p> <p>GTB Schedule 9c</p> <p>GTB Schedule 9d(i)-(iii)</p> <p>GTB Schedule 9d(i)-(ii)</p> <p>GTB Schedule 12b(i)-(ii)</p> <p>GTB Schedule 16 definitions</p> |

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|--|--|--|
| Disclosure of errors in previously disclosed information | <p><u>Policy decision</u></p> <ul style="list-style-type: none"> Suppliers are required to disclose information about errors in previously disclosed information where the error or the accumulated effect of errors is material. (Policy decision revised from draft policy decision) Errors are defined to align with the purpose of information disclosure. (No change in policy from the draft policy decision) Information about errors is required to be disclosed within 7 months of identifying the error. (Policy decision revised from draft policy decision) The certification and audit of an error is to be the same standard as the original disclosure. (No change in policy from draft policy decision) The requirements will continue to rely on professional standards for the definition of materiality such as ISAE (NZ) 3000. (No change in policy from the draft policy decision) Disclosures made in the years following disclosure of a material error are based on corrected information. (No change in policy from the draft policy decision) <p><u>Notes on drafting</u></p> <ul style="list-style-type: none"> The requirement to re-disclose whole disclosures has been removed; instead the error disclosure is required to be disclosed with the original disclosure. This provides for a consistent treatment of year-end and other disclosures. Suppliers are required to make disclosures when a material error is identified and may make a disclosure when a non-material error is identified. The disclosure is not required to identify whether the error is material. Different levels of certification and assurance are required for directly and indirectly affected re-disclosed data or statements. | Clause 1.4.3 definitions Clause 2.12** Schedule 14 |
| Cost allocation Director Certification | <p><u>Policy decision</u></p> <ul style="list-style-type: none"> The year-end director certification will certify OVABAA information where relevant. (No change in policy from draft policy decision) | EDB Schedule 18 GDB and GTB Schedule 19 |

| Area of amendment | Policy decision and notes on drafting | Affected clauses and schedules* |
|---------------------------|---|--|
| Transitional Requirements | <p data-bbox="488 300 645 320"><u>Policy decision</u></p> <ul style="list-style-type: none"> <li data-bbox="488 341 1666 362">• Transitional provisions that no longer apply are removed. (No change in policy from draft policy decision) <li data-bbox="488 373 1704 608">• Transitional provisions are provided to transition in this round of amendments for: <ul style="list-style-type: none"> <li data-bbox="528 410 1368 430">○ PowerCo’s gas distribution year-end disclosures due prior to 1 April 2015; <li data-bbox="528 442 1189 462">○ EDB year beginning disclosures due prior to 1 April 2015; <li data-bbox="528 474 1659 494">○ GasNet and Vector’s gas pipeline businesses year beginning disclosures due prior to 1 July 2015; and <li data-bbox="528 505 1379 526">○ the disclosure of errors. (Policy decision refined from draft policy decision) <li data-bbox="488 547 1704 608">• Suppliers are required to disclose prior year ROIs consistent with the revised ROI calculation. (Policy decision revised from draft policy decision) | <p data-bbox="1805 300 2007 352">GDB clauses 2.3.1, 2.3.2, 2.5.1, 2.7.1</p> <p data-bbox="1805 373 1962 394">Clause 2.6.6**</p> <p data-bbox="1805 421 1928 442">Clause 2.12</p> <p data-bbox="1805 462 1951 483">Clause 2.13**</p> <p data-bbox="1805 504 1962 525">Schedule 1-10</p> <p data-bbox="1805 552 1939 572">Schedule 5h</p> <p data-bbox="1805 593 1984 614">EDB Schedule 5i</p> <p data-bbox="1805 635 2007 655">Schedules 11x-12x</p> <p data-bbox="1805 676 1951 697">Schedule 14a</p> <p data-bbox="1805 718 2047 738">Schedule 16 definitions</p> <p data-bbox="1805 759 2047 826">EDB Schedule 19, GDB and GTB Schedule 20</p> |
| | <p data-bbox="488 667 678 687"><u>Notes on drafting</u></p> <ul style="list-style-type: none"> <li data-bbox="488 715 1760 767">• The transitional provisions provide for consistent year-end disclosures within the three industries and consistency in the EDB year beginning disclosures.¹⁵ <li data-bbox="488 794 1760 879">• In completing reports under the previous requirements, suppliers are to apply the definitions applicable to the 2012 determinations published 1 October 2012 and use Version 3 of the templates. Version 3 of the templates is available on the Commission website. | |

* References are to the original determination’s clauses and schedules, except where identified with a ‘***’

** References are to the revised draft amendment determination’s clauses and schedules

¹⁵ Consistency of gas year beginning disclosures is not sought because the amendments to these disclosures are not significant and reconciliation between the suppliers is manageable due to the lower number of suppliers relative to EDBs.

3. How you can provide your views

Purpose of this chapter

3.1 This chapter sets out how you can provide your views on this technical consultation.

Timeframe for submissions

3.2 We welcome your drafting suggestions on the revised draft amendment determinations. Submissions are due by 5pm, Friday 6 March 2015.

3.3 We do not intend to take into account any material that is submitted outside of this timeframe. 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.

3.4 We are not accepting cross-submissions on the revised draft amendment determinations.

Address for submissions

3.5 Submissions should be addressed to:

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

Format for submissions

3.6 We prefer submissions in both MS Word and PDF file formats.

3.7 Please include "Submission on proposed amendments for 2015 to information disclosure determinations for electricity and gas pipeline services: technical consultation paper, 23 February 2015" in the subject line of your email.

Requests for confidentiality

3.8 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:

3.8.1 If it is necessary to include confidential material in a submission, both confidential and public versions of the submission should be provided.

3.8.2 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.

3.9 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'.

4. Attachment A: Notes on drafting – non-complex issues

| Affected clauses | Notes on drafting |
|--|---|
| Clause 1.4.3 Definition of 'mark-up' | 'Price' has been retained as an un-bolded term in the definition for 'mark-up' as the term is used in a different context to the defined term in the IM. |
| Clause 1.4.3 Definition of 'revenue' | We have maintained the removal of the defined term 'revenue'. In the context of related party clauses (2.3.6-2.3.7 of the EDB/GDB and 2.3.7-2.3.8 of the GTB), 'revenue' was not used as a bolded term and therefore, did not use the previous definition from clause 1.4.3. We are not amending the related party clauses containing 'revenue' at this time. Changes to the related party requirements are to be considered at a later round of amendments. |
| Clause 1.4.3 Definition of 'unallocated works under construction' and 'allocated works under construction' | We have reverted back to the previous definition for 'unallocated works under construction' where 'works under construction' was bolded. To improve consistency, we have also bolded 'works under construction' in the definition for 'allocated works under construction' in all three determinations. |
| Clause 1.4.3 (EDB), Schedule 16 (GDB) Definition of 'direct billing' | 'Direct billing' is already defined in clause 1.4.3. Because the term 'direct billing' is used in other places in the EDB determination, we do not consider that it is appropriate to refine the definition to only use the language applicable for Schedule 6b. |
| Clause 1.4.3 Definition of 'related services' | We have retained the refined definition for 'related services'. Section 2 of the Gas Act 1992 defines 'gas appliances' as 'means any appliance that uses, or is designed or intended to use, gas, whether or not it also uses, or is designed or intended to use, any other form of energy'. While the term may not be currently applicable we do not consider that the term needs to be removed at this time. |
| Clause 1.4.3 Definition of 'EDB', 'GDB' and 'GTB' | We have amended the term 'GTB' in clause 1.4.3 to 'GTB (or gas transmission business)' to cover the bolded term 'gas transmission business'. As 'gas transmission business' is not defined in the IM determination, we have clarified that the definition for 'GTB (or gas transmission business)' relates to the IM definition for 'GTB'. We have amended the equivalent terms in the EDB and GDB determinations. |
| Clause 1.4.3 Definition of 'transmission charge' | We have reverted back to the current definition for 'transmission charge' in the EDB determination. |
| Clause 1.4.3 (EDB), Schedule 16 (GDB) Definition of 'system operations and network support' (EDB/GDB) and 'network support' (GTB) | We have used 'excluding costs capitalised' rather than 'excluding costs' for 'system operations and network support'. We have added both 'contractor/contracts management (excluding costs capitalised)' and 'network related research and development' to 'system operations and network support'. We consider that 'transmission operator liaison and management' is already included in 'business support' as 'liaison with Transpower, customers and electricity retailers'. We have removed 'engineering and technical consulting' from 'system operations and network support' in the EDB and GDB and from 'network support' in the GTB. The term is the same as 'engineering/technical consulting services (excluding costs capitalised)'. |
| Clause 1.4.3, Schedule 16 Location of 'business support' | We have maintained 'business support' in clause 1.4.3 in the EDB determination. Clauses 1.4.1(1) of the determinations indicate that we have provided bolded definitions for terms in clause 1.4.3 where they are used in the body of the determination. While we consider that consistency between the determinations is important, we have retained the current location to improve consistency with clause 1.4.1(1). |

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| <p>Clause 1.4.3 Attachment A EDB clause 4.5.1-4.5.8, GDB clause 6.1-6.7 Schedule 16</p> | <p>We have changed the term 'other system fixed assets' to 'other network assets' in clause 4.5.7 the EDB AMP requirements. We have removed the term 'other assets' from clause 4.5.8 of the EDB AMP. Clause 4.4 of the AMP requires descriptions of information for network asset categories. 'Other assets' in the EDB do not relate to the 'network' and should not be included as an asset category requiring a description under clause 4.5.</p> <p>We have amended clauses 4.5.1-4.5.8 of the EDB AMP and 6.1-6.7 of the GDB AMP to instead use the language from clause 7.1 of the GTB AMP. Clause 4.5.1 of the EDB and 6.1 of the GDB will now read 'the categories listed in the Report on Forecast Capital Expenditure in Schedule 11a'.</p> <p><u>Impact of amendment</u></p> <p>Amending clause 4.5.1 of the EDB to read 'the categories listed in the Report on Forecast Capital Expenditure in Schedule 11a' has the same effect as changing 'other system fixed assets' to 'other network assets' and removing 'other assets'. We have decided to reference Schedule 11a to improve consistency between the determinations.</p> <p>Making this change in the EDB has required the terms 'distribution and LV cables', 'distribution and LV lines', 'distribution substations and transformers' and 'distribution switchgear' to be moved from clause 1.4.3 to Schedule 16 as they are no longer used in the body of the determination. It has also required 'special crossings' in the GDB to move from clause 1.4.3 to Schedule 16.</p> <p>To improve consistency between the EDB and GDB, we also moved 'other network assets' from clause 1.4.3 in the GTB to Schedule 16 as the term is not used in the body of the determination.</p> |
| <p>Clause 2.6.1 Report on Asset Management Maturity requirements</p> | <p>To avoid ambiguity over the Report on Asset Management Maturity requirements, clause 2.6.1(1)(e) now reads 'contains the Report on Asset Management Maturity as described in Schedule 13'.</p> |
| <p>Clause 2.3.8(2) (EDB), clause 2.3.9(2) (GTB) Use of 'for each project'</p> | <p>We have retained 'for each project' in clause 2.3.8(2) of the EDB and clause 2.3.9(2) of the GTB. The words are not intended to change suppliers' requirements for this disclosure. They are intended to improve consistency in the wording of the requirements for Schedule 6a throughout clause 2.3.8 (clause 2.3.9 of the GTB).</p> |
| <p>Attachment B (EDB) Use of 'normalised SAIDI' and 'normalised SAIFI'</p> | <p>'Normalised SAIDI' and 'normalised SAIFI' are defined in Schedule 16 and not defined in clause 1.4.3. Terms defined in Schedule 16 should not be bolded. References to the terms 'SAIDI', 'SAIFI', 'SAIDI value' and 'SAIFI value' are already bolded as part of the draft determinations.</p> |
| <p>Schedule 6a(iii) Capex Expenditure</p> | <p>For GTBs, disclosure of capex is by connection type rather than by consumer type. References to consumer types are replaced by references to connection type, and the definition of consumer type is deleted from the GTB Schedule 16.</p> |