

ELECTRICITY AND GAS INFORMATION DISCLOSURE SEMINAR

JAMES COOK HOTEL GRAND CHANCELLOR, WELLINGTON
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TRANSITIONAL PROVISIONS

Presentation to Information Disclosure Seminar
March 2013



First set of Audited Disclosure Information

- The transitional provisions are one off provisions for the first disclosure year.
- Section 2.12 of the Determinations provides transitional provisions in respect of the first disclosure year
- Transitional provisions are designed to assist the shift to the new ID requirements for EDB's and GPB's
- Directors certification requirement applies to transitional disclosures
- First set of audited disclosure information:
 - EDB's By 31 August 2013
 - GPB's (Vector & Gasnet) By 31 December 2013
 - GPB's (Powerco) By 31 March 2014
 - GPB's (MDL) By 30 June 2013

Objective of Transitional Provisions

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Transitional Provisions address four distinct objectives:

- To recognise that suppliers will not have some of the information required under the ID Determinations, for the 2013 disclosure year, and preceding disclosure years
- To allow regulated suppliers time to establish systems, collect information, or develop the capability needed to comply with specific ID requirements
- To provide for continuity of information in the transition from previous ID requirements to the new ID requirements
- To provide information on how regulatory balances have been established and rolled forward from the start of the Part 4 regime

Indicative table of impacts of transitional provisions (Direct only)

Sch	Title	EDB's	GDB's	GTB's
1	Analytical Ratio's			
2	Report on Return on Investment	Y	Y	Y
3	Report on Regulatory Profit	Y	Y	Y
4	Report on Value of the Regulatory Asset Base	Y	Y	Y
5A	Report on Regulatory Tax Allowance			
5B	Report on Related Party Transactions	Y	Y	Y
5C	Report on Term Credit Spread Differential Allowance			
5D	Report on Cost Allocations	Y	Y	Y
5E	Report on Asset Allocations	Y	Y	Y
5F	Report Supporting Cost Allocations	Y	Y	Y
5G	Report Supporting Asset Allocations	Y	Y	Y
5H	Report on Transitional Financial Information	Y	Y	Y
5I	Report on Initial RAB Adjustment	Y		
6A	Report on Capital Expenditure for the Disclosure Year	Y	Y	Y
6B	Report on Operational Expenditure for the Disclosure Year	Y	Y	Y
7	Comparison of Forecasts to Actual Expenditure	Y	Y	Y
10	Report on Network Reliability			
14	Mandatory Explanatory Notes			
14b	Mandatory Explanatory Notes on Transitional Financial Information	Y	Y	Y

Focus of today's session

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- Preparing Schedule 3 for the disclosure year 2012
- Schedule 5h – Report on transitional financial information
- Asset adjustment process for setting initial RAB

Completing Schedule 3

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Required for disclosure year 2013 and 2012

- 2012 information required as beneficial for interested users to have a time series of information
- Results calculated in accordance with the method provided for by these schedules (i.e. ID compliant) but are not required to disclose the backing schedules themselves

Related Parties

- Should be determined in accordance with the IM determination and GAAP as stated within the Determination

Schedule 5h – Initial asset values

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- IM determinations permit EDB's and GPB's to adjust their initial RAB values once under an established set of rules
- Enhanced certainty for both suppliers and consumers by locking in the initial RAB value
- Where a supplier has previously disclosed information on the initial RAB further information disclosed must be consistent with that disclosure
- Where a Non-exempt EDB or a GPB intends to submit information within their 2013 disclosures which is not consistent with that previously provided we suggest that this is advised to the Commission in advance of the disclosure date

Asset adjustment process for setting initial RAB (Exempt EDB's)

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- Asset adjustment process for setting initial RAB contained under 2.12.3 of the EDB ID Determination
- We will send a further request for information requesting:
 - Independent engineer's report in accordance with the specified requirements
 - Commission will strictly apply certification requirements on asset adjustments
 - Directors certificate
 - Workbook containing initial RAB adjustment information.
- Previous adjustments were not all deemed to be IM compliant reviewing these before submitting 2013 disclosures will hopefully result in lower levels of non-compliance

These slides formed the basis of the seminar presented to suppliers and auditors by Commission staff in March 2013. They are intended to be used as general guidance only, and do not replace or summarise the information disclosure determinations themselves. In order to comply fully with the requirements of the determinations, suppliers and auditors should read the EDB, GDB and GTB determinations published on 1 October 2012. These documents can be found at:

- <http://www.comcom.govt.nz/current-electricity-information-disclosure-requirements/> for EDBs; and
- <http://www.comcom.govt.nz/gas-information-disclosure/> for GPBs.

www.comcom.govt.nz

CONTACT

To contact the Commission with information about false or misleading trading practices, or anti-competitive behavior by businesses:

CALL the Contact Centre on 0800 943 600

WRITE to Contact Centre, PO Box 2351, Wellington

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