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Amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services

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1. Introduction

Purpose of this paper

- 1.1 This paper outlines our reasons for amendments to the information disclosure (**ID**) requirements applying to suppliers of airport services, electricity distribution services, gas distribution services, and First Gas Limited (**First Gas**), as a supplier of gas transmission services.

Structure of paper

- 1.2 Chapter 2 of this paper discusses our process for how we selected the prioritised topics for these ID amendments.
- 1.3 Chapters 3 to 12 of this paper each describe a specific topic where we have amended ID determinations; including in each case the previous ID requirements, what we have amended; responses to submissions on our draft decision, and when these amendments take effect.
- 1.4 Chapters 13 to 14 of this paper describe areas where we have not made amendments and have responded to submissions on our draft standard track decision which either proposed a change as part of this round of amendments or suggested that we should not make a change.¹

Information disclosure amendments across sectors we regulate

- 1.5 These ID changes are focused on addressing consequential amendments to the airport services, electricity distribution business (**EDB**), gas distribution business (**GDB**) and gas transmission business (**GTB**) ID determinations arising out of the 2016 input methodologies (**IM**) review. This is not a full review of the ID requirements.
- 1.6 In September 2017 we proposed amendments to the ID requirements for airport services price setting event disclosures as part of a separate draft consultation.² We have included ID amendments for airport services price-setting event disclosures as part of our airport services ID changes discussed in this paper.

¹ Commerce Commission “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services: Draft companion paper” (30 June 2017).

² Commerce Commission “Proposed amendments to information disclosure determination for airport services price setting event items: Draft companion paper” (7 September 2017).

- 1.7 Future ID amendments will be prioritised and phased to address other matters relating to airport services, EDBs, GDBs, GTBs and Transpower New Zealand Limited (**Transpower**) which we have deferred at this time.³

Background to the current ID requirements

- 1.8 The current ID requirements for EDBs, GDBs and GTBs were determined in October 2012.⁴ This followed the determination of the IMs in December 2010.⁵ Amendments were then made to the ID requirements for EDBs, GDBs and GTBs in 2015.⁶
- 1.9 We recently published further amendments to the GDB and GTB ID determinations on a fast track basis to address workability issues with the disclosure year dates applicable to GDBs and GTBs following the First Gas purchase of the Vector Limited (**Vector**) non-Auckland GDB assets, the GTB previously owned by Vector, and the GTB previously owned by Maui Development Limited.⁷
- 1.10 The current ID requirements for Transpower were determined in February 2014.⁸ We recently made a minor reporting date change to the Transpower ID determination as a non-material amendment.⁹
- 1.11 The ID requirements for airport services were initially determined in 2010.¹⁰ Amendments to the ID requirements for airport services were completed in 2012¹¹ and further updated alongside the IM review in 2016.¹²

³ See Table A.1 for a listing of potential amendment topics that have been deferred for future consideration.

⁴ *Electricity Distribution Information Disclosure Determination 2012* [2012] NZCC 22, *Gas Distribution Information Disclosure Determination 2012* [2012] NZCC 23 and *Gas Transmission Information Disclosure Determination 2012* [2012] NZCC 24.

⁵ *Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010* (Decision 710, 22 December 2010), *Commerce Act (Gas Distribution Services Input Methodologies) Determination 2010* (Decision 711, 22 December 2010) and *Commerce Act (Gas Transmission Services Input Methodologies) Determination 2010* (Decision 712, 22 December 2010).

⁶ *2015 Amendment to the Electricity Distribution Information Disclosure Determination 2012* [2015] NZCC 6, *2015 Amendment to the Gas Distribution Information Disclosure Determination 2012* [2015] NZCC 7 and *2015 Amendment to the Gas Transmission Information Disclosure Determination 2012* [2015] NZCC 8.

⁷ Commerce Commission “Fast track amendments to information disclosure determinations for gas pipeline services – Companion Paper” (14 June 2017), *Gas Distribution Information Disclosure Amendments Determination (No.1) 2017* [2017] NZCC 11 and *Gas Transmission Information Disclosure Amendments Determination (No.1) 2017* [2017] NZCC 12.

⁸ *Transpower Information Disclosure Determination 2014* [2014] NZCC 5.

⁹ *Transpower Information Disclosure Amendments Determination 2017* [2017] NZCC 25.

¹⁰ *Commerce Act (Specified Airport Services Information Disclosure) Determination 2010* (Decision 715, 22 December 2010).

Amendments determinations released alongside this paper

- 1.12 This paper explains why we have amended the following determinations:
- 1.12.1 Airport Services Information Disclosure Amendments Determination 2017 [2017] NZCC 36;
 - 1.12.2 Electricity Distribution Information Disclosure Amendments Determination 2017 [2017] NZCC 33;
 - 1.12.3 Gas Distribution Information Disclosure Amendments Determination (No.2) 2017 [2017] NZCC 34; and
 - 1.12.4 Gas Transmission Information Disclosure Amendments Determination (No.2) 2017 [2017] NZCC 35.
- 1.13 Our amendments to the ID determinations in this round of changes are identified as red-lined track changes in the amendments determinations, except for amendments to the disclosure templates.
- 1.14 Our published EDB, GDB and GTB ID amendments determinations also include changes made as a result of our related parties work as part of the IM review, which has been published on the same date.¹³

¹¹ *Amendment to Commerce Act (Specified Airport Services Information Disclosure) Determination 2010* [2012] NZCC 5.

¹² *Airport Services Information Disclosure Amendments Determination 2016* [2016] NZCC 29.

¹³ Commerce Commission “Input Methodologies review final decision: Related party transactions: Final decision and determinations guidance” (21 December 2017).

2. How we selected the topics for our amendments

Purpose of this chapter

- 2.1 This chapter describes our approach for selecting topics in the ID determinations for inclusion in these amendments and our responses to the submissions on our draft decision which proposed a more comprehensive review of the ID requirements.

How we selected the topics

- 2.2 Potential amendments to our ID determinations can arise from:
- 2.2.1 issues consequential on changes to the IMs;
 - 2.2.2 ambiguities or gaps in our ID determinations, picked up in our current evaluation work, such as our work on price-quality path resets;
 - 2.2.3 ambiguities or gaps in our ID determinations, requiring amendments to enable future summary and analysis work;
 - 2.2.4 complex issues identified by users of the ID determinations;¹⁴ and
 - 2.2.5 less complex administrative issues picked up as part of our compliance testing work or identified by users of the ID determinations.
- 2.3 At any time there are a large number of potential candidates for changes to the ID requirements and it is necessary for us to assess whether the potential changes fit our threshold for immediate change.
- 2.4 Our prioritisation for these current amendments has been carried out in accordance with the purpose of ID under the Commerce Act (**the Act**), which is to ‘ensure that sufficient information is readily available to interested persons to assess whether the purpose of this Part [4] is being met’.¹⁵
- 2.5 Key points we considered when making the amendment decisions in accordance with the ID purpose are:
- 2.5.1 continued relevance of the information we required before this final decision;
 - 2.5.2 relevance of any new information we have required as a result of this final decision; and

¹⁴ Users of the ID determinations have identified issues with the application of the ID determinations, which have been collated in an issues register. See Commerce Commission “Issues Register for Electricity and Gas Information Disclosure (30 June 2016).

¹⁵ Commerce Act 1986, s 53A.

- 2.5.3 importance of getting a series of data on key data points over sufficient periods.
- 2.6 These amendments address some multi-sector disclosure issues consequential on changes to the IMs in the 2016 IM review, some administrative issues picked up as part of our compliance testing work, and some ‘low effort, high value’ amendments to the EDB asset health grade requirements.
- 2.7 We have made these changes because:
- 2.7.1 they address issues consequential on changes to the IMs to give effect to some of our 2016 IM review decisions and increase consistency between our ID and IM determinations;
- 2.7.2 we anticipate future work on asset health and airports profitability to continue to be a relatively high priority for our summary and analysis work;¹⁶ and
- 2.7.3 they address some administrative and non-complex issues picked up as part of our compliance testing work.

Matters deferred to future rounds of amendments

- 2.8 In our 2015 amendments to ID determinations for EDBs, GDBs and GTBs, we identified matters deferred to future rounds of amendments.¹⁷ Some of the matters deferred at that time were addressed as part of the 2016 IM review through amendments to our IM determinations.¹⁸
- 2.9 Some complex issues identified by users, which were deferred in 2015, have been combined with issues arising since then and are summarised as deferred issues in Table A.1. As a result of submissions on our draft standard track decision, we have also added further issues to our deferred issues table.¹⁹

¹⁶ For example, see Commerce Commission “Open letter: Our priorities for the electricity distribution sector for 2017/18 and beyond” (9 November 2017).

¹⁷ Commerce Commission “Amendments to information disclosure determinations for electricity distribution and gas pipeline services 2015: Final reasons paper” (24 March 2015), p. 59.

¹⁸ The workstreams identified as ‘various amendments to asset valuation, treatment of taxation and cost allocation IMs’ and ‘IM definitions of operating cost, pass-through costs and recoverable costs’ were addressed as part of the 2016 IM review. See Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), Chapters 2, 4, 5, 7, 11, 12, 13, 16 and 19.

¹⁹ We have added ‘EDB asset category remaining life metric’, ‘EDB accelerated depreciation’, ‘EDB, GDB and GTB redesign of Schedule 9b’, ‘Airport services ex post non-standard depreciation’, ‘Airport services ex post revaluation criteria’ and ‘Airport services consolidation statement’ to our list of deferred matters in Table A.1. ‘Asset category remaining life metric’ was identified in PwC “Submission to the Commerce

- 2.10 In its submission on our standard track draft decision, Genesis Energy (**Genesis**) proposed that we consider amendments to mandate the disclosure of procurement processes generally and to require disclosure of the details of the procurement process where an investment is over a specified threshold.²⁰ As part of our related parties amendments, we now require EDBs, GDBs and GTBs to:
- 2.10.1 publicly disclose a summary of their current related party procurement policy or alternative documentation which is equivalent to the summary of their related party procurement policy;²¹ and
 - 2.10.2 disclose to the Commission their current related party procurement policy or alternative documentation which is equivalent to their related party procurement policy.²²
- 2.11 We have also added 'EDB, GDB and GTB procurement policies' to our list of deferred matters in Table A.1.
- 2.12 In its submission on our standard track draft decision, Genesis proposed that our asset management plan (**AMP**) requirements should include more specific information to allow an interested person to evaluate a supplier's decision-making in respect of forecasted constraints.²³

Commission on Proposed amendments to the information disclosure determination for electricity distribution services" (28 July 2017), para 45. 'EDB accelerated depreciation' was identified in Vector "Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services" (28 July 2017), para 28-29. 'EDB, GDB and GTB redesign of Schedule 9b' was identified in Horizon Networks "Submission to the Commerce Commission on proposed changes to Information Disclosure Determinations for airport services, electricity distribution and gas pipeline services" (28 July 2017), para 12-13. 'Airport services ex post non-standard depreciation' was identified in NZAA "Submission on proposed changes to ID determinations" (28 July 2017), para 21(a). 'Airport services ex post revaluation criteria' was identified in NZAA "Submission on proposed changes to ID determinations" (28 July 2017), para 21(b). 'Airport services consolidation statement' was identified in NZAA "Submission on proposed changes to ID determinations" (28 July 2017), para 21(c).

²⁰ Genesis "Proposed amendments to information disclosure determinations" (28 July 2017), p. 5.

²¹ *Electricity Distribution Information Disclosure Amendments Determination 2017* [2017] NZCC 33, clause 2.3.10, *Gas Distribution Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 34, clause 2.3.10 and *Gas Transmission Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 35, clause 2.3.10.

²² *Electricity Distribution Information Disclosure Amendments Determination 2017* [2017] NZCC 33, clause 2.3.11, *Gas Distribution Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 34, clause 2.3.11 and *Gas Transmission Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 35, clause 2.3.11.

²³ Genesis "Proposed amendments to information disclosure determinations" (28 July 2017), p. 4.

- 2.13 We are intending to carry out a review of the 2018 AMPs. We would expect that, as part of our review of the 2018 AMPs, we will identify areas where the AMP disclosure requirements could be improved.²⁴

Our responses to submissions proposing a more comprehensive review of the ID requirements

- 2.14 In their submissions on our draft decision, a number of submitters proposed that we should carry out a more comprehensive review of the ID requirements:
- 2.14.1 PricewaterhouseCoopers (**PwC**) suggested that we should undertake a review of the ID determinations to confirm that they remain fit for purpose;²⁵
 - 2.14.2 the Board of Airport Representatives New Zealand Inc (**BARNZ**), Electricity Networks Association (**ENA**) and Powerco Limited (**Powerco**) suggested that we consider the issues identified in Table A.1;²⁶
 - 2.14.3 Genesis suggested that our ID requirements are not effective – particularly in light of emerging technologies;²⁷ and
 - 2.14.4 New Zealand Airports Association (**NZAA**) suggested that we should carry out a consolidated process for amending our ID determinations, rather than amending our determinations in phases.²⁸
- 2.15 Our current focus is on getting the maximum value out of the information already being disclosed under our current requirements. Now that we have had five years of information disclosed under the current requirements, we are increasingly well

²⁴ Commerce Commission “Our priorities for the electricity distribution sector for 2017/18 and beyond” (9 November 2017), para 35.

²⁵ PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 9-11, para 46-51

²⁶ BARNZ “Amendments to information disclosure determinations” (28 July 2017), p. 3, ENA “Re: Submission on proposed changes to ID determinations [DD Month] 2017” (28 July 2017), p. 1-2, and Powerco “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p. 1.

²⁷ Genesis “Proposed amendments to information disclosure determinations” (28 July 2017). Genesis’ submission was supported by Meridian Energy Limited – see Meridian Energy Limited “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p. 1.

²⁸ NZAA “Submission on proposed changes to airport services price setting event items” (22 September 2017), para 5. para 9-11

placed to do time-series analysis of data, which will be made more accessible through our new web-based Tableau performance accessibility tool.²⁹

- 2.16 Nonetheless, we remain open to fine-tuning the disclosure requirements where clear improvements can be made. A full review of the disclosure regime is not a priority for us in the near term. This may be something we revisit following the EDB default price-quality path (**DPP**) reset.³⁰
- 2.17 We welcome future proposals from interested persons on how ID can more effectively allow interested persons to assess whether the purpose of Part 4 of the Act is being met.

²⁹ Commerce Commission “Our priorities for the electricity distribution sector for 2017/18 and beyond” (9 November 2017), para 28-32.

³⁰ Commerce Commission “Our priorities for the electricity distribution sector for 2017/18 and beyond” (9 November 2017), Attachment, p. 10-13. Minor ID amendments may be needed to ensure future disclosures are consistent with the 2020 DPP reset decision for EDBs.

3. Airport services interpolated initial regulatory asset base value for land - amendment

Purpose of this chapter

3.1 This chapter outlines our reasons for the changes to the airport services ID determination in relation to the interpolated initial regulatory asset base (**RAB**) value for land. These changes are summarised in Table 3.1.

Table 3.1: Amendments to Airport services interpolated initial regulatory asset base value for land

Area of change	Amendments to the ID determination	Affected clauses and schedules*
Inclusion of interpolated initial RAB value for land	<ul style="list-style-type: none"> • Include a new transitional schedule for the 2019 year-end disclosure in the airports ID determination which requires information to assess the unallocated and allocated initial RAB value for land. • Include new defined terms in the airports ID determination, consistent with the airport services IM determination: <ul style="list-style-type: none"> ○ 'capital expenditure on land for disclosure year 2010'; ○ 'capital expenditure on land for disclosure year 2011'; ○ 'estimated value of land assets for the 2009 year'; ○ 'estimated value of land assets for the 2011 year'; ○ 'value of disposed assets on land for disclosure year 2010'; and ○ 'value of disposed assets on land for disclosure year 2011'. • Require that airports use the cost allocation approach they used for disclosure year 2010 when determining the allocated initial RAB value for land. 	<p>Airport services clause 1.4(3), 2.10(2)-(3)</p> <p>Airport services Schedule 25</p>

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

Interpolated initial regulatory asset base value for land

Previous airport services ID requirements

- 3.2 Previously the airport services ID determination did not require the disclosure of a proxy for the initial RAB value for land as at calendar year 2010. As part of our 2016 IM review we introduced a pragmatic proxy for the initial RAB value for land as at calendar year 2010 into our airport services IM by interpolating 2009 and 2011 RAB land values based on existing market value alternative use (**MVAU**) valuations.³¹

Airport services ID amendment

- 3.3 We have introduced a transitional schedule requiring the disclosure of information used to calculate the initial RAB value for land as at calendar year 2010 in accordance with the calculation specified in our airport services IM.³²
- 3.4 We now require the disclosure of an airport's unallocated initial RAB value for land and an allocated initial RAB value for land, using the airport's cost allocation approach for disclosure year 2010.³³ Having this information is useful for future summary and analysis, as the initial value of land will provide an objective starting point for the assessment of airports' financial returns from the beginning of the regime.³⁴
- 3.5 As the initial RAB value for land is not information which needs to be disclosed annually, we have included it as a transitional schedule, which will be removed from the airport services ID determination following disclosure of the information.
- 3.6 In its submission on our draft standard track decision, BARNZ agreed with the intent of our proposed amendments, but it noted a minor error in our disclosure schedule formula, which has been corrected in our final decision.³⁵

³¹ Commerce Commission "Input Methodologies review decisions Topic Paper 5: Airports profitability assessment" (20 December 2016), p. 165.

³² Airport Services Input Methodologies Determination 2010 - consolidated as of 20 December 2016, clause 3.2(3).

³³ *Airport Services Information Disclosure Amendments Determination 2017* [2017] NZCC 36, clause 2.10(2)-(3) and Schedule 25.

³⁴ Following the High Court judgment in the merits appeals, we made amendments in 2014 to the Airports IMs to assess the initial RAB value for land to be assessed as at 2010. Airports currently have MVAU land valuations for the years 2009 and 2011, not 2010. As part of our 2016 IM review, we introduced a pragmatic proxy for the initial RAB value for land as at 2010 as a solution to this issue. See Commerce Commission "Input Methodologies review decisions Topic Paper 5: Airports profitability assessment" (20 December 2016), p. 164-165.

³⁵ BARNZ "Amendments to information disclosure determinations" (28 July 2017), p. 2.

3.7 In its submission on our draft standard track decision, NZAA supported our proposed amendments.³⁶

Effective date for these ID amendments

3.8 Our amendments apply from the date of commencement of disclosure year 2019 to allow airport services sufficient time to complete the new schedule.

³⁶ NZAA “Submission on proposed changes to ID determinations” (28 July 2017), para 7-9.

4. Airport services, EDB, GDB and GTB cost allocation information - amendment

Purpose of this chapter

4.1 This chapter outlines our reasons for the changes to the airport services, EDB, GDB and GTB ID determinations in relation to cost allocation information. These changes are summarised in Table 4.1.

Table 4.1: Amendments to Airport services, EDB, GDB and GTB cost allocation information

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
Airport services, EDBs, GDBs, and GTBs proxy allocator information	<ul style="list-style-type: none"> • Require that Airport services, EDBs, GDBs, and GTBs using proxy allocators to explain why they have used a: <ul style="list-style-type: none"> ○ proxy rather than a causal allocator; and ○ particular quantifiable measure as the proxy allocator. 	Airport services clause 1.4(3) definitions Airport services clause 2.3(4) EDB, GDB, and GTB clause 1.4.3 definitions EDB, GDB, and GTB clause 2.3.5(5)
EDB, GDB, and GTB avoidable cost allocation methodology	<ul style="list-style-type: none"> • Given the 2016 IM review amendment, remove the requirement for EDBs, GDBs, and GTBs to state whether they have allocated costs in aggregate using the avoidable cost allocation methodology (ACAM); and • Include a requirement in the EDB, GDB, and GTB ID determinations requiring a summary of the relevant maximum values of operating costs or regulated service asset values where ACAM has had the effect of being a limit under the optional variation to accounting-based allocation approach (OVABAA). 	EDB, GDB, and GTB clause 1.4.3 definitions EDB, GDB, and GTB clause 2.3.5(1)-(4),(6), and Schedules 5f and 5g

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

Proxy allocator cost allocation information changes

Previous airport services, EDB, GDB and GTB ID requirements

- 4.2 Previously the airport services, EDB, GDB, and GTB ID requirements did not require regulated suppliers that use proxy allocators to explain why they have used a proxy rather than a causal allocator and why they have used a particular quantifiable measure as the proxy allocator. This was inconsistent with our airport services, EDB, GDB, and GTB IM determinations, which now require regulated suppliers to, in accordance with the requirements in the relevant ID determination, provide this information following our 2016 IM review.³⁷ Previously our ID requirements only required suppliers to provide a rationale for using each allocator.³⁸

Airport services, EDB, GDB and GTB proxy allocator ID amendments

- 4.3 We have included specific requirements in the airport services, EDB, GDB, and GTB ID determinations requiring that regulated suppliers using proxy allocators explain why they have used a proxy rather than a causal allocator and why they have used a particular quantifiable measure as the proxy allocator. We have included this requirement to increase consistency between our ID and IM requirements and to make sure that suppliers disclose this information when using proxy allocators.
- 4.4 In its submission on our draft standard track decision, Vector reiterated its 2016 IM review submission that this change will create more work for its business.³⁹ However, we consider that our solution from the 2016 IM review is still applicable and have amended the ID requirements to give effect to our IM decision.⁴⁰ We do not consider the potential additional costs to suppliers are disproportionate to the benefit of the information to interested persons in terms of s 53A of the Act.⁴¹

³⁷ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 13-14.

³⁸ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 5d-5e, Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 5d-5e, Gas Transmission Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 5d-5e and *Airport Services Information Disclosure Amendments Determination 2016* [2016] NZCC 29, Schedule 9-10.

³⁹ Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 5.

⁴⁰ Commerce Commission “Input methodologies review decisions: decisions Topic paper 3: The future impact of emerging technology in the energy section” (20 December 2016), p. 53.

⁴¹ Commerce Act 1986, s 53A.

- 4.5 In its submission on our draft standard track decision, NZAA indicated that it understands that our draft decision proposed that airports ‘more clearly explain why a proxy allocator has been used instead of a causal allocator – and to ensure that airports can continue to explain the rationale for the proxy allocator used’.⁴² NZAA requested a further explanation if its understanding was incorrect.⁴³
- 4.6 In completing the Report on Cost Allocations and Report on Asset Allocations, rather than just providing the rationale for using each allocator and the rationale for a change in cost allocation or asset allocation, for each operational expenditure category using the accounting-based allocation approach (**ABAA**), suppliers using proxy allocators must now explain why they have used a proxy rather than a causal allocator and why they have used a particular quantifiable measure as the proxy allocator.
- 4.7 NZAA also suggested that we clarify our drafting to more accurately reflect our intent during the 2016 IM review to allow the use of proxy allocators if using a causal relationship is impractical. We agree and have clarified our drafting to reflect this.⁴⁴
- 4.8 In its submission on our draft standard track decision, PwC noted that it is possible for causal allocators to be used for cost allocation.⁴⁵ We agree and have reintroduced the requirement into our EDB, GDB and GTB ID determinations to state whether the allocators used are causal allocators.⁴⁶ We deleted this requirement in our draft EDB, GDB and GTB ID determinations in error.
- 4.9 We have now also introduced this requirement into our airport services ID determination to allow interested persons to assess the types of allocators used.⁴⁷

⁴² NZAA “Submission on proposed changes to ID determinations” (28 July 2017), para 10-16.

⁴³ NZAA “Submission on proposed changes to ID determinations” (28 July 2017), para 14.

⁴⁴ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 15. The drafting is clarified in *Electricity Distribution Information Disclosure Amendments Determination 2017* [2017] NZCC 33, clause 2.3.5(5)(b)(i), *Gas Distribution Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 34, clause 2.3.5(5)(b)(i) and *Gas Transmission Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 35, clause 2.3.5(5)(b)(i) and *Airport Services Information Disclosure Amendments Determination 2017* [2017] NZCC 36, clause 2.3(4)(b)(i).

⁴⁵ PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 15.

⁴⁶ *Electricity Distribution Information Disclosure Amendments Determination 2017* [2017] NZCC 33, clause 2.3.5(5)(a), *Gas Distribution Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 34, clause 2.3.5(5)(a) and *Gas Transmission Information Disclosure Amendments Determination (No.2) 2017* [2017] NZCC 35, clause 2.3.5(5)(a).

⁴⁷ *Airport Services Information Disclosure Amendments Determination 2017* [2017] NZCC 36, clause 2.3(4)(a).

- 4.10 In its submission on our draft standard track decision, BARNZ supported our proposed amendments.⁴⁸

Effective date for these ID amendments

- 4.11 Our amendments apply from the date of commencement of disclosure year 2019 to allow consistency with our EDB, GDB and GTB IM amendments determinations following the 2016 IM review. They require that cost allocation amendments apply from the commencement of disclosure year 2019.⁴⁹
- 4.12 In its submission on our draft standard track decision, PwC noted an inconsistency between our effective dates for cost allocation amendments between our draft amendments determination and draft standard track companion paper.⁵⁰ This final companion paper has corrected that error and is consistent with our amendments determinations.

ACAM cost allocation information changes

Previous EDB, GDB and GTB ID requirements

- 4.13 Previously the EDB, GDB, and GTB ID determinations did not reflect our 2016 IM review decision to remove the avoidable cost allocation methodology (**ACAM**) as a stand-alone cost allocation option. Previously, the ID determinations allowed EDBs, GDBs, and GTBs to state whether they had allocated costs in aggregate using ACAM in accordance with the IMs.⁵¹

⁴⁸ BARNZ “Amendments to information disclosure determinations” (28 July 2017), p. 2.

⁴⁹ *Electricity Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 24, clause 1.1.2(4)(a), *Gas Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 25, clause 1.1.2(4)(a) and *Gas Transmission Services Input Methodologies Amendments Determination 2016* [2016] NZCC 26, clause 1.1.2(4)(a).

⁵⁰ PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 16-17. Vector also noted this point in its submission - Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 22-24.

⁵¹ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 10, *Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015*”, Schedule 5f-5g, *Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015*, Schedule 5f-5g, *Gas Transmission Information Disclosure Determination 2012 – consolidated as of 24 March 2015*, Schedule 5f-5g.

- 4.14 The EDB, GDB, and GTB IM determinations (as amended in the 2016 IM review) require that the maximum value of operating costs or regulated service asset values that may be allocated to the regulated services cannot exceed the total value of operating costs or regulated service asset values (as applicable) that would be allocated using ACAM.⁵²

EDB, GDB and GTB ACAM ID amendments

- 4.15 As our EDB, GDB, and GTB IM determinations no longer allow the use of ACAM as a stand-alone cost allocation option, we have removed the disclosure requirement for EDBs, GDBs, and GTBs to state whether they have allocated costs in aggregate using ACAM in accordance with the IMs. This improves consistency between our ID and IM requirements.
- 4.16 We now require that EDBs, GDBs, and GTBs provide a summary of the relevant maximum values of operating costs or regulated service asset values where ACAM has had the effect of being a limit under OVABAA. This allows stakeholders to assess how often suppliers have used ACAM as a cap on the maximum value of their operating costs or regulated service asset values.
- 4.17 This reflects our changes as part of our 2016 IM review, where ACAM is not able to be used as a stand-alone cost allocation option, but under OVABAA EDBs, GDBs, and GTBs will continue to be allowed to allocate costs up to the maximum of the ACAM-calculated level across all regulated services where relevant.⁵³
- 4.18 In its submission on our draft standard track decision, Vector proposed that we should amend the requirement to report ACAM to only cover situations where it has been applied as a limit under OVABAA.⁵⁴ We agree with Vector's submission and our final decision in the amendments determinations reflects this.

⁵² *Electricity Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 24, clause 2.1.1(4), *Gas Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 25, clause 2.1.1(4) and *Gas Transmission Services Input Methodologies Amendments Determination 2016* [2016] NZCC 26, clause 2.1.1(4).

⁵³ Commerce Commission "Input methodologies review decisions Topic paper 3: The future impact of emerging technology in the energy section" (20 December 2016), p. 46.

⁵⁴ Vector "Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services" (28 July 2017), para 6-8.

- 4.19 In its submission on our draft standard track decision, PwC suggested a drafting clarification on the basis that expenditure or asset categories are not necessarily wholly 'directly attributable' or 'not directly attributable'.⁵⁵ We agree and our drafting now reflects this.

Effective date for these ID amendments

- 4.20 Our ID amendments apply from the date of commencement of disclosure year 2019 to allow consistency with our EDB, GDB and GTB IM amendments determinations following the 2016 IM review. They require that cost allocation amendments apply from the commencement of disclosure year 2019.⁵⁶
- 4.21 In its submission on our draft standard track decision, PwC noted an inconsistency between our effective dates for cost allocation amendments between our draft amendments determination and draft standard track companion paper.⁵⁷ This final companion paper has corrected that error and is consistent with our amendments determinations.

⁵⁵ PwC "Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services" (28 July 2017), para 15.

⁵⁶ *Electricity Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 24, clause 1.1.2(4)(a), *Gas Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 25, clause 1.1.2(4)(a) and *Gas Transmission Services Input Methodologies Amendments Determination 2016* [2016] NZCC 26, clause 1.1.2(4)(a).

⁵⁷ PwC "Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services" (28 July 2017), para 16-17.

5. Airport services, EDB, GDB and GTB cost of capital - amendment

Purpose of this chapter

5.1 This chapter outlines our reasons for the changes to the airport services, EDB, GDB and GTB ID determinations in relation to cost of capital changes. These changes are summarised in Table 5.1.

Table 5.1: Amendments to Airport services, EDB, GDB and GTB ID determinations for cost of capital

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
Airport services, EDB, GDB, and GTB cost of capital	<ul style="list-style-type: none"> • Amend the leverage for: <ul style="list-style-type: none"> ○ the airport services ID determination from '17%' to '19%'; and ○ the EDB, GDB, and GTB ID determination from '44%' to '42%'. • Amend the term credit spread differential calculation for EDB, GDB and GTB ID by removing references to the term 'cost of executing an interest rate swap' • Change references to the term 'debt premium estimates' in the airport services, EDB, GDB, and GTB ID to 'average debt premium estimates' in the definition for 'cost of debt assumption' • Amend the formula for ascertaining the 'cost of debt assumption' in the airports ID by adding 'debt issuance costs'. 	<p>Airport services clause 1.4(3) definitions, Schedule 1(b)(i)</p> <p>EDB, GDB, and GTB Schedule 2(ii) and 5c(ii)</p> <p>EDB, GDB, and GTB Schedule 16 definitions</p>

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

Airport services, EDB, GDB, and GTB cost of capital - leverage

Previous airport services, EDB, GDB, and GTB ID requirements for leverage

5.2 Previously the airport services, EDB, GDB, and GTB ID determinations used a leverage percentage that became inconsistent with the equivalent IM determinations following the 2016 IM review.

- 5.3 The airport services ID determination previously used a leverage percentage of 17% and the EDB, GDB, and GTB ID determinations used 44%.⁵⁸
- 5.4 As part of the IM review, we changed the leverage percentage for airport services in the IM determination from 17% to 19% and the EDB, GDB, and GTB leverage percentage in the IM determinations from 44% to 42%.⁵⁹

Airport services, EDB, GDB and GTB ID amendment for leverage

- 5.5 We have amended the airport services, EDB, GDB, and GTB ID determinations to use a leverage percentage consistent with the IM determinations following the 2016 IM review.
- 5.6 In its submission on our draft standard track decision, BARNZ,⁶⁰ NZAA,⁶¹ PwC⁶² and Vector supported our proposed amendments.⁶³

⁵⁸ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 2 and 5c, Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 2 and 5c, Gas Transmission Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 2 and 5c.

⁵⁹ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 65 and 76.

⁶⁰ BARNZ “Amendments to information disclosure determinations” (28 July 2017), p. 2.

⁶¹ NZAA “Submission on proposed changes to ID determinations” (28 July 2017), para 17-18.

⁶² PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 19-21.

⁶³ Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 9.

EDB, GDB, and GTB cost of capital - term credit spread differential calculation

Previous EDB, GDB, and GTB term credit spread differential calculation ID requirements

5.7 The previous EDB, GDB, and GTB ID determination formulas for ascertaining the gross term credit spread differential became inconsistent with the equivalent IM determinations following the 2016 IM review. The EDB, GDB, and GTB ID determinations previously included the 'cost of executing an interest rate swap' as part of ascertaining the gross term credit spread differential.⁶⁴ As part of the IM review, we removed an allowance for swap costs from the EDB, GDB and GTB term credit spread differential and instead now use it in the value of debt issuance costs.⁶⁵

EDB, GDB, and GTB term credit spread differential calculation ID amendments

5.8 We have amended the EDB, GDB, and GTB ID determinations' calculation for ascertaining the gross term credit spread differential, consistent with the IM determinations. We have done this by removing the 'cost of executing an interest rate swap' from the ID determinations.

5.9 In their submissions on our draft standard track decision, NZAA⁶⁶ and PwC⁶⁷ supported our proposed amendments.

⁶⁴ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 5c and Schedule 16 definitions, Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 5c and Schedule 16 definitions, Gas Transmission Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 5c and Schedule 16 definitions.

⁶⁵ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 62.

⁶⁶ NZAA "Submission on proposed changes to ID determinations" (28 July 2017), para 17-18.

⁶⁷ PwC "Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services" (28 July 2017), para 19-21.

Airport services, EDB, GDB, and GTB cost of capital – cost of debt

Previous Airport services, EDB, GDB, and GTB cost of debt assumption ID requirements

- 5.10 The previous airport services, EDB, GDB, and GTB ID determination formulas for ascertaining the cost of debt assumption became inconsistent with the equivalent IM determination following the 2016 IM review. The airport services, EDB, GDB, and GTB ID determinations included ‘debt premium estimates’ as part of ascertaining the cost of debt assumption.⁶⁸ Following the IM review, we now determine an ‘average debt premium’ under the airport services, EDB, GDB, and GTB IM determinations, rather than a ‘debt premium’.⁶⁹
- 5.11 The previous airport services ID determination formula for ascertaining the cost of debt assumption was also inconsistent with the airports IM as it did not include ‘debt issuance costs’.⁷⁰

Airport services, EDB, GDB, and GTB cost of debt assumption ID amendments

- 5.12 We have amended the airport services, EDB, GDB, and GTB ID determination formulas for ascertaining the cost of debt assumption to include ‘average debt premium estimates’, consistent with the IM determinations, rather than ‘debt premium estimates’.
- 5.13 We have also amended the airport services ID determination formula for ascertaining the cost of debt assumption by including ‘debt issuance costs’, consistent with the IM determination.
- 5.14 In its submission on our draft standard track decision, BARNZ,⁷¹ NZAA,⁷² and PwC⁷³ supported our proposed amendments.

⁶⁸ Airport Services Input Methodologies Determination 2010 - consolidated as of 20 December 2016, clause 1.4(2) definitions, Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 16 definitions, Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 16 definitions, Gas Transmission Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 16 definitions.

⁶⁹ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 61 and 74.

⁷⁰ Airport Services Input Methodologies Determination 2010 - consolidated as of 20 December 2016, clause 1.4(2) definitions and Airport Services Input Methodologies Determination 2010 - consolidated as of 20 December 2016, clause 5.1(3).

⁷¹ BARNZ “Amendments to information disclosure determinations” (28 July 2017), p. 2.

⁷² NZAA “Submission on proposed changes to ID determinations” (28 July 2017), para 17-18.

⁷³ PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 19-21.

- 5.15 In its submission on our draft standard track decision, Vector suggested that our proposed change to the definition of ‘cost of debt assumption’ did not provide sufficient guidance as to whether the average debt premium will need to be updated annually or whether it is fixed, and it encouraged us to provide further clarification as to how the debt premium will be estimated.⁷⁴
- 5.16 As specified in our IM determinations, the Commission will determine an estimate of an amount for the average debt premium for each disclosure year within one month of the commencement of the disclosure year.⁷⁵ We do not consider that our ID requirements need to be changed to reflect this.

Effective date for cost of capital amendments

- 5.17 Our cost of capital amendments apply from the date of commencement of disclosure year 2019 to allow suppliers to use the latest version of the templates for their disclosures.⁷⁶
- 5.18 In its submission on our draft standard track decision, Powerco noted that our proposed cost of capital changes will reduce comparability between the ID return on investment (**ROI**) and the DPP cost of capital used to set the regulatory price path.⁷⁷ We consider that having consistent calculations between our ID and IM determinations in this respect is more important than comparability between the ROI and the historical DPP cost of capital.

⁷⁴ Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 10.

⁷⁵ *Airport Services Input Methodologies Amendments Determination 2016* [2016] NZCC 28, clause 5.4(1), *Electricity Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 24, clause 2.4.4(1), *Gas Distribution Services Input Methodologies Amendments Determination 2016* [2016] NZCC 25, clause 2.4.4(1) and *Gas Transmission Services Input Methodologies Amendments Determination 2016* [2016] NZCC 26, clause 2.4.4(1).

⁷⁶ In its submission on our draft standard track decision, PwC noted an inconsistency between our effective dates for cost of capital amendments between our draft amendments determination and draft standard track companion paper. This has been corrected in this final decision. PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 16-17.

⁷⁷ Powerco “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p. 3.

6. EDB asset health grades information - amendment

Purpose of this chapter

6.1 This chapter outlines our reasons for the changes to the EDB ID determination in relation to asset health grades information. These changes are summarised in Table 6.1.

Table 6.1: Amendments to EDB asset health grades information

Area of change	Amendments to the ID determination	Affected clauses and schedules*
EDB asset health grades	<ul style="list-style-type: none"> Use the Electricity Engineers' Association of New Zealand's (EEA) asset health indicator guide for the grading of assets in the EDB ID determination, rather than our previous grading system. This requires removing references to the terms 'Grade 1', 'Grade 2', 'Grade 3', 'Grade 4' and instead, using the terms 'H1', 'H2', 'H3', 'H4', and 'H5'. 	EDB Schedule 12a EDB Schedule 16 definitions

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

EDB asset health grade changes

Previous EDB ID requirements

6.2 Previously the EDB ID determination required suppliers to assess the condition of assets using the terms 'Grade 1', 'Grade 2', 'Grade 3' and 'Grade 4'.⁷⁸ The terms 'Grade 1' to 'Grade 4' were different from the EEA's (EEA) asset health indicator scale.⁷⁹

EDB asset health ID amendment

6.3 We have amended the EDB ID determination to include the EEA's asset health indicator scale and removed the terms 'Grade 1', 'Grade 2', 'Grade 3', and 'Grade 4'. Aligning our asset grading requirements with the EEA's grading allows consistency between our ID determination metrics for assessing asset conditions and a recognised industry guide which is commonly used by EDBs for asset management decisions.

⁷⁸ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 12a.

⁷⁹ Electricity Engineers' Association of New Zealand "Asset Health Indicator Guide" (January 2016), p. 4.

- 6.4 Aligning our requirements with the EEA’s guide also reduces the potential for errors in grading, as EDBs will not need to convert a set of data collected under one methodology for asset management purposes to another system for our regulatory reporting.
- 6.5 We also anticipate that having more disaggregated information using an updated grading scale will be useful for future summary and analysis on asset health.⁸⁰
- 6.6 We note that in its submission on our draft standard track decision, Vector has suggested that changing the grading criteria will cause discontinuity with the data series for Schedule 12a.⁸¹ We disagree, as although the data points themselves will use different names, the content from the data points can be reconciled with our old ‘Grade 1’, ‘Grade 2’, ‘Grade 3’ and ‘Grade 4’ metrics.⁸²
- 6.7 In their submissions on our draft standard track decision, PwC and Vector indicated that the EEA’s guidance does not cover all ID classes and they sought guidance on how the assets not covered would be treated.⁸³
- 6.8 We have clarified the drafting in the EDB ID determination to now include definitions for grades ‘H1-H5’ which specify the characteristics for each EEA grade, rather than point to the ‘meaning given in the current EEA asset health indicator guide’. This will allow suppliers to use metrics from the guide as a classification method for all assets, including those not specifically mentioned in the guide e.g. if an EDB considers that an asset needs replacing, it will be graded as H1. Our expectation is that the EEA’s guide will be used as a standard industry grading tool for assets in upcoming years.

⁸⁰ The EEA guide shows categories H3 and H4 separately. This allows assets which represent an ‘increasing asset related risk’ (category H3) to be to be disclosed separately from those assets which are ‘normal in service deterioration’ (category H4). These are currently combined in ‘Grade 3’ in our EDB ID requirements.

⁸¹ Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 12.

⁸² See Electricity Engineers’ Association of New Zealand “Asset Health Indicator Guide” (January 2016), para 4.5 and Table 5.

⁸³ PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 7c, para 23-27 and Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 13.

- 6.9 We have retained the ‘grade unknown’ as a possible condition for suppliers’ assessment of assets, which we proposed removing as part of our draft standard track decision.⁸⁴ In its submission on our draft standard track decision, Horizon Networks (**Horizon**) suggested that we should retain the ‘grade unknown’ category as ‘there will be circumstances where there is insufficient historical information available to enable an asset health grading to be assessed’, thus requiring the use of ‘grade unknown’.⁸⁵ Horizon also suggested that it anticipates that the use of ‘grade unknown’ will diminish with time as asset records improve.⁸⁶
- 6.10 We acknowledge Horizon’s submission and have retained ‘grade unknown’. We agree with Horizon’s point about anticipated future use of ‘grade unknown’ and expect that the use of this category should diminish with time as asset records improve.⁸⁷
- 6.11 In its submission on our draft standard track decision, Powerco supported our proposed amendments and noted that it already uses the EEA’s asset health indicator scale for internal asset assessment purposes.⁸⁸

Effective date for this ID amendment

- 6.12 Our amendment applies from the date of commencement of disclosure year 2019 to allow EDBs sufficient time to complete the new schedule. This means that EDBs will need to use the new year-beginning forecast schedule for disclosure year 2020 commencing 1 April 2019.

⁸⁴ Commerce Commission “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services: Draft companion paper” (30 June 2017), para 6.1.

⁸⁵ Horizon “Submission to the Commerce Commission on proposed changes to Information Disclosure Determinations for airport services, electricity distribution and gas pipeline services” (28 July 2017), para 14-15.

⁸⁶ Horizon “Submission to the Commerce Commission on proposed changes to Information Disclosure Determinations for airport services, electricity distribution and gas pipeline services” (28 July 2017), para 15.

⁸⁷ Horizon “Submission to the Commerce Commission on proposed changes to Information Disclosure Determinations for airport services, electricity distribution and gas pipeline services” (28 July 2017), para 15.

⁸⁸ Powerco “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p. 1.

7. GDB and GTB recoverable costs - amendment

Purpose of this chapter

7.1 This chapter outlines our reasons for the changes to the GDB and GTB ID determinations in relation to recoverable costs. These changes are summarised in Table 7.1.

Table 7.1: Amendments to GDB and GTB recoverable costs

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
GDB recoverable costs	<ul style="list-style-type: none"> • Include in the GDB ID determination requirements for GDBs to disclose information on: <ul style="list-style-type: none"> ○ ‘catastrophic event allowance’ and ‘capex wash-up adjustment’ as <i>wash-up costs</i> in the Report on Return on Investment; and ○ ‘urgent project allowance’ as a <i>recoverable cost excluding financial incentives and wash-ups</i> in the Report on Regulatory Profit. 	GDB Schedule 2 and 3 GDB Schedule 16 definitions
GTB recoverable costs	<ul style="list-style-type: none"> • Include in the GTB ID determination requirements for GTBs to disclose information on: <ul style="list-style-type: none"> ○ ‘catastrophic event allowance’, ‘capex wash-up adjustment’ and ‘revenue wash-up draw down amount’ as <i>wash-up costs</i> in the Report on Return on Investment; and ○ ‘urgent project allowance’ and ‘Mokau compressor fuel gas cost’ as <i>recoverable costs excluding financial incentives and wash-ups</i> in the Report on Regulatory Profit. 	GTB Schedule 2 and 3 GTB Schedule 16 definitions

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

Changes in recoverable costs for GDBs

Previous GDB ID requirements

7.2 Previously the GDB ID determination did not include recoverable costs that were added to the GDB IM determination as part of the 2016 IM review. As part of the 2016 IM review, the GDB IM determination introduced new recoverable costs for:

7.2.1 catastrophic event allowance;⁸⁹

7.2.2 a capex wash-up adjustment;⁹⁰ and

7.2.3 an urgent project allowance.⁹¹

GDB recoverable cost ID amendment

7.3 We have included the catastrophic event allowance and capex wash-up adjustment as additional wash-up costs in the GDB ID Report on Return on Investment. Requiring this information allows interested parties to assess the impact of a catastrophic event or capex wash-up on a GDB's return on investment.

7.4 We have included an urgent project allowance in the recoverable costs excluding financial incentives and wash-ups in the GDB ID Report on Regulatory Profit. Requiring this information allows interested parties to more accurately assess the impact of recoverable costs, other than those affecting a GDB's financial incentives and wash-ups, on a GDB's expenses.

7.5 Including these recoverable costs in the GDB ID determination improves the consistency between our GDB ID and IM determinations.

7.6 In its submission on our draft standard track decision, Vector supported our proposed amendments.⁹²

⁸⁹ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 95.

⁹⁰ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 95.

⁹¹ Commerce Commission "Input methodologies review decisions: Report on the IM review" (20 December 2016), p. 96.

⁹² Vector "Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services" (28 July 2017), para 17.

Effective date for these ID amendments

- 7.7 Our amendments apply from the date of commencement of disclosure year 2019 to allow interested parties to have a more accurate assessment of the impact of wash-up costs on ROI and expenses for the remainder of the current GDB default price-quality path regulatory period. The GDB DPP began on 1 October 2017.

Changes in recoverable costs for GTBs

Previous GTB ID requirements

- 7.8 Previously the GTB ID determination did not include recoverable costs added to the GTB IM determination as part of the 2016 IM review. As part of the 2016 IM review, the GTB IM determination included new recoverable costs for:

- 7.8.1 catastrophic event allowance;⁹³
- 7.8.2 a capex wash-up adjustment;⁹⁴
- 7.8.3 revenue wash-up draw down amount;⁹⁵
- 7.8.4 an urgent project allowance;⁹⁶ and
- 7.8.5 compressor fuel gas cost.⁹⁷

GTB recoverable cost ID amendment

- 7.9 We have included the catastrophic event allowance, capex wash-up adjustment and revenue wash-up draw down amount as additional ‘wash-up costs’ in the GTB ID Report on Return on Investment. Consistent with including the revenue wash-up draw down amount, we have changed the ROI formulae and the specification of the ‘regulatory investment value’ to reflect the current balance of the ‘wash-up account’.
- 7.10 Requiring this information allows interested parties to assess the financial impact of a catastrophic event, capex wash-up or revenue wash-up draw down on a GTB’s return on investment.

⁹³ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 98.

⁹⁴ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 98.

⁹⁵ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 98.

⁹⁶ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 98.

⁹⁷ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 98.

- 7.11 We have included an urgent project allowance and Mokau compressor fuel gas costs in the recoverable costs excluding financial incentives and wash-ups in the GTB ID Report on Regulatory Profit. Requiring this information allows interested parties to more accurately assess the impact of recoverable costs, other than those affecting a GTBs' financial incentives and wash-ups, on a GTB's expenses.
- 7.12 Including these recoverable costs in the GTB ID determination also improves the consistency between our GTB ID and IM determinations.

Effective date for these ID amendments

- 7.13 Our amendments apply from the date of commencement of disclosure year 2019 to allow interested parties to have a more accurate assessment of the impact of wash-up costs on ROI and expenses for the remainder of the current GTB default price-quality path regulatory period. The GTB DPP began on 1 October 2017.

8. GDB and GTB incremental rolling incentive scheme information - amendment

Purpose of this chapter

8.1 This chapter outlines our reasons for the changes to the GDB and GTB ID determinations in relation to incremental rolling incentive scheme (**IRIS**). These changes are summarised in Table 8.1.

Table 8.1: Amendments to GDB and GTB incremental rolling incentive scheme information

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
GDB and GTB incremental rolling incentive scheme information	<ul style="list-style-type: none"> Remove 'Incremental Rolling Incentive Scheme' information from the GDB and GTB Report on Return on Investment and Report on Regulatory Profit, including related defined terms 'actual controllable opex', 'allowed controllable opex', 'incremental gain/(loss) in year', 'net incremental rolling incentive scheme', 'net recoverable costs allowed under incremental rolling incentive scheme', 'other financial incentives', 'previous years' incremental gain/(loss)' and 'previous years' incremental gain/(loss) adjusted for inflation'; and Amend the definition for 'financial incentives' to now be the previous definition for 'other financial incentives'. 	GDB and GTB Schedule 2(v), and Schedule 3 GDB and GTB Schedule 16 definitions

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

IRIS changes for GDBs and GTBs

Previous GDB and GTB ID requirements

8.2 Previously the GDB and GTB information disclosure requirements included disclosures for IRIS information.⁹⁸ As part of our 2016 IM review, we removed the asymmetric operating expenditure IRIS applying to customised price-quality paths for GDBs and GTBs.⁹⁹

GDB and GTB ID amendment

- 8.3 We have removed the IRIS information from our GDB and GTB ID determinations and related definitions.¹⁰⁰ This allows consistency with our IM determinations.
- 8.4 In its submission on our draft standard track decision, Vector suggested that our proposed definition for ‘financial incentives’ referencing our ability to classify recoverable costs as a financial incentive, taken from the previous definition of ‘other financial incentives’, was outside of our powers under s 53V(2)(c) of the Act.¹⁰¹
- 8.5 Section 53M of the Act empowers us to set (quality-related) financial incentives for suppliers in a customised price-quality path (CPP) determination. Section 53V(2)(c) of the Act is the section allowing us to vary an IM (following an agreement between us and the supplier) in order to give effect to such financial incentives .
- 8.6 We have clarified our definition of ‘financial incentives’ in the GDB and GTB ID determinations to only apply to recoverable costs which we have specified in a CPP determination using an IM variation under s 53V(2)(c) of the Act, which has been classified by us as a ‘financial incentive’ in that CPP determination.¹⁰²

⁹⁸ Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 2(v) and 3(iii) and Gas Transmission Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 2(v) and 3(iii).

⁹⁹ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 115-116.

¹⁰⁰ Definitions of ‘actual controllable opex’, ‘allowed controllable opex’, ‘incremental gain/(loss) in year’, ‘net incremental rolling incentive scheme’, ‘net recoverable costs allowed under incremental rolling incentive scheme’, ‘other financial incentives’, “previous years’ incremental gain/(loss)” and “previous years’ incremental gain/(loss) adjusted for inflation”.

¹⁰¹ Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 18-20.

¹⁰² We have also amended the definition of ‘other recoverable costs excluding financial incentives and wash-ups’ and ‘other wash-ups’ to clarify the use of s 53V(2)(c) in this context. We have also made equivalent changes to the definitions of ‘other financial incentives’, ‘other recoverable costs excluding financial incentives and wash-ups’ and ‘other wash-ups’ in the EDB ID determination.

Effective date for these ID amendments

- 8.7 Our amendments apply from the date of commencement of disclosure year 2019 so that suppliers can use the latest version of the templates for their disclosures.

9. EDB and GDB tax - amendment

Purpose of this chapter

9.1 This chapter outlines our reasons for the changes to the EDB and GDB ID determinations in relation to tax. These changes are summarised in Table 9.1.

Table 9.1: Amendments to EDB and GDB tax

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
EDB and GDB Tax	<ul style="list-style-type: none"> Amend the EDB and GDB ID determination definition for ‘opening weighted average remaining useful life of relevant assets (years)’ to now reference the meaning given in the applicable IM determination. 	EDB and GDB Schedule 16 definitions

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

EDB and GDB tax

Previous EDB and GDB ID requirements

9.2 Previously the EDB and GDB ID determinations included a calculation for determining the ‘opening weighted average remaining useful life of relevant assets (years)’. As a result of the 2016 IM review, we defined the term ‘opening weighted average remaining useful life of relevant assets’ in the EDB and GDB IM determinations to copy the definition from the current EDB and GDB ID determinations.¹⁰³

EDB and GDB ID amendment

9.3 We have amended the definition of ‘opening weighted average remaining useful life of relevant assets (years)’ in the EDB and GDB ID determinations to now reference the meaning found in the IM determination. As the IM meaning is now the same as the current ID determination definition, we have removed the ID determination definition to avoid potential confusion by having the same term defined in the same manner across multiple determinations.

Effective date for these ID amendments

9.4 Our amendments apply from the date of commencement of disclosure year 2019.

¹⁰³ Commerce Commission “Input methodologies review decisions: Report on the IM review” (20 December 2016), p. 52, and 55-56.

10. Airport services price setting event information – amendment

Purpose of this chapter

10.1 This chapter outlines our reasons for the changes to the airport services ID determinations in relation to price setting event information. These changes are summarised in Table 10.1.

Table 10.1: Amendments to the Airport services price setting information

Area of change	Amendments to the ID determination	Affected clauses and schedules*
Airport services proposed risk allocation adjustment	Include the differences between actual and forecast proposed risk allocation adjustments, included in airports' price setting events in the Report on Actual to Forecast Performance	Airport services clause 1.4(3) definitions: "estimated present value of the proposed risk allocation adjustment" and "units used" Airport services clauses 2.3(1)(a), 2.3(2) Airport services Schedule 6c

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

Price setting event information

Previous airport services ID requirements

10.2 Previously the ex post airport services ID requirements were inconsistent with the current ex ante airport services ID requirements. As part of the 2016 IM review, we introduced proposed risk allocation adjustments into the carry forward mechanism for our ex ante disclosures, following airports' price setting events.¹⁰⁴ Previously, risk allocation adjustments were not required in our ex post disclosures.¹⁰⁵

¹⁰⁴ Airport Services Input Methodologies Determination 2010 - consolidated as of 20 December 2016, Schedules 18-19.

¹⁰⁵ Commerce Commission "Input methodologies review decisions – Topic paper 5: Airports profitability assessment" (20 December 2016), p. 8.

What is a risk allocation adjustment?

10.3 Given that airports set prices in advance, airports and airlines use the term ‘risk’ as a way to describe the fact that actual out-turns can be different to forecasts. A ‘risk allocation adjustment’ is a decision that was made in a previous pricing period by an airport on how those risks should be allocated between the airport and airlines. This is important in the context of an ex-ante profitability assessment, as the allocation of those risks can affect charges for the current price setting event.¹⁰⁶

Airport services price setting event information ID amendment

10.4 We have required airports to disclose the differences between forecasts and actuals for any proposed risk allocation adjustments included in their price setting event, which would result in adjustments to prices at a future price setting event.¹⁰⁷

10.5 We have required the difference between forecast and actuals for any proposed risk allocation adjustments as these updates:

10.5.1 increase consistency between our ex ante and ex post ID disclosures;

10.5.2 are essential for future summary and analysis of airports’ ex-ante profitability performance for the next price setting event; and

10.5.3 may also add value to our future assessment of airports’ historical ROI performances.

10.6 In its submission on our draft decision, BARNZ supported our draft decision to include differences between actual and forecast proposed risk allocation adjustments.¹⁰⁸

10.7 BARNZ also suggested that it may be helpful to define the term ‘units used’ to make it clear that this would refer to non-monetary as well as monetary units.¹⁰⁹ We agree and have clarified this in our airport services ID amendments determination.

¹⁰⁶ Commerce Commission “Input methodologies review decisions – Topic paper 5: Airports profitability assessment” (20 December 2016), p. 77.

¹⁰⁷ *Airport Services Information Disclosure Amendments Determination 2017* [2017] NZCC 36, Schedule 6c.

¹⁰⁸ BARNZ “Amendments to information disclosure determination for airport price setting event items” (22 September 2017), p. 1.

¹⁰⁹ BARNZ “Amendments to information disclosure determination for airport price setting event items” (22 September 2017), p. 1.

- 10.8 In its submissions on our draft decision, BARNZ suggested that we clarify whether the defined term ‘estimated present value of the proposed risk allocation adjustment’ refers to a value for the current disclosure year, for all disclosure years to date in the pricing period or for the full pricing period (as a forecast).¹¹⁰ We have clarified in our airport services ID amendments determination that the term ‘estimated present value of the proposed risk allocation adjustment’ refers to a value for all disclosure years in the pricing period to date.
- 10.9 In its submission on our draft decision, NZAA proposed that we amend the ‘units used’ column in the new schedule reporting items identified in price setting events – Schedule 6c to allow text input.¹¹¹ Having this column restricted to numerical inputs in our draft decision was in error. We have corrected this in our final decision.
- 10.10 In its submission on our draft, NZAA suggested that Schedule 6c should only include a total for the ‘estimated present value of the proposed risk allocation adjustment’, not totals for other columns, as these may use different units.¹¹² We agree and have only included a total for the ‘estimated present value of the proposed risk allocation adjustment’.

Effective date for these ID amendments

- 10.11 Our amendments apply from the date of commencement of disclosure year 2019 to allow airports sufficient time to complete the new schedule.

¹¹⁰ BARNZ “Amendments to information disclosure determination for airport price setting event items” (22 September 2017), p. 1.

¹¹¹ NZAA “Submission on proposed changes to airport services price setting event items” (22 September 2017), para 5.

¹¹² NZAA “Submission on proposed changes to airport services price setting event items” (22 September 2017), para 5.

11. EDB SAIDI and SAIFI - amendment

Purpose of this chapter

11.1 This chapter outlines our reasons for the changes to the EDB ID determination in relation to SAIDI and SAIFI reliability limits. This chapter also outlines our reasons for not changing our SAIDI and SAIFI normalised requirements as suggested by some submitters on our draft standard track decision. The SAIDI and SAIFI reliability limit changes are summarised in Table 11.1.

Table 11.1: Amendments to EDB SAIDI and SAIFI reliability limits

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
EDB SAIDI and SAIFI reliability limits	<ul style="list-style-type: none"> Remove the requirement for non-exempt EDBs to disclose SAIDI and SAIFI reliability limits 	EDB Schedule 10(i)

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

EDB SAIDI and SAIFI reliability limits - amendment

Previous EDB ID requirements

11.2 Previously the EDB ID determination required non-exempt EDBs to provide SAIDI and SAIFI reliability limits.¹¹³ This meant that non-exempt EDBs had to provide this information under both ID and for their compliance statements under the EDB DPP determination.¹¹⁴

EDB ID amendment

11.3 We have removed the requirement for non-exempt EDBs to provide SAIDI and SAIFI reliability limits, as we consider it is unnecessary for non-exempt EDBs to provide this information under both ID and for their DPP compliance statements.

11.4 As the SAIDI and SAIFI reliability limits are not comparable with normalised SAIDI and SAIFI in ID, they add little additional value for interested persons assessing the network reliability of a non-exempt EDB.

Effective date for this EDB ID amendment

11.5 Our amendment applies from the date of commencement of disclosure year 2019, to allow suppliers sufficient time to complete the amended schedule.

¹¹³ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 10(i).

¹¹⁴ Electricity Distribution Services Default Price-Quality Path Determination 2015 - consolidated as of 9 July 2015, clause 11.5.

EDB normalised SAIDI and SAIFI – no amendment

Current EDB ID requirements

11.6 Currently our EDB ID requirements include a different calculation for normalised SAIDI and SAIFI to our 2015-2020 EDB DPP.¹¹⁵ This means that non-exempt EDBs have to calculate their normalised SAIDI and SAIFI using two different calculations.¹¹⁶

Our draft standard track decision proposed that we defer alignment of EDB SAIDI and SAIFI definitions to price-quality path regulation

11.7 As part of our draft standard track decision, we proposed deferring an alignment of EDB SAIDI and SAIFI definitions to price-quality path regulation from this round of amendments.¹¹⁷

11.8 In their submissions on our draft standard track decision, PwC, Powerco and Vector suggested that we should amend our EDB ID determination to align our normalised SAIDI and SAIFI calculations with the 2015-2020 DPP.¹¹⁸ Vector suggested that having two different methodologies creates ‘confusion, unnecessary work and imposing costs for EDBs’.¹¹⁹

¹¹⁵ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 10(i) and Attachment B.

¹¹⁶ Electricity Distribution Services Default Price-Quality Path Determination 2015 - consolidated as of 9 July 2015, clause 11.5.

¹¹⁷ Commerce Commission “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services: Draft companion paper” (30 June 2017), Attachment A. This was expressed as ‘EDB, GDB and GTB alignment of SAIDI and SAIFI definitions to price-quality path regulation’.

¹¹⁸ PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 43-44, Powerco “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p 4 and Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 25-27.

¹¹⁹ Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 26.

Our decision to make no change

- 11.9 We consider that requiring exempt and non-exempt EDBs to disclose using a consistent normalised SAIDI and SAIFI calculation under ID is very important for retaining a consistent time-series for our summary and analysis. Although we currently require non-exempt EDBs to calculate normalised SAIDI and SAIFI differently under ID and under the current DPP, we do not consider this is a significant compliance burden. We also still see value in receiving information under our current ID normalised calculation to ensure a consistent time-series over the current regulatory period.
- 11.10 We intend to request further information for future network reliability summary and analysis, which may include requiring exempt EDBs to provide normalised SAIDI and SAIFI information using the normalised SAIDI and SAIFI calculations from our current EDB DPP. We consider that having a consistent time-series of normalised SAIDI and SAIFI over a period of time between exempt EDBs and non-exempt EDBs will help us to develop more consistent SAIDI and SAIFI requirements under ID in the future.
- 11.11 As we have decided to not amend normalised SAIDI and SAIFI for EDBs to align with our price-quality regulation, we have updated our ‘summary of matters deferred’ table to no longer reference EDBs.¹²⁰

¹²⁰ See Table A.1 - ‘GDB and GTB alignment of SAIDI and SAIFI definitions to price-quality path regulation’.

12. EDB, GDB and GTB administrative updates - amendment

Purpose of this chapter

12.1 This chapter outlines our reasons for the changes to the EDB, GDB and GTB ID determinations in relation to administrative changes. These changes are summarised in Table 12.1.

Table 12.1: Amendments to EDB, GDB and GTB ID determinations for administrative updates

Area of change	Amendments to the ID determinations	Affected clauses and schedules*
EDB, GDB and GTB asset age profile	<ul style="list-style-type: none"> Extend the asset age columns in the EDB, GDB, and GTB ID to include 2018 to 2025 	EDB, GDB and GTB Schedule 9b
IM determination cross-reference updates for EDBs, GDBs and GTBs	<ul style="list-style-type: none"> Update references to the IM determinations to reflect changes made as part of the 2016 IM review. 	EDB, GDB, and GTB clause 1.4.3 definitions and Schedule 16 definitions EDB Schedule 18 GDB and GTB Schedule 19
GDB telephone call disclosures by sub-network	<ul style="list-style-type: none"> Amend the GDB requirement for 'number of telephone calls to emergency numbers answered within 30 seconds per total number of calls' to no longer this information for sub-networks. 	GDB Schedule 10b
EDB and GDB transitional provisions	<ul style="list-style-type: none"> Remove transitional provisions that no longer apply. 	EDB and GDB clauses 2.1.1, 2.6.6, 2.7.2, 2.9.1, 2.12.1 and 2.12.2 EDB and GDB clause 2.13 (clause in principal determination) GDB 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2, 2.6.1, 2.6.3, 2.7.1, 2.9.3 and Schedule 17

*Clause and schedule references are to the renumbered clauses and schedules in the amendments determinations

Asset Age information amendments for EDBs, GDBs and GTBs

Previous EDB, GDB and GTB ID requirements

12.2 Previously the EDB, GDB, and GTB ID asset age profile schedules only included columns up to the 2017 year-end disclosures.¹²¹ This meant that suppliers would not be able to include information about assets installed after disclosure year 2017 in the asset age profile.

EDB, GDB and GTB ID amendment

12.3 We have added columns to the EDB, GDB, and GTB ID asset age profile schedules to cover up to the 2025 year-end disclosures. This allows suppliers to include assets installed for the next full DPP period for EDBs from 2020-2025 and GPBs from 2017 to 2022.

12.4 In its submission on our draft standard track decision, Horizon supported the addition of columns to record the age profile of network assets beyond the 2017 year-end disclosure, but suggested that we redesign the template to provide an ‘easy to read presentation’.¹²² At this time, we do not consider that Schedule 9b requires redesigning. The matter ‘EDB, GDB and GTB redesign of Schedule 9b’ has been added to the list of potential amendment topics that have been deferred for future consideration in Table A.1.

Effective date for these ID amendments

12.5 Our amendments apply from the date of commencement of disclosure year 2019 to allow suppliers sufficient time to complete the new schedule.

IM determination cross-reference amendments for EDBs, GDBs and GTBs

Previous Airport services, EDB, GDB and GTB ID requirements

12.6 Following the 2016 IM review, there were a number of out of date cross-references to the IM determinations in the EDB, GDB and GTB ID determinations.

¹²¹ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 9b, Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 9b, Gas Transmission Information Disclosure Determination 2012 – consolidated as of 24 March 2015, Schedule 9b.

¹²² Horizon “Submission to the Commerce Commission on proposed changes to Information Disclosure Determinations for airport services, electricity distribution and gas pipeline services” (28 July 2017), para 12-13.

Airport services, EDB, GDB and GTB ID amendments

12.7 We have updated cross-references to the IM determinations in the EDB, GDB and GTB ID determinations which were not accurate following amendments to the applicable IM determinations.¹²³ This change increases the consistency between our ID and IM determinations.

Clause level cross-references to the IM determinations – no change in previous approach

12.8 In our draft standard track decision, we proposed amending cross-references to IM determinations in the airport services, EDB, GDB and GTB ID determinations to no longer reference the specific clause in the IM determination. Instead we proposed to reference the affected Part and Subpart of the applicable IM determination.¹²⁴

12.9 We proposed this change because IM amendments generally involve clause and subclause changes, not changes to the higher-level specific Parts and Subparts of an IM determination. In our draft standard track decision we reasoned that this change would mean fewer immediate inconsistencies in IM cross-references within the ID determinations resulting from IM amendments.

12.10 Not referencing at a Part and Subpart level will require more work for us to maintain. However, we agree with submissions received from BARNZ, PwC, and Powerco, who reason that our proposed changes to include cross-references at a Part and Subpart level rather than specific clauses could:

12.10.1 increase complexity and ambiguity for users; and¹²⁵

12.10.2 reduce workability and understanding for interested persons.¹²⁶

12.11 For our final decision, we have decided to revert to our previous approach of referencing the specific clauses in the IM determinations.

¹²³ We have included guidance notes for definitions which cross-reference clause numbers of the IM determinations which will change following the expiry of transitional provisions. The guidance notes specify the future cross-reference which will apply following the transitional period. For example, see the definition of 'capex wash-up adjustment' in *Electricity Distribution Information Disclosure Amendments Determination 2017* [2017] NZCC 33, Schedule 16.

¹²⁴ Commerce Commission "Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services: Draft companion paper" (30 June 2017), Chapter 9.

¹²⁵ BARNZ "Amendments to information disclosure determinations" (28 July 2017), p 2 and PwC "Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services" (28 July 2017), para 38-39.

¹²⁶ Powerco submission "Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services" (28 July 2017), page 3 and PwC "Submission to the Commerce Commission on proposed amendments to the information disclosure determination for electricity distribution services" (28 July 2017), p. 2-3.

Effective date for these ID amendments

12.12 Our amendments apply from the date of commencement of disclosure year 2019.

GDB telephone call disclosures by subnetwork*Previous GDB ID requirements*

12.13 Previously the GDB ID determination required disclosure on the ‘number of telephone calls to emergency numbers answered within 30 seconds per total number of calls’ (telephone call information) by sub-network.

GDB ID amendment

12.14 We have amended the requirements to allow GDBs to make it optional whether to disclose telephone call information by sub-networks. In its submission on our draft standard track decision, Powerco suggested that we remove the need for suppliers to provide the ‘number of telephone calls to emergency numbers answered within 30 seconds per total number of calls’ by sub-network.¹²⁷

12.15 We consider that Powerco, the only GDB with sub-networks, has historically reported this data consistently with the purpose of the GDB ID determination, albeit at a network level, not a sub-network level. We see no reason to continue requiring the disclosure of this information at a sub-network level on a mandatory basis.

12.16 We provided exemptions for this requirement for Powerco for the disclosure year 2014, disclosure year 2015 and disclosure year 2016.¹²⁸ We granted exemptions for Powerco for previous disclosure years as we considered that its method of aggregated reporting at a network level was consistent with the purpose of the GDB ID determination in that it reflected how quickly Powerco answered emergency calls to the one call centre it operated.¹²⁹

Effective date for this ID amendment

12.17 Our amendment applies from the date of commencement of disclosure year 2019.

¹²⁷ Powerco “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p. 4.

¹²⁸ Commerce Commission “Exemption for Powerco Limited 2016 GDB Schedule 10 Information Disclosure” (18 August 2016). This exemption also provides for ‘future disclosure years’ following disclosure year 2016.

¹²⁹ Commerce Commission “Exemption for Powerco Limited 2016 GDB Schedule 10 Information Disclosure” (18 August 2016).

EDB and GDB transitional provisions

Previous EDB and GDB ID requirements

12.18 Previously the EDB and GDB ID determinations included transitional provisions which no longer apply.¹³⁰

EDB and GDB ID amendment

12.19 We have removed the transitional provisions which no longer apply to the EDB and GDB ID determinations:

12.19.1 The EDB transitional provisions allowed suppliers to transition into the 2015 amendment determination.

12.19.2 The GDB transitional provisions allowed suppliers to transition into the 2012 determination and the 2015 amendment determination.

12.20 The EDB and GDB transitional requirements are no longer relevant because their applicable time period has passed. We have removed the expired requirements to reduce the length of the ID determination and improve its readability. We have also removed the relevant references and terms that apply only to the transitional requirements.¹³¹

Effective date for these ID amendments

12.21 Our amendments apply from the date of commencement of disclosure year 2019.

¹³⁰ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, clauses 2.1.1, 2.6.6, 2.7.2, 2.9.1, 2.12.1 and 2.12.2 and Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, definition of ‘transitional AMP’ and cross-references in clauses 2.1.1, 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2, 2.6.1, 2.6.3, 2.6.6, 2.7.1, 2.7.2, 2.9.1, 2.9.3, 2.12.1, 2.12.2 and Schedule 17.

¹³¹ Electricity Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, clauses 2.1.1, 2.6.6, 2.7.2, 2.9.1, 2.12.1 and 2.12.2 and Gas Distribution Information Disclosure Determination 2012 – consolidated as of 24 March 2015, definition of ‘transitional AMP’ and cross-references in clauses 2.1.1, 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2, 2.6.1, 2.6.3, 2.6.6, 2.7.1, 2.7.2, 2.9.1, 2.9.3, 2.12.1, 2.12.2 and Schedule 17.

13. EDB, GDB and GTB value of asset class information – no change made

Purpose of this chapter

- 13.1 This chapter explains our reasons for not amending the EDB, GDB, and GTB ID determinations in relation to value of asset class information, which we proposed changing in our draft standard track decision.

Value of asset class information for EDBs, GDBs, and GTBs

Current EDB, GDB, and GTB ID requirements

- 13.2 Our current EDB, GDB, and GTB ID determinations require information about the quantities, ages, and grades of each asset class. Our ID determinations also require information about the RAB value of assets at an asset category level, but not the value of assets at an asset class level.

Our draft standard track decision proposing changes to value of asset class information for EDBs, GDBs, and GTBs

- 13.3 As part of our draft standard track decision, we proposed amending the EDB, GDB, and GTB ID determinations to require suppliers to disclose the closing RAB value of each asset class at the end of each disclosure year.¹³² We suggested as part of our draft standard track decision that requiring suppliers to disclose the value of each asset class would allow interested persons to assess the materiality of specific assets to a supplier's RAB.¹³³
- 13.4 We also anticipated that information on the value of each asset class would be essential for future summary and analysis on asset health, as our proposed asset register changes would allow more 'fit for purpose' information.

¹³² Commerce Commission "Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services – Draft companion paper" (30 June 2017), p. 21-22.

¹³³ Commerce Commission "Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services – Draft companion paper" (30 June 2017), para 6.9.

Our decision to make no changes

- 13.5 In submissions on our draft standard track decision, suppliers disagreed with our proposed value of asset class information changes.¹³⁴ PwC suggested that it is not possible to provide RAB asset values at an asset class level.¹³⁵ First Gas, Horizon, Orion New Zealand Ltd (**Orion**) and Powerco suggested that they do not maintain records to the level of disaggregation required by the proposed change.¹³⁶ Orion also indicated that its asset register does not provide a direct link between its asset register and valuation register to allow the disclosure of the proposed information.¹³⁷
- 13.6 In light of submissions on our draft standard track decision indicating that suppliers will not have sufficient historical records to provide this information, we have decided to not require this information as part of this round of amendments. We still consider that suppliers disclosing information allowing an assessment of the materiality of assets by asset class is very useful information for interested persons and will be essential for future summary and analysis on asset health. In future rounds of ID amendments, we may consider a different solution for requiring similar information as part of our ID determinations.¹³⁸

¹³⁴ First Gas “Proposed amendments to information disclosure determinations” (28 July 2017), p. 1, Horizon “Submission to the Commerce Commission on proposed changes to Information Disclosure Determinations for airport services, electricity distribution and gas pipeline services” (28 July 2017), para 7-11, Orion “Submission on proposed changes to ID determinations for airport, electricity distribution and gas pipeline services” (25 July 2017), para 2-9, Powerco “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p. 2-3, PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 28-37 and Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 18-20.

¹³⁵ PwC “Submission to the Commerce Commission on Proposed amendments to the information disclosure determination for electricity distribution services” (28 July 2017), para 31.

¹³⁶ First Gas “Proposed amendments to information disclosure determinations” (28 July 2017), p. 1, Horizon “Submission to the Commerce Commission on proposed changes to Information Disclosure Determinations for airport services, electricity distribution and gas pipeline services” (28 July 2017), para 7-11, Orion “Submission on proposed changes to ID determinations for airport, electricity distribution and gas pipeline services” (25 July 2017), para 3-9, and Powerco “Proposed amendments to information disclosure determinations for airport services, electricity distribution services, and gas pipeline services” (28 July 2017), p. 2.

¹³⁷ Orion “Submission on proposed changes to ID determinations for airport, electricity distribution and gas pipeline services” (25 July 2017), para 3-9.

¹³⁸ This topic has now been included in Table A.1 as a matter deferred for this round of amendments.

14. EDB short asset life wash-up information – no change made

Purpose of this chapter

14.1 This chapter explains our reasons for not amending the EDB ID determinations in relation to short asset life wash-up information.¹³⁹

Short asset life wash-up information for EDBs

Current EDB ID requirements

14.2 Our current EDB ID determination requires information about ‘weighted average remaining asset life’ and ‘weighted average expected total asset life’ by asset categories for each disclosure year.¹⁴⁰ It does not require EDBs to disclose the ‘weighted average remaining life of commissioned assets’ for each disclosure year (i.e the subset of weighted average remaining asset life reflecting the most recent assets commissioned).

14.3 Our draft standard track decision did not reference ‘weighted average remaining life of commissioned assets’.

Our decision to make no change

14.4 In its submission on our draft standard track decision, Vector proposed requiring EDBs to disclose the weighted average remaining life of commissioned assets for the disclosure year.¹⁴¹ This is related to the standard asset lives assumptions relied upon when setting price-quality paths and to the capex wash-up element of the capex IRIS for the current EDB DPP.¹⁴²

14.5 At this time we do not consider that Vector’s proposal is necessary for interested persons to be able to assess whether the purpose of Part 4 of the Act is being met.¹⁴³ We also do not currently consider that requiring EDBs to disclose the ‘weighted average remaining life of commissioned assets’ for each disclosure year is:

14.5.1 an ambiguity or gap in our ID determination;

¹³⁹ We did not propose changing this in our draft standard track decision.

¹⁴⁰ Commerce Commission “Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015)”, Schedule 4(vii).

¹⁴¹ Vector “Vector submission on proposed amendments to Information Disclosure Determinations for Airport Services, Electricity Distribution and Gas Pipeline Services” (28 July 2017), para 30-33.

¹⁴² Commerce Commission “Default price-quality paths for electricity distributors from 1 April 2015 to 31 March 2020: Main policy paper” (28 November 2014), para 7.28-7.29.

¹⁴³ Commerce Act 1986, s 53A.

14.5.2 required to enable our future summary and analysis of the performance of EDBs in the current period; or

14.5.3 required to enable us to reset the DPP for the next regulatory period.

Attachment A: Summary of matters deferred to future rounds of ID amendments

Purpose of this chapter

A1 This chapter provides an overview of the matters deferred for consideration during this round of ID amendments.

Matters deferred to future rounds of amendments

A2 In accordance with our prioritisation decisions, not all matters could be addressed in this round of amendments.¹⁴⁴

A3 Table A.1 provides an overview of matters deferred to future rounds of amendments. The deferred matters include remaining complex issues identified by users of the ID determinations and remaining issues consequential on changes to the IMs.

Table A.1: Summary of matters deferred to future rounds of ID amendments

Type of disclosure	Matters deferred
Financial Information	<ul style="list-style-type: none"> • Airport services implementation of ROI based on ROI with specified cash flow timings and including carry forward values • Airport services consideration of assets held for future use information in Report on Regulatory Asset Base Roll Forward • Airport services ex post non-standard depreciation • Airport services ex post revaluation criteria • EDB and Transpower disclosure of incremental rolling incentive scheme • EDB, GDB and GTB depreciation disclosures • EDB, GDB and GTB expenditure categories • EDB form of control changes consequential on IM review from 2016 • Transpower alignment with RCP2 individual price-quality path information
Pricing information	<ul style="list-style-type: none"> • EDB, GDB and GTB clarification of criteria for disclosing contract, pricing and pricing methodology information • EDB, GDB and GTB timing of non-standard contract disclosures • GTB price notice period timing

¹⁴⁴ See Chapter 2.

Type of disclosure	Matters deferred
Non-financial information	<ul style="list-style-type: none"> • Airport services assessment of Report on Capacity Utilisation Indicators for Specified Passenger Terminal Activities • Airport services consideration of whether to include explanatory notes • Airport services and Transpower consideration of whether to include a disclosure of errors requirement • GDB and GTB alignment of SAIDI and SAIFI definitions to price-quality path regulation • EDB, GDB and GTB definition and application of terms ICP, customer and connection • EDB, GDB and GTB asset categories • EDB, GDB and GTB Assurance provided on quality measures • EDB, GDB and GTB redesign of Schedule 9b. • EDB, GDB and GTB value of asset class information • EDB, GDB and GTB procurement policies • EDB quality measures • EDB circuit length disclosures • EDB changes to monitor the rate of deployment of new technologies • EDB accelerated depreciation • EDB changes to CPP information requirements consequential on IM review from 2016 • EDB asset category remaining life metric • GPB emergency definitions • GDB classes of interruptions • GDB odour test disclosure • GDB telephone call disclosures • GTB definition of interruptions