



**Submission to the Commerce Commission**  
**on its**  
**Information Disclosure Discussion Paper**

Submitted by

**Wellington Electricity Lines Limited**

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## 1. Introduction

1. Wellington Electricity Lines Limited (Wellington Electricity) welcomes the opportunity to provide feedback to the Commerce Commission (CC) on its Discussion Paper on Information Disclosure.
2. Wellington Electricity is concerned with the size and scope of this consultation as well as the others released prior to this in the CC's 19 June Part 4 consultation package. With regard to the proposals in the paper concerning Electricity Distribution Businesses (EDBs), little has been done to accommodate the new purpose for information disclosure set down in section 53A of Part 4 of the Commerce Act (the Act)
3. Wellington Electricity has chosen not to answer the series of questions raised in the paper. Instead we provide comments on key principles. This reflects our concern that the CC must finalise the Input Methodologies prior to getting into the detailed development of information disclosure determinations (hereafter "disclosure requirements").
4. We recommend that the CC gives particular regard to the submission from the Electricity Networks Association (ENA). The ENA considers the issues raised by the CC's paper in detail and raises a number of points which we are largely supportive of.
5. For any questions related to this submission, please contact:
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## 2. Information Disclosure and its Purpose

7. We consider that the new purpose for information disclosure as set out in section 53A of Part 4 of the Act requires the reassessment of the disclosure requirements from first principles. The reassessment should be done with a view to linking disclosure to the purpose statement, streamlining the disclosure requirements, and minimising the costs of compliance.
8. The purpose of the disclosure requirements is now to provide information to enable interested persons to assess whether the purpose of Part 4 of the Act “Regulated goods or services” (as set out in section 52A “Purpose of Part”) is being met. Section 53A “Purpose of information disclosure regulation” of Part 4 of the Act is as follows:

*The purpose of information disclosure regulation is to ensure that sufficient information is readily available to interested persons to assess whether the purpose of this Part is being met.*

9. This is different from the previous Part 4A purpose for information disclosure regulation for the electricity industry, which was set out in the now repealed section 57T, which was as follows:

*The purpose of this subpart is to promote the efficient operation of markets directly related to electricity distribution and transmission services by ensuring that large line owners and large electricity distributors make publicly available reliable and timely information about the operation and behaviour of those businesses, so that a wide range of people are informed about such factors as profits, costs, asset values, price (including terms and conditions of supply), quality, security, and reliability of supply of those businesses.*

10. The purpose under the old Part 4A for information disclosure regulation was to directly promote the efficient operation of markets. However, under the new Part 4 an assessment of whether the section 52A “Purpose of Part” statement is being met does not require information disclosure regulation to explicitly and actively ensure that the Purpose of the Part is met. Rather assessment of performance is achieved with the publication of information that demonstrates performance for interested persons and monitoring of that information by those interested persons.

11. This change in purpose introduces an important distinction between information disclosure as has been historically applied to EDBs since 2001 and that which is to be developed and implemented under the new Part 4. Wellington Electricity suggests that the disclosure requirements which have applied in the past are reassessed in light of the new purpose. In particular we consider that the level of prescription, calculations and supporting data is not required to be disclosed. Disclosure should be limited to key information that facilitates an assessment as to whether the section 52A "Purpose of Part" is being met.
  
12. The current disclosure regulations are time consuming and costly to comply with. The costs which EDBs incur to meet the disclosure requirements should be assessed against the benefits which interested persons assessing the performance of EDBs actually gain from the information disclosed. We wonder, in light of the new purpose, if disclosure to such detail is necessary to assess performance.
  
13. Further, Wellington Electricity considers there is a significant risk that the assessment of performance can be confused with assessment of compliance. The proposed disclosures for EDBs are largely the same as the existing Electricity Distribution (Information Disclosure) Requirements 2008 with proposals for additional information to also be disclosed. Components of these and of the existing disclosure requirements include information which is not required for an assessment of performance. The detailed derivation of the Regulatory Asset Base (RAB), Regulatory Investment Value (RIV), regulatory tax, replacement cost values, depreciated replacement cost values and the duplicated AMP forecasts in annual disclosures are examples of information which is disclosed within the existing requirements which could be less detailed and still provide sufficient detail for interested persons to assess performance.
  
14. The CC needs to consider the time involved and the costs EDBs incur to collect, audit and report on this information, versus what is actually being assessed and for what purpose. We suggest that the CC fully re-assesses what needs to be disclosed (and the level of detail to which it needs to be disclosed), what purpose is served by disclosing it and whether the same information can be easily derived or inferred through other means anyway.

### 3. Foundations of Information Disclosure

15. Wellington Electricity is of the view that consulting on the disclosure requirements for EDBs is premature given that the CC's decisions on Input Methodologies and other consultations are yet to be finalised.
16. Input Methodologies will be a key driver of determining the manner, level and quantum of information that will be disclosed under the disclosure requirements. For example the Input Methodologies will impact on the derivation of asset valuations, regulatory tax, pass through costs, etc.
17. Likewise, consistency with other decisions such as the default price path (DPP) would be beneficial. For example, a consistent approach to the application of CPI and quality standards with the DPP will promote a more robust regulatory regime.
18. Given the importance of this consultation for establishing a robust reporting mechanism, we strongly suggest that the Input Methodologies and DPP consultations be finalised prior to detailed consultation on the disclosure requirements.

### 4. Summary

19. In summary, we suggest the following:

That the disclosure requirements for EDBs are carefully reconsidered by the CC in light of the new section 53A purpose for information disclosure which is to facilitate assessment by interested persons against the section 52A "Purpose of Part". We believe that the information disclosure requirements should be streamlined and information that is not required for performance assessment is removed. Existing disclosures that could be streamlined are:

- RAB
- RIV,
- Regulatory tax,
- Replacement cost values
- Depreciated replacement cost values

- AMP forecasts duplicated in annual disclosures.

20. Proposed new disclosures that could also be streamlined before their introduction or potentially not introduced at all are:

- Consolidation statements
- Business policies.

21. Wellington Electricity is also of the view that consulting on the disclosure requirements for EDBs is premature given that the CC's decisions on Input Methodologies and other consultations are yet to be finalised.

22. Given the importance of this consultation for establishing a robust reporting mechanism, we strongly suggest that the Input Methodologies and DPP consultations be finalised prior to detailed consultation on the disclosure requirements.