

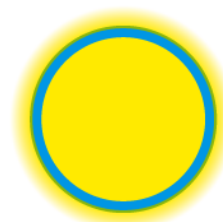
17 June 2011

Paul Mitchell  
Chief Advisor  
Regulation Branch  
The Commerce Commission  
PO Box 2351  
Wellington 6140

**CORPORATE OFFICE**  
84 Liardet Street  
Private Bag 2061  
New Plymouth  
T 0800 769 372  
F +64 6 758 6818  
www.powerco.co.nz

By email to [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz)

**POWERCO**



Dear Paul,

**Default Price-Quality Path for Gas Pipeline Businesses Draft Information Request and Process Update Consultation Paper**

1. Powerco welcomes the opportunity to comment on the draft information request released by the Commerce Commission (the Commission) on 3 June. In particular Powerco welcomes the releasing of the draft information requests for comment in advance of the request itself. This is the first time we have undertaken this exercise for our gas distribution business (GDB) and there are areas which are likely to present a challenge, but we do not anticipate these being insolvable and are generally comfortable with our ability to respond to the information request as it stands. Some specific issues are raised at the end of this submission.
2. Powerco recognises the timing constraints on the Commission and will endeavour to meet the 30 September deadline, but it is very challenging. It will come at a particularly demanding time for our finance function as it coincides with the financial year end. In addition, as this process has never been undertaken before for gas, it increases the likelihood that auditors will raise issues that Powerco is unaware of at this stage.
3. The Commission has also asked for a view on what data may inform the  $P_0$  and support assumptions about future changes to profitability. Powerco will further consider these issues and intends to write to provide a response to the Commission in early July. We recognise that this may not fit with the Commission's timeframes, but is the earliest opportunity we will have to consider the issue in full given the volume of work we are currently undertaking.
4. We support all points made in the PwC review on behalf of Powerco and Vector (submitted separately by PwC). Particularly, that now the information disclosure templates have been developed, parts of these could be used in the  $P_0$ .

5. Overall the manner in which the Gas DPP has been developed thus far has enabled effective engagement between GDBs and the Commission and we look forward to this continuing through the P<sub>0</sub> information disclosure process. We hope that the points raised above are constructive and if you require clarification on any of them please do not hesitate to get in touch.
  
6. On a side note, as the new information disclosure regime for gas has not been published yet, Powerco is also required to report financial information for the same period to MED. We have concerns over the overlap of information contained within the P<sub>0</sub> and the MED information disclosure and intend to write to the MED to request an exemption from completing the financial section of the disclosure for the year 1 July 2010 to 30 June 2011.

Yours sincerely,



**Paul Goodeve**  
Regulatory and Business Manager