

Mr Gareth Wilson
Submission on the Regulation of Electricity Line Businesses, Draft ODV Handbook and Disclosure Requirements
Commerce Commission
PO Box 2351
Level 10, 44-52 The Terrace
WELLINGTON

9 February 2004

Dear Mr Wilson

Submission on the Regulation of Electricity Line Businesses, Draft ODV Handbook and Disclosure Requirements

We are pleased to present our submission on the Commerce Commission's Draft ODV Handbook and Disclosure Requirements. As requested we have submitted an electronic version to you via email. Hard copies can also be provided if necessary.

This submission is in addition to the submission prepared in conjunction with PricewaterhouseCoopers and relates to a particular issue that Top Energy consider to be onerous, unnecessary and counterproductive.

Clauses 2.52 (also relates to A.9)

This clause in the draft seems to prohibit the updating and correcting of data unless a disclosure is made of each individual asset affected.

For a company that is in the process of carrying out significant field work capturing and verifying data this list or schedule would become enormous and be of little or no value to anyone for the following reasons.

- Whereas desktop data has previously been used, field data may make changes in age and quantity. It is not unusual to have the accuracy of records relating to hundreds of individual assets improved each day of a data capture programme.
- Our last valuation was prepared using a substantially different set of data so an asset by asset comparison will not be possible.
- The new data will be audited by verification with what is physically in the field to a high degree of confidence, so the relationship with previous valuations is irrelevant. The new valuation will be materially correct.
- The proposed changes in asset categories, standard values and multipliers will preclude simple comparisons in network valuations to a far greater extent than refinements to age data..

A worse scenario is that the new and improved data is not be used because the ability to validate it does not meet the criteria specified in the Handbook. The lines company is left with a database that is of no use for asset management because asset ages are incorrect.

We can accept that where large asset categories (eg low voltage) have been assigned a global age and for some reason that global data has been changed, resulting in a material impact on the valuation, then disclosure of the reason for that change may be warranted.

However, corrections to individual assets resulting from better quality data, including field work, should not require disclosure.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Middlemiss', with a stylized flourish at the end.

Peter Middlemiss
Network Manager

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