

To  
Information Disclosure Review  
Network Performance Branch  
Commerce Commission  
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Submission on the **Revised Electricity Information Disclosure Requirements** on behalf of Eastland Network Ltd.

**Eastland Network Ltd**

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We do not wish to be heard in support of our submission.

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## 1.0 EXECUTIVE SUMMARY

- 1.1 ENL fully endorses the joint submissions prepared by Pricewaterhouse Coopers and the Electricity Network Association.
- 1.2 ENL gets the impression that the Commission has given little consideration to some of the comments and suggestions made by industry participants throughout the review process. We recommend the Commission reconsiders suggested alternatives in its amendments to the disclosure regime.
- 1.3 The revised schedules, handbook and added definitions need further refinement, prior to implementation, to prevent misinterpretation and confusion. Failing to do so would only add time and costs to complying parties.

## 2.0 INTRODUCTION

**2.1** Eastland Network Limited (ENL) owns and operates the lines for the upper East Coast of the North Island. ENL is 100% owned by the Eastland Community Trust with the Gisborne District Council as the capital beneficiary of the Trust.

ENL distributes approximately 302 GWh of electricity to approximately 26,000 consumers, of which almost two thirds are in Gisborne City and Wairoa Township. The remaining connections are spread out widely, across two isolated distribution networks covering 11,952km<sup>2</sup>, resulting in an overall line density of less than seven connections per kilometre of line.

**2.2** It is ENL's belief in order to achieve the best possible outcome it takes joint effort of all affected parties within the industry. We, therefore, thank the Commerce Commission ("Commission") for providing us with the opportunity to comment on the Revised Information Disclosure Requirements published on the 25<sup>th</sup> July 2008. Our views are aligned with the positions taken by the Electricity Network Association (ENA) and PricewaterhouseCoopers, expressed in their respective submission on the Revised Electricity Information Disclosure Requirements. ENL fully endorses both submissions.

## 3.0 BACKGROUND

- 3.1** The current review of the information disclosure regime for electricity lines businesses dates back to December 2004. Since then, a number of papers have been released by the Commission for consultation.
- 3.2** Prior to the latest discussion documents in July 2008, the Commission published a consultation package in December 2007. ENL submitted on the respective discussion documents in March 2008<sup>1</sup>. We recommended that any changes to the disclosure regime, reliant on input methodologies, should be made after the Commission's decision a final set of input methodologies. The Commission should engage subsequently in extensive consultation with the industry on new disclosure requirements related to the input methodologies. This sequence of decision making would be logical and economically sound. For the interim, existing requirements should be kept in place.
- 3.3** ENL also submitted that only one set of principles, applicable to both the information disclosure requirements and the setting of the thresholds, should be applied. We reasoned since both are elements of the same regulatory regime a paramount set of principles provides better guidance and is more practicable. In addition, with the long-term benefit of consumers in mind, the principles should not only provide guidance for the regulated entities and their operations but for the regulator as well.
- 3.4** Regarding notices issued under section 98, ENL noted that the compilation and calibration of data is very cost, time and resource intensive for businesses. Therefore, the regulator needs to ensure that the collection of the information is purposeful.
- 3.5** We also raised concern about the Commission's timing in proceeding with the disclosure amendments given the amendments to the Commerce Act 1986.

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<sup>1</sup><http://www.comcom.govt.nz//IndustryRegulation/Electricity/ElectricityLinesBusinesses/ContentFiles/Documents/Eastland0.pdf>

## 4.0 COMMENTS

- 4.1** We have identified the following issues and would like to provide some general comments on the consultation package.
- 4.2** Overall, ENL believe that the Commission's inclusion of past recommendations by interested parties on topics such as, the time frame for implementing regulatory changes, performance measures and regulatory tax is rather disappointing; this is in the context of the Commission stated guiding principles for regulatory developments as being "timeliness, transparency and cost effectiveness". We recommend the Commission reconsiders the alternatives that have been provided by the industry and respond accordingly.
- 4.3** Regarding the updated and new forms and the reviewed handbook, we note that some of the proposed definitions and amendments are not clear and consistent and thus require further attention to avoid confusion and misinterpretation<sup>2</sup>. Failing to do so will only result in extra time and cost to provide the required information.
- In particular, we recommend for Report MP1 "*Circuit Length by Operating Line Voltage*" allows for the inclusion of 50kV assets. Currently the reporting structure proposed excludes these assets.
- 4.4** Some of the amended schedules that are to be included in the upcoming Asset Management Plan (in 2009) involve a back-dating of information of past years (Schedules AV1, AV2 and AV3). There appears to be very little explanation or guidance within these Schedules as to how the back-dating should be carried out. We believe that further detail is required to prevent mistakes in future years as data is rolled forward.
- 4.5** The new disclosure date for financial statements is proposed to be February 2009. Since some of the definitions require further clarification, we recommend the delay of disclosure requirements for financial and asset valuation performance measures and associated disclosure information. Only the changes to technical performance measures not depending on input methodologies should be implemented.

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<sup>2</sup> As identified in the joint submission by PricewaterhouseCoopers.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'B Stewart', with a large, stylized flourish at the end.

Brent Stewart

(Sector General Manager Energy)