



Presentation to Commerce Commission: Information Disclosure Review and Implementing Valuation Choice

18 March 2005



Presenters

- John Van Brink, Acting GM Commercial
- Peter Alsop, Regulatory Manager
- Duncan Head, Transmission and Valuation Manager
- Richard Sharp, Financial Controller
- Anton Murashev, Regulatory Analyst
- Joanna Perry, Partner, KPMG
- Nathan Strong, CRA

Presentation overview

- Summary of Vector's view – John
- Philosophy underpinning regime – Peter
- Purpose of disclosure - Anton
- Asset valuation – Duncan
- Common cost allocation – Peter
- Proposed disaggregation of information - John
- Interface of regulatory and financial reporting – Richard/Joanna
- Other disclosure issues – Anton

Summary of Vector's view

- Concerned proposed disclosure regime too intrusive
 - No clear problem definition for disclosures
 - Approach must be "must have disclosed", not "nice to have" (or convenience to CC as opposed to requesting information directly)
- Limited consideration by Commission of what detailed disclosure would mean for the overall regime
 - Commission risks letting detail get in the way of Parliament's intent and sound regulatory philosophy
 - More specifically, the approach taken threatens the durability of the thresholds
- The sole purpose of disclosure in Vector's view is a time series of relevant data to set thresholds



Philosophy underpinning regime

Regulatory context



- Pre CC, regulatory regime based largely on disclosure
- The thresholds regime is now the primary regulatory tool
- Existing thresholds largely based on a subset of existing disclosure
- Any information outside that, therefore, needs rigorous assessment
- The investigation and control phases are largely about forward-looking information (not historical disclosure)
- Using the thresholds, the CC is interested in performance *trends* and exploiting those to move the 'pack' in the right direction
- Detailed information not critical to identifying trends
- Careful implementation of regime required: detailed information counter-productive to thresholds concept

Holistic view required

- For the regime to be implemented successfully long-term, the thresholds concept must be durable
- A holistic view of the different parts of the regime is critical
- EC's work also relevant
 - No assessment to date of how WC lines work will assist regime
- Vector equates extensive disclosure to building block analysis and control
 - explicitly – it seems the CC readily wants to be able to do this
 - implicitly – if the information is there, someone will use it
- The effect of this is de-facto thresholds emerge, thereby
 - undermining and replacing the thresholds we know today
 - beginning the slippery slope to overseas regimes (and their pitfalls)
- This is not what Parliament intended

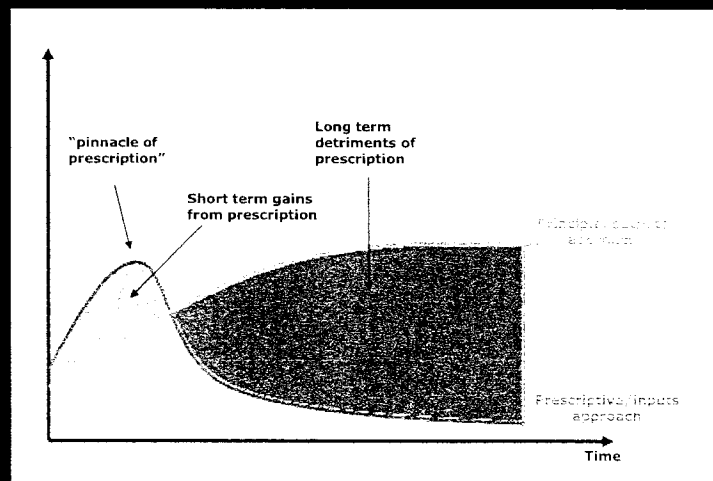
Implementation style (1)

- Continually assess regime development against 'what does this mean for the thresholds concept?'
- Increased cognisance of the benefits of the investigation and control stages (even as a threat) promoting desirable behaviour
 - High risk = strong incentive for positive performance
- Adopt a facilitative approach whereby
 - the CC works with lines businesses to resolve emerging problems - akin to a self-regulatory environment
 - the CC, having robustly defined a problem (not an issue), gives lines businesses an opportunity to address it particularly during a regulatory period
 - avoids extensive prescription and intervention in the process

Implementation style (2)

- Accept this style may achieve outcomes slightly slower in the short-term than hands-on prescription, but
 - will achieve the lion's share of benefits at considerably less cost
 - compliant with the Purpose Statement (CC not time bound; key thing is moving in right direction)
 - gives the regime the strongest chance of *long-term* success (including preserving the thresholds concept)
 - far greater longer-term benefits
- The chosen style is all about short versus long-term trade-offs
 - the long-term is far more important in Vector's view

Graphic of Vector's view



Other key themes (1)

- Detail on inputs has a role but it is during investigations and control, not disclosure
 - even then, however, great care must be taken
 - the reasons for any breach and magnitude are important considerations (e.g. no sound reason why inputs information required for a technical or uncontrollable breach)
 - possible some lines businesses will never breach the thresholds, thereby making disclosure for these purposes wasteful
- Other strategic issues need resolving and are far more important to long-term effectiveness of regime than disclosure
 - How will the threshold reset work? What is the sharing rule? (critical component of incentive-based regulation which CC has said nothing about)
 - What is the reset methodology? (Important to have buy in from EC, given regime transfer prospect, to give confidence in continuity)
- Risks of investigation and control phases to the thresholds concept generally

Other key themes (2)

- “Perfect is the enemy of good” – Voltaire
 - In year 2 of the regulatory period, we are getting down in the weeds with bigger picture vacuums and risks
 - Commission risks becoming entrenched in detailed operation and business decisions of ELBs; disclosure becoming de facto thresholds
 - A feature of overseas regimes is that the more information collected, the more further is information required to interpret it; information that is often not meaningful or helpful for achieving the purpose of the regime
 - An 80/20 philosophy is required and consistent with Parliament’s intent
- CC currently placing considerable faith in
 - the ability of regulatory prescription to deliver desirable outcomes over time; and
 - achieve those outcomes more cost-effectively than a more hands-off, outputs- and process-based approach
- A rethink on the role of disclosure generally is required

Other key themes (3)

- Vector appreciates the option value to the Commission of having a wide range of information available at any time
- This is akin to the wide scoping investigation guidelines the Commission has adopted
- However, such regulatory flexibility needs to be balanced against costs/risks
 - A related point is not penalising ELBs for any shortcomings in past disclosures as they were simply complying with requirements deemed appropriate at the time - to do so simply exacerbates regulatory risk
- Rigorous assessment of the value associated with each regulatory intervention, including disclosure, is required
 - this includes whole-of-regime implications

Purpose of disclosure

Statutory framework (1)

- The purpose for disclosure is broad and could be achieved by a much more *de minimis* approach than proposed
- Overall purpose of subparts 1 (thresholds, investigations and control) and 3 (disclosure) are identical, but the means to achieve the purpose are different
- As the regime has different tools to the same end, their effectiveness in achieving the purpose should be assessed holistically
- The need for disclosure needs to be assessed on its **incremental** value and implications for other parts of the regime over time

Statutory framework (2)

- Commission's interpretation is that scope of disclosure can be broader than information on line business activities
- s 57T(2)(a) of the Act clearly limits scope to information concerning ELB's business as a line owner or electricity distributor
- Therefore, any other business activities (such as gas transmission or distribution or any other unregulated activities) are clearly and appropriately outside the scope of the regime (including disclosure)

Context of disclosure in overall regime

- Thresholds and threat of investigation and control provide strong incentives for ELBs to act consistent with purpose statement
- Compliance statements ensure extensive information on price and quality of service is already publicly disclosed
- Commission has extensive information gathering powers
- Incremental benefit of disclosure (rather than information obtained by other means) must be carefully considered

Purpose and objectives (1)

- Commission considers that disclosure should promote efficiency - allocative, productive and dynamic
- Vector's view: sole purpose is to establish a robust and consistent data series for setting and evolving the thresholds over time
 - All disclosures should be linked back to this purpose
- Thresholds (appropriately) provide incentives for efficiency (including from threat of investigation); disclosure should support the thresholds, rather than being a regulatory discipline in itself

Purpose and objectives (2)

- Need clarity on who wants what information and why
 - no evidence to date of a needs assessment by the Commission
- Suggested guiding questions
 - What problem(s) exist? What is the evidence?
 - Is the problem durable in nature? (e.g. will it be addressed over time by the natural effect of the thresholds and threat of investigations/control?)
 - If the information is required for a designated durable purpose, is public and regular disclosure necessary, or should the Commission obtain the information in some other way?
 - Is there a **net benefit** in moving away from the status quo, being no disclosure or disclosure under current requirements)?
- Each disclosure, whether new or existing, should be answerable to the above (or a similar framework)
- Commission's proposed criteria are well-intentioned, but vague and hard to apply in practice

Proposed disaggregation of information

Proposed disaggregation of information (1)

- The thresholds have correctly focused on *average* (rather than individual) prices and quality; disclosure regime should be consistent with this approach
- Commission has previously said that focusing on average prices encourages allocative efficiency

"We [the Commission] propose not to examine the allocation of costs between consumers" – para 8.20, Discussion Paper 21 March 2002

- What has changed? What evidence? Who is concerned?

Proposed disaggregation of information (2)

- Prices already disclosed in compliance statements and existing disclosure
- Vector accountable to stakeholders (e.g. owners, Commission's *view* (such as public comments on non-contiguous networks), councils, community groups)

Proposed disaggregation of information (3)

- Where is the proposal leading? Area thresholds? Customer class thresholds?
- As long as an ELB complies with existing thresholds, regulatory intrusion should be limited
- Disaggregated analysis is possible through the post-breach investigation process
- Considerable disaggregated information already available; what is the incremental value from more?

Interface of regulatory and financial reporting

Projections

- No clear purpose explained for requiring projections - who wants them and why?
- What is the incremental benefit of disclosure (rather than Commission obtaining using its information gathering powers)?
- No use for thresholds
- Not required under statutory reporting, but publicly listed entities may be bound to update and add to these projections (once disclosed) under NZX listing rules
- Reference to other regimes worrying given they are heavy handed and differ significantly from NZ context

Reconciliation (1)

- Vector disagrees with the proposed public disclosure of reconciliation between regulatory and statutory accounts
- Different scopes: regulatory/electricity and statutory/whole of business
- Only feasible purpose of reconciliation is to ensure correctness of regulatory accounts, but this is already ensured through audits
- No incremental value in disclosing reconciliations

Reconciliation (2)

- Agree Commission may need information on contestable services directly related to electricity distribution
- Already addressed by the thresholds - reasons for excluding services disclosed and further information can be requested as needed
- Making information on contestable services publicly available can unfairly advantage competitors in areas where workable and effective competition exists
- If required, any information on such services should be provided in confidence and only disclosed if Commission decides services are not contestable

Regulatory accounts and GAAP (1)

- Status of GAAP
- Development and scrutiny of GAAP
- Qualitative characteristics of GAAP financial statements
 - Relevance
 - Reliability
 - Understandability
 - Comparability
- Appropriateness of GAAP to a regulatory framework
 - Analogy: Banking regulation in New Zealand
 - Difficulties: Securities Regulation in New Zealand
 - Changes to GAAP v Changes to "specific rules"

Regulatory accounts and GAAP (2)

- NZ GAAP widely accepted and well understood
- Moving away from GAAP increases difficulty for parties not familiar with regulatory detail
- Departures from GAAP impose additional compliance costs
- Any departures from GAAP should be minimised
- GAAP may not always be perfect, but what is the incremental value of a different approach? (80/20 rule – sticking with GAAP likely best trade-off)

Asset Valuation

General view

- Main interests for consumers are price and quality; – day-in-day-out individuals ask themselves “Did we get value for money?” – not valuation or profit related
- Vector continues to promote a principle based approach to valuation – it is the only way to ensure valuations are fair and accurate over time
- Prescription leads to more prescription, whereas principles are more flexible and durable and can achieve the same results (with integrity)
- Principles adopted by the Commission should ideally be consistent with GAAP and associated standards

Valuation choice (1)

- Promotion of choice innovative and appreciated
- The choice proposed (ODV/IHC) is significantly different from initial proposal (ODV/DHC)
- The proposal now appears to ensure IHC provides identical results to ODV
 - Initial principle was more about cost recovery and reconciliation between methods (not that they be substantially the same)

Valuation choice (2)

- Choice now superficial in nature
- Vector view: on further reflection, only downside, and no substantive benefit in choice
 - IHC and ODV valuations will diverge over time due to lack of periodical reconciliation under IHC and differing effects if outcome of expenditure reviews differ (under IHC) compared to optimisation (under ODV)
 - Commission will likely find itself continuously having to make adjustments to avoid divergence
 - If divergence is not fully addressed, it may cause concerns over fairness when thresholds are reset
 - Businesses disadvantaged by divergence will likely perform valuations under both methods to show they "stack up"

Outstanding ODV issues

- The issue of developing and documenting a process for regular updating of handbook still not addressed
 - should be addressed before comments made on timing of ODV preparation and the approach to rolling in capital expenditure
 - While standard costs are a useful guide, these quickly become outdated (e.g. currently the cost for commissioning network build are fast escalating due to lack of available) resources
- The handbook should allow efficient actual costs to be used where it can be demonstrated that a competitive tender process has been used and has integrity
- This will ensure companies facing different operating environments can recover a return on the true and efficient costs of investment

Updates and indexing (1)

- While standard costs and multipliers are useful as a guide, these quickly become outdated (e.g. currently the cost for commissioning network build are fast escalating due to lack of available) resources – quote on next slide)
- Vector agrees that if valuation methodology does not allow efficient actual costs to be used (which inherently factor in +ve and -ve price movements) then some form of cost adjustment or indexing needs to be applied in intervening years
- This will ensure that companies facing different operating environments do not receive perverse investment signals and that the “revaluation” is managed

Rising cost of roadworks

Dominion Post, 12 March 2005

“The cost of building new roads will soar in the next 12 months”

Rising cost of roadworks could blow Transit Budget, Dominion Post, 12 March 2005

“...the rising cost of materials and labour and increased capital investment in heavy machinery and training would see tender prices rise well above Transit New Zealand’s cost estimates. Contractor’s profit margins had been screwed down to virtually unsustainable levels during the past 15 years and extra costs would have to be passed through tenders...”

Chris Olsen, Roading New Zealand CEO

“We are getting close to our supply limit and prices are going to go up”

Richard Michael, Contractors Federation CEO

Updates and indexing (2)

- Vector is not aware of a published index that is sufficiently cost reflective for ELBs
- CPI, PPI, CGPI are aggregate measures and not well suited
- Trade-off is between establishing an industry specific index and some form of periodic handbook updating
- ELBs could then use updated costs, without having to go through the full valuation process (done every 5 years)
 - 5-yearly update should logically coincide with regulatory period (i.e. threshold reset)

Expenditure reviews

- Efficient investment the goal: suggests some sort of prudency review is important
- Vector does not support IHC, but if implemented expenditure reviews should be something pragmatic (such as Aurora's suggestion)
- Vector does not support expenditure reviews for ODV method in the intervening years between full valuations
- The reviews to be undertaken during full ODV valuations, along with annual updates of standardised replacement costs are sufficient

Optimisation approach for Transpower (1)

- Transpower argues optimisation should not apply to investments approved by EC under the GIT
- EC's GIT is analogous to engineering and economic assessments carried out in normal business practice
- GITs (in various forms) are applied by all infrastructure companies: "is this investment economic or necessary for system security?"
 - nothing special about the EC test (as opposed to internal tests by other lines businesses)

Optimisation approach for Transpower (2)

- Optimisation provides/strengthens incentives to
 - ensure Transpower does **all** necessary work on investment proposals
 - ensure EC properly evaluates Transpower's proposals - even regulators, given their incentives, can gold plate
 - measure success of EC's decision-making (and Transpower's associated work) *ex post* - important, yet seldom done in policy/regulatory work
- Consistent with treatment of other ELBs, Transpower's optimisation risk should be reflected in its WACC, not an "untouchable" asset base (or parts of it)
 - To abandon optimisation not consistent with the Purpose Statement

Mergers and acquisitions

- If valuation updating process is accurate there is no need for the new network owner to prepare a new full valuation for its overall business from day one
- Where the Commission considers it requires such a valuation, it could request it using its information gathering powers; otherwise the normal valuation cycle would apply
 - However any request may undermine confidence in the updating (indexing) methodology
- At any point in time, Commission should focus on the most up to date regulatory valuation for the regulated business
- If the choice between ODV and IHC is retained, there appear to be no concerns with businesses switching methodologies, given their intended comparability

Non-system fixed assets

- For regulatory valuations to be robust and accurate, non-system fixed assets and intangible assets must be included

"While it is not typical for non-system fixed assets used to provide lines businesses services to be valued using the ODV methodology, these assets are normally included in the regulatory asset base...The Commission considers that non-system fixed assets, and an allowance for working capital, would normally be included in the regulatory asset base..." Commission, 9 July 2004
- Valuation of these assets should be carried out in accordance with GAAP and in particular FRS-3
- The adoption of international financial reporting standards in the near future will provide improved guidance on this issue
- Regulatory treatment of these assets, therefore, should be consistent with the new standards when they are adopted



Common cost allocation



Introduction

- The importance of this issue to promoting economic efficiency, including through M & A activity, cannot be underestimated
- Spreading costs across multiple activities is unequivocally desirable behaviour and needs to be incentivised
 - the number of distribution businesses in NZ bears this out
 - the CC should be more concerned that such efficiency gains actually occur; not who gets exactly what cut
 - CC's work in this area a key determinant of whether such gains are actually realised
- CC's concern is that ELB consumers may subsidise lines businesses operating in other markets by
 - excessive costs being loaded into the electricity cost base
 - costs (even if efficient for an ELB on a stand-alone basis) not being fairly spread between the electricity business and other business(es)

Context and importance of counterfactual

- If an ELB is a stand-alone business (and only that business), the CC's regime allows an efficient cost base on that basis
 - price path ensures gains in the regulated business shared over time
- It is important to bear this counterfactual in mind as
 - it is possible lines businesses do not engage in any other business activity, or exit such activity over time (including if regime incentivises such)
 - even if ELB costs are spread elsewhere, lines consumers are no worse off (than the stand-alone counterfactual), and the country is better off (not a bad issue for a regulator to have on its hands!)
- Vector agrees
 - the allocation of costs to the regulated business should be transparent
 - the level of efficient costs allocated to a business unit can lie somewhere between the *incremental* costs of that business to a core business, and that unit's *stand-alone* costs (and no further guidance from economic theory on the appropriate level from a static point of view)

ACAM preferred

- ACAM widely recognised as
 - economically robust methodology
 - consistently applied, providing for robust comparability between businesses
- If CC considers a better methodology exists, it should consult on the alternative methodology
- If CC considers ACAM needs further prescription, it could
 - further prescribe it (not supported)
 - require the application of ACAM to be audited
 - audit the application of ACAM itself (a-la recalibration audit) – this would also allow the CC to assess whether in fact there is a practical problem (as distinct from a theoretical issue)
- More generally, however, the CC can examine cost allocation in the context of a control investigation or where the CC is empowered to regulate other activities
 - Why specifically is the CC addressing it with disclosure?
 - Disclosure is just that: disclosure/reporting – does not follow that there is any double-counting

Issue 1: Efficiency of ELB cost base

- Level of system fixed assets covered by ODV Handbook
- Well implemented incentive-based regulation will promote productive efficiency
 - Builds on natural incentives to cost minimise (tempered by profitability assessments)
 - C1 factor assessment would show up any inefficiency
- CC can assess the efficiency of the cost base in any investigation of a threshold breach
- Vector suspects this issue is not the CC's main concern; important, however, to separate for clear issue identification

Issue 2: Whether costs properly spread

- If the ELB is the core business – as it is in most/all cases – then
 - if other businesses are (or potentially) regulated, the CC (or other regulator) can form a view on cost allocation (as the CC did in the gas inquiry)
 - if other businesses *not* regulated, CC needs to establish a problem exists
- CC's concern is ELB cost-spreading can adversely impact on competition in other markets
 - Which markets? What complaints? How durable is any competitive advantage?
 - Why are ELB synergies more important in those markets than other synergies competitors will have?
 - Are competitors allocating their costs correctly to earn uniform normal returns?
 - If an ELB synergy is so critical in those markets, could competitors partner with other ELBs or utility players?
- These are relevant questions to the CC finding a problem exists

Issue 2 continued ...

- Conceptually, Commission is extending ambit of regulation into competitive businesses
 - while achieved by forcing electricity costs lower given it is the business the CC can regulate, it is tantamount to regulating those other businesses
 - will invariably require the CC to take a view on reasonableness of costs in other businesses
 - who knows if the competitive business will be profitable/successful over time?
- By the Commission's own logic, the Commission should be equally concerned with whether efficiency gains, including industry rationalisation, *have been missed*
 - sounds absurd, but conceptually the same thing
- Continued emphasis on this issue (including through disclosure) unequivocally sets a disincentive for regulated businesses to contemplate efficiency improvements through cost spreading

Constraints on cost allocation

- A balanced stakeholder view to running an efficient business over the long term: requires sharing of synergy gains with consumers
- Threat of investigation and control
 - CC raising and consulting on this issue sends clear signal (consistent with Vector's facilitative proposal to implementing the regime)
- EIRA bluntly addresses cost allocation of lines businesses for some business activity; a more general concern would have been, and still could be, addressed by EIRA
 - If CC has ongoing concerns (and wants to be involved in regulating other businesses), these should be tested through Parliament
- Risk of complaint (merit aside) of anti-competitive conduct if any practices seen as deterring competition in other markets

Summary

- Commission's focus at this time should be 'What is an efficient cost base for running an ELB (and only that business)?'
- Any gains made through operating other businesses are outside the scope of the regime
 - Any gains made are good for NZ and ELB consumers no worse off
 - Not clear actual problems exist; any competitive advantage elsewhere unlikely to be sustainable
- Red flag: ongoing attention to this issue
 - will invariably result in manipulation of inputs and costs to "look good" (including inflating costs or not seeking cost-sharing opportunities)
 - will result a self-fulfilling detail requirement: more and more information required; greater regulatory involvement in regulated and unregulated businesses
 - is the thin edge of the regulatory creep wedge (in addition to ELB involvement, other businesses invariably get caught by the regulatory net)
- Is this what Parliament had in mind?

Other disclosure issues

Performance measures

- If a measure of returns were required, an ROI-type measure would be best suited for this; consultation required on detail
- Vector questions benefit of disclosures on frequency, voltage, interference characteristics and consumer services
 - what is the value of public disclosure?
- Information on consumer services already disclosed in compliance statements (consumer engagement criterion)
- Vector discloses standard service levels to ensure customers are aware of the level of service they can expect

Example of Vector's service levels

Residential

	SERVICE LEVELS	
	URBAN	RURAL
Time to restore power	From 0 - 2.5 hours	From 0 - 3 hours
Number of interruptions	From 0 - 4 per annum	From 0 - 14 per annum
Voltage 230 volts \pm 6%	✓	✓
Frequency 50Hz \pm 0.75Hz	✓	✓
Free Faults Line 0508 VECTOR, 0508 932 627	24 hours, 7 days	24 hours, 7 days

Business

	SERVICE LEVELS	
	URBAN	RURAL
Time to restore power	From 0 - 2.5 hours	From 0 - 3 hours
Number of interruptions	From 0 - 4 per annum	From 0 - 14 per annum
Power quality - sags (to less than 80% of nominal voltage)	From 0 - 30 per annum	From 0 - 40 per annum
Voltage 230 volts \pm 6%	✓	✓
Frequency 50Hz \pm 0.75Hz	✓	✓
Free Faults Line 0508 VECTOR, 0508 932 627	24 hours, 7 days	24 hours, 7 days

Certification and statutory declarations

- Commission should keep an open mind as to whether necessary
- Vector questions incremental benefit of certifications being signed by two directors, as opposed to the CEO
- In Part 4 inquiries, s 70E notices are addressed to the CEO, without a declaration requirement
 - process easier logistically with no downside to information integrity

Publication channels and mechanisms

- Most appropriate method is the internet (abandon Gazette)
- No control over Gazette publication timeframes
- If publication in the Gazette is required, timeframe should relate to when the information is posted on the internet and sent to the Gazette office (not when it is published)
- Current times allowed for information to be disclosed are reasonable, provided the above suggestion is adopted

Commission's summary analysis (1)

- Purpose for preparing is broad – considerable flexibility as to how requirement met
- Commission should consider incremental value of detailed analysis to users, who no doubt will perform their own analysis (publicly available analysis - e.g. PwC - also relevant)
- Consideration of relative efficiency of lines businesses best addressed in the thresholds regime
- Any disclosure analysis should focus on what is important to consumers
- What the Commission analyses and publishes will impact on durability of thresholds

Commission's summary analysis (2)

- Proposed detailed analysis not supported
- Commission should consult further with consumers on what they would find useful and why
- No analysis for the sake of analysis
- No analysis that sets new de-facto thresholds

Compliance information

- Vector agrees strong merit in continuing requirement to publicly disclose compliance information
- Compliance statements should be confidential until CC decides whether a breach has occurred and the nature of the breach
 - There are costs to being "in limbo" over a technical breach – Vector has experienced this first hand over the last 10 months
 - Technical breaches should be separately flagged (as outside control of ELB) and investigation of such explicitly defined as "off limits"
- Alternatively, Commission should undertake to complete initial assessments within a set timeframe (e.g. 90 Days)

Synergies between EC and CC

- Limited at present but will increase over time and become an important issue
- Vector will provide information to either Commission separately if and when required
- Commissions should work closely to ensure requirements are not duplicated (synergy gains need to be shared with levy payers!)
- Limited consideration to date of how EC's work will promote the outcomes CC required to achieve
 - e.g. standardised pricing methodologies, model distribution agreements are relevant
 - Needs to occur asap, before any further disclosures required
 - need for this is underscored by the possible transfer of the Part 4A regime to the EC in 2009



Closing Summary



Summary of Vector's view

- **Concerned proposed disclosure regime too intrusive**
 - No clear problem definition for disclosures
 - Approach must be "must have disclosed", not "nice to have" (or convenience to CC as opposed to requesting information directly)
- **Limited consideration by Commission of what detailed disclosure would mean for the overall regime**
 - Commission risks letting detail get in the way of Parliament's intent and sound regulatory philosophy
 - More specifically, the approach taken threatens the durability of the thresholds
- **The sole purpose of disclosure in Vector's view is a time series of relevant data to set thresholds**



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