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Fast track amendments to information disclosure determinations for First Gas gas pipeline services

Companion paper

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Associated documents

Publication date	Reference	Title
14 June 2017	NZCC 11	[FAST TRACK] Gas Distribution Information Disclosure Amendments Determination (No.1) 2017
14 June 2017	NZCC 12	[FAST TRACK] Gas Transmission Information Disclosure Amendments Determination (No.1) 2017
24 March 2015	NZCC 7	2015 Amendment to the Gas Distribution Information Disclosure Determination 2012
24 March 2015	NZCC 8	2015 Amendment to the Gas Transmission Information Disclosure Determination 2012
24 March 2015	ISBN 978-1-869454-40-1	Gas Distribution Information Disclosure Determination 2012 – (consolidated in 2015)
24 March 2015	ISBN 978-1-869454-41-8	Gas Transmission Information Disclosure Determination 2012 – (consolidated in 2015)
1 October 2012	ISBN 978-1-869452-09-4	Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper
1 October 2012	NZCC 23	Gas Distribution Information Disclosure Determination 2012
1 October 2012	NZCC 24	Gas Transmission Information Disclosure Determination 2012

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1. Introduction

Purpose of this paper

- 1.1 This paper outlines our reasons for amendments to the information disclosure (ID) requirements applying to First Gas, as a supplier of gas transmission and gas distribution services.

ID amendments across sectors we regulate

- 1.2 This is the second ID amendment for gas pipeline businesses (GPBs) since we determined the ID requirements in 2012.¹
- 1.3 This amendment is focused on addressing workability issues with the disclosure year dates applicable to gas pipeline businesses following First Gas' purchase of the GDB and GTB previously owned by Vector Group and the GTB previously owned by Maui Development Ltd (MDL). This is not a full review of the ID requirements.
- 1.4 We have amended the disclosure year dates applicable to gas pipeline businesses for First Gas as part of a fast track process so that:
- 1.4.1 First Gas' new disclosure year is aligned with the full default price-quality path (DPP) for the assessment period beginning 1 October 2017; and
 - 1.4.2 we will not need to grant exemptions from the ID requirements for the GDB and GTB previously owned by Vector Group, which previously had a disclosure year beginning 1 July.
- 1.5 Future amendments to be proposed by July 2017 will address other matters relating to airports, electricity distribution businesses (EDBs), GDBs and GTBs. In particular, we will consult on proposed amendments across airports, EDBs, GDB, and GTBs with a focus on the consequential changes arising out of the 2016 input methodologies review.

¹ Our first round of amendments was described in Commerce Commission "Amendments to information disclosure determinations for electricity distribution and gas pipeline services 2015: Final reasons paper" (24 March 2015).

Amendments determinations released alongside this paper

1.6 This paper supports the following amendments determinations:

- 1.6.1 Gas Distribution Information Disclosure Amendments Determination (No.1) 2017 [2017] NZCC 11; and
- 1.6.2 Gas Transmission Information Disclosure Amendments Determination (No.1) 2017 [2017] NZCC 12.

2. Disclosure year alignment

Purpose of this chapter

2.1 This chapter outlines our reasons for the changes to our disclosure year requirements for GPBs made as part of this round of amendments.

2.2 Table 1 summarises our amendments to the GDB and GTB ID requirements.

Table 1: Amendments to the disclosure year requirements

Area of change	Amendments to the ID determinations	Affected clauses and schedules
First Gas GDB disclosure year change and removal of redundant reference to Vector GDB sub-network	<ul style="list-style-type: none"> • Included reference to 'First Gas' in the definition for 'disclosure year' and First Gas' GDB disclosure year being the 12 month period ending on 30 September. • Clarified that the 'disclosure year 2017' in the case of First Gas is the 15 month period from 1 July 2016 to 30 September 2017. • Removed the paragraph describing Vector's sub-network in the definition for 'sub-network'. 	GDB clause 1.4.3 definitions
First Gas GTB disclosure year change and removal of redundant references to Vector and MDL GTBs	<ul style="list-style-type: none"> • Included reference to 'First Gas' in the definition for 'disclosure year' and First Gas' GTB disclosure year being the 12 month period ending on 30 September. • Clarified that the 'disclosure year 2017' in the case of ex-Vector assets now owned by First Gas is the 15 month period from 1 July 2016 to 30 September 2017. • Clarified that the 'disclosure year 2017' in the case of ex-MDL assets now owned by First Gas is the 9 month period from 1 January 2017 to 30 September 2017. • Removed references to 'Vector' and 'MDL' including- <ul style="list-style-type: none"> ○ the paragraphs describing Vector's and MDL's disclosure year in the definition for 'disclosure year'; ○ the defined terms 'MDL', 'routine transaction', 'transitional AMP' and 'Vector'; and ○ uses of the terms 'Vector' and 'MDL' in the definition for 'transmission system'. 	GTB Clause 1.4.3 definitions GTB clause 2.3.4

Area of change	Amendments to the ID determinations	Affected clauses and schedules
GTB transitional provisions	<ul style="list-style-type: none"> Removed transitional provisions that no longer apply. Required that references to 'Vector only' and 'MDL only' billed quantities and line charge revenues be read as 'First Gas ex-Vector Group assets' and 'First Gas ex-Maui Development Limited assets' for disclosure year 2017 and 2018. 	<p>GTB Clause 1.4.3 definitions</p> <p>GTB clauses 2.1.1, 2.6.1, 2.6.3, 2.6.6, 2.7.2, 2.9.1, 2.12.1, 2.12.2, 2.13 and Schedule 17</p>

First Gas GDB disclosure year changes

Previous GDB disclosure year requirements

- 2.3 Previously the GDB ID requirements did not include references to 'First Gas' in the definition of 'disclosure year'.² Without referencing 'First Gas' in the definition of 'disclosure year', it was unclear what the applicable ID disclosure year for First Gas is.
- 2.4 Following First Gas' purchase of Vector's non-Auckland GDB, First Gas' GDB has used Vector Group's disclosure year for its year-beginning disclosure due 1 July 2016 and its 30 June 2016 year-end disclosure.
- 2.5 Previously the GDB ID requirements specified geographic sub-networks for Vector which included either the 'assets located in the Auckland geographic region or the assets located outside that region'.³ In 2016, First Gas purchased Vector's GDB non-Auckland assets.
- 2.6 We have provided various exemptions to overcome issues with the application of the GDB ID requirements to First Gas and we have now made permanent fixes to the determination to standardise the ID disclosure years for First Gas' GDB operations based on the standard First Gas financial balance date of 30 September.

² Commerce Commission "Gas Distribution Information Disclosure Determination 2012 (consolidated in 2015)" (24 March 2015), definition of 'disclosure year' in clause 1.4.3.

³ Commerce Commission "Gas Distribution Information Disclosure Determination 2012 (consolidated in 2015)" (24 March 2015), definition of 'sub-network' in clause 1.4.3.

GDB First Gas disclosure year amendments

- 2.7 We have included a reference to ‘First Gas’ in the definition of ‘disclosure year’. Rather than continue to use Vector’s year-end disclosure of 30 June, we have amended the definition of ‘disclosure year’ to now use 30 September as the standard First Gas disclosure year-end date. Using 30 September aligns First Gas’ disclosure year-end date with its financial balance date and our DPP assessment period.⁴
- 2.8 We have not made changes for other GDBs’ disclosure year-end dates.⁵
- 2.9 We have removed the paragraph describing Vector’s sub-network in the definition for ‘sub-network’, as following First Gas’ purchase of Vector’s GDB non-Auckland assets, there is no longer a need to split information into sub-networks for Vector.
- 2.10 In its submission on our draft decision, First Gas supported our proposed GDB amendments.⁶

GTB changes

Current GTB disclosure year requirements

- 2.11 Previously the GTB ID requirements did not include references to ‘First Gas’ in the definition for ‘disclosure year’.⁷ Without referencing ‘First Gas’ in the definition of ‘disclosure year’, it was unclear what the applicable ID disclosure year for First Gas is.
- 2.12 Following First Gas’ purchase of Vector’s GTB, First Gas has used Vector’s disclosure year for its assets, previously owned by the Vector Group, with a 30 June 2016 year-end disclosure.
- 2.13 Following First Gas’ purchase of MDL’s GTB, First Gas has used MDL’s disclosure year for its assets, previously owned by MDL, with a 31 December 2015 year-end.
- 2.14 The GTB ID requirements previously included references to ‘MDL’ and ‘Vector’. Following First Gas’ purchase of MDL and Vector’s GTB, these references were no longer applicable.

⁴ Commerce Commission “Gas Distribution Services Default Price-Quality Path Determination 2017” (29 May 2017), clause 4.2.

⁵ For GasNet and Vector, 30 June, and for Powerco, 30 September (see definition of ‘disclosure year’ in Commerce Commission “Gas Distribution Information Disclosure Determination 2012 (consolidated in 2015)” (24 March 2015).

⁶ First Gas “Submission on proposed fast track amendments to information disclosure determinations” (9 May 2017), p. 1.

⁷ Commerce Commission “Gas Transmission Information Disclosure Determination 2012 (consolidated in 2015)” (24 March 2015), definition of ‘disclosure year’ in clause 1.4.3.

- 2.15 We have provided various exemptions to overcome issues with application of the GTB ID requirements to First Gas and we have now made permanent fixes to the determination to standardise the ID disclosure years for all of the First Gas GTB operations based on the standard First Gas financial balance date of 30 September.

GTB First Gas disclosure year amendments

- 2.16 We have included a reference to ‘First Gas’ in the definition of ‘disclosure year’. Rather than continue to use Vector’s year-end disclosure of 30 June or MDL’s year-end disclosure of 31 December, we have amended the definition of ‘disclosure year’ to now use 30 September as the standard First Gas disclosure year-end date. Using 30 September aligns First Gas’ disclosure year-end date with its financial balance date and with our DPP assessment period.⁸
- 2.17 We have removed references to ‘MDL’ and ‘Vector’ in the GTB ID requirements. These references were no longer applicable and may have caused confusion. In particular, we have removed-
- 2.17.1 references to ‘MDL’ and ‘Vector’ in the paragraphs describing MDL’s and Vector’s disclosure years in the definition for ‘disclosure year’;⁹
 - 2.17.2 the defined terms ‘MDL’, ‘routine transaction’ and ‘Vector’;¹⁰ and
 - 2.17.3 references to the terms ‘MDL’ and ‘Vector’ in the definition for ‘transmission system’.¹¹
- 2.18 MDL was previously exempt from disclosing the effect of any tax permanent differences or temporary differences. This exemption ceases to apply in respect of ex-MDL transmission assets now owned by First Gas.¹²
- 2.19 In its submission on our draft decision, First Gas supported our proposed GTB amendments.¹³

⁸ Commerce Commission “Gas Transmission Services Default Price-Quality Path Determination 2017” (29 May 2017), clause 4.2.

⁹ Commerce Commission “Gas Transmission Information Disclosure Determination 2012 (consolidated in 2015)” (24 March 2015), definition of ‘disclosure year’ in clause 1.4.3.

¹⁰ Commerce Commission “Gas Transmission Information Disclosure Determination 2012 (consolidated in 2015)” (24 March 2015), definition of ‘MDL’ and ‘Vector’ in clause 1.4.3.

¹¹ Commerce Commission “Gas Transmission Information Disclosure Determination 2012 (consolidated in 2015)” (24 March 2015), definition of ‘transmission system’ in clause 1.4.3.

¹² Commerce Commission “Gas Distribution Information Disclosure Determination 2012 (consolidated in 2015)” (24 March 2015), clause 2.3.4.

Removal of GTB ID transitional requirements

2.20 We have removed transitional provisions in the GTB ID requirements which no longer apply.¹⁴ These provisions allowed suppliers to transition into the 2012 determinations and the 2015 amendment determination.¹⁵ These requirements no longer apply because their applicable time period has passed. We have removed the expired requirements to reduce the length of the ID determination and improve its readability. We also removed the relevant references and terms that apply only to the transitional requirements.

New GTB ID transitional requirements

2.21 Currently the GTB ID requirements reference 'Vector only' and 'MDL only' for disclosures of billed quantities by contract type and line charge revenues by contract type.¹⁶

2.22 To allow First Gas to continue to make disclosure of billed quantities by contract type and line charge revenues by contract type, we have included a transitional provision for disclosure year 2017 and disclosure year 2018, requiring 'Vector only' to be read as 'First Gas ex-Vector Group assets' and 'MDL only' to be read as 'First Gas ex-Maui Development Limited assets'.

2.23 We have included this transitional requirement for disclosure year 2017 and disclosure year 2018 to allow continued compliance until a new gas transmission access code is introduced. On this basis, we expect that disclosure requirements based on the new access code would apply from disclosure year 2019.¹⁷

¹³ First Gas "Submission on proposed fast track amendments to information disclosure determinations" (9 May 2017), p. 1.

¹⁴ Commerce Commission "Gas Transmission Information Disclosure Determination 2012 (consolidated in 2015)" (24 March 2015), clause 2.13.

¹⁵ Commerce Commission "Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper" (1 October 2012), p. 109 and Commerce Commission "Amendments to information disclosure determinations for electricity distribution and gas pipeline services 2015: Final reasons paper" (24 March 2015), chapter 9.

¹⁶ Commerce Commission "Gas Transmission Information Disclosure Determination 2012 (consolidated in 2015)" (24 March 2015), Schedule 8.

¹⁷ First Gas currently uses the Maui Pipeline Operating Code (MPOC). Any party wishing to carry gas on the Maui pipeline or wishing to connect to it may do so on standard terms and conditions set out in the MPOC. First Gas aims to implement a new gas transmission access code (replacing the MPOC and the equivalent code for former Vector gas transmission assets) by 1 October 2018. The MPOC can be found on the First Gas website at <http://firstgas.co.nz/wp-content/uploads/MPOC-working-version-14-May-2016.pdf>.