

9 March 2026

Tena koutou

### **Process update on setting the price-quality path for Watercare**

We thank submitters for the time and effort they put into their submissions on our Approach paper on Watercare Services Limited's (**Watercare**) 2028 price-quality path (**PQP28**).

This is an update to advise interested parties that, having considered submissions on the Approach paper, we are revising our process. This will provide greater opportunity to engage with our key decisions and the basis for them.

#### *Process update*

The table in Attachment A presents the original process and milestones as outlined in our Approach paper, alongside the revised process. The main change is that we are swapping the planned Discussion paper and Position paper for an Emerging Views (**EV**) paper.

We will invite submissions on our emerging views on key decisions for PQP28, including the indicative positions (for example, on the regulatory accounting basis) that we had previously intended to confirm in the Position paper. Our emerging views will build on our thinking and provide firmer proposals in respect of the decision-making areas outlined in the Approach paper. The EV paper will also address relevant points raised in submissions on our Approach paper.

We may carry out further targeted consultation after considering submissions on the EV paper. We will then consult on our draft PQP28 decision in line with our original timeline.

#### *Input methodologies*

Some submissions on our Approach paper recommended we consider setting input methodologies (**IMs**) in advance of PQP28.

As outlined in the Approach paper, in the early stages of the water regulatory regime there is real value in being able to adapt our approach to setting PQ or ID regulation,

based on learning and experience with the regime, where doing so would better promote the overriding statutory purpose.

We agree with submitters that regulatory certainty and predictability are important. Our consultation on the key decisions and the basis for them aims to increase engagement and certainty. In addition to the EV paper and any technical consultation we will also consult on our draft PQP28 decision.

Given these considerations and the timeframe for setting PQP28, we think the regulatory regime and long-term benefit of consumers are better served if we defer considering whether to set any IMs applying to Watercare until after setting PQP28, as permitted by s 57P(1) of the Commerce Act.

Ngā mihi

Charlotte Reed

**Head of Water Regulation**

## Attachment A: Table of indicative milestones and revised process milestones

Yellow rows show the revised milestones. Blue rows show milestones unchanged from the Approach paper.

Period	Previous milestone	Revised milestone
<b>June/ July 2026</b>	<p><i>Position paper:</i> Foundational regulatory accounting basis (no consultation on this paper)</p> <p><i>Discussion paper:</i> Other key price-quality path choices for consultation. We expect to consult on this paper for four to six weeks</p>	<p><i>Emerging views paper:</i> consultation on our emerging views on all key decisions for PQP28, including the indicative positions (for example, on the regulatory accounting basis) that we had previously intended to confirm in the Position paper</p>
<b>September 2026 – March 2027</b>		Any further targeted technical consultation we decide to do
<b>March/ June 2027</b>	Watercare’s proposal (independently verified) to the Commission	
<b>September/ December 2027</b>	Draft decision on PQP28 for consultation. We expect to consult on our draft decision for four to eight weeks	
<b>March/June 2028</b>	Final decision on PQP28	
<b>30 June 2028</b>	PQP28 takes effect	