

# Summary of feedback on Orion CPP

## Input methodologies review forum

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# Feedback received

- We received a substantial amount of feedback from interested persons following the Orion CPP
- Submitters were:  

ENA; Genesis; Geoff Brown; Orion; Powerco; Vector; Mr John Hoare
- Commission also spoke with Orion and its advisors
- Feedback is summarised on our website:

<http://www.comcom.govt.nz/regulated-industries/electricity/cpp/orion-cpp/>

# Context for the Orion CPP

- CPP was made in response to a catastrophic event
  - Orion were placed in very difficult situation
- Proposal involved:
  - Application (approx 600pp plus appendices ~ 2,000pp)
  - Consumer consultation, verification, certification, audit
  - Financial modelling
- Time frames:
  - Application: February 2013; Issues Paper: May 2013
  - Draft Decision: August 2013; Final Decision: November 2013

# Key areas identified in feedback:

## Overall process

- CPP process should be simplified
- Re-opener may be a more suitable mechanism for a temporary response to a catastrophe (NB: adopted already)

## Pre-application engagement

- Clarify nature of consumer consultation
- Retain flexibility in the type of mechanisms used
- Guidance from the Commission, eg to:
  - Clarify interpretation
  - IM variations.



# Key areas identified in feedback:

## CPP application

- Reduce volume of material and align with EDB systems
- IM requirements too detailed and rigid for a catastrophe
- Focus audit requirements on areas which add most value

## Verifier

- Decide whether to retain requirement for a verifier
- If retained, then clarify expectations
- Streamline the process for selecting verifier
- Remove the potential overlap with independent engineer
- Relax timing constraints around expenditure reviews

# Key areas identified in feedback:

## Commission's evaluation

- Avoid making new interpretations of IMs
- Continue to use workshops to test proposal

## Financial models

- Understanding large and complex models is difficult
- Commission to publish a standard model

## Commission's use of experts

- Terms of reference consulted on
- Document resolution of short term and long term tensions



# Key areas identified in feedback:



## Commission's consultation with interested persons

- Opportunities for interested persons to participate
- Questions posed by us should be neutrally expressed
- Commission generally made itself available

## Suitability of input methodologies

- Reduce the disaggregation for forecast assets and tax
- Review Schedules D, E and F
- Include additional CPP-related costs as recoverable costs

# Some issues addressed by fast track

We have decided to consider certain amendments to CPP processes and requirements through a fast track process.

Not a ‘line-by-line’ review of CPP requirement

But will address some of the issues above by relatively simple changes to improve certainty and reduce compliance costs \*

- Modifications/exemptions to information requirements
- Alternative methodologies (‘AMWEEs’)
- Accepting “materially complete” proposals

\* Also considering which IMs apply, and when





