

Verification of Orion's CPP Application

A Verifier's Perspective

Input Methodologies Review Forum
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Geoff Brown

Verification Purpose and Objectives

Stakeholder Perceptions and Constraints

Orion:

Looking for confirmation that all key issues were adequately addressed in its application:

- did not want to prematurely disclose content, which it considered confidential until submission.

Commission:

Looking for assurance that the CPP application was genuine and not an attempt to “game” the regulator:

- required process prescribed in IM to be strictly followed;
- wanted all requirements of the IM terms of reference to be covered in the report;
- wanted all conclusions to be supported by a verifiable paper trail; and
- would have liked advance notice of key issues so that it could plan its review.

Verification Timeframe

- We received the draft CPP application on 16 November and submitted the draft verification report on 31 December;
- We agreed with the Commission that Orion could submit its policies and procedures at the beginning of November;
 - This was of limited value as the information was difficult to properly review without the full application to provide context.
- Time was of the essence;
 - Orion's final submission date was prescribed in the IM and could not be delayed.
- As a result of the compressed timeframe, the draft report did not cover all aspects of the review.
 - At least one key finding was not included since we did not see it as a major issue at the time;
 - We used the draft report to put questions to Orion in context, so as to obtain more meaningful responses.

Paper Trail

The Commission's requirement for an verifiable paper trail meant that:

- Following an initial visit, communications with Orion were generally in writing;
- All project files, including our draft report, were provided to the Commission by Orion at the conclusion of the verification process.

The requirements of the IM terms of reference relating to the disclosure of information in the verification report are impractical.

IM Information Requirements

Service categories, measures and levels

- Added an additional level of complexity, which we found of little value;
- Difficult to formulate the relationship between service measures and required expenditure; and
- Current period costs are needed for a meaningful review.

Expenditure forecast templates

- Expenditure forecasts required in real (constant price) as well as nominal terms.

Closing Comments

- Expectations of Orion and the Commission could not be fully reconciled;
- Timeframe was very tight and could not be extended;
- We had to interpret the IM requirements in the context of Orion's application as best we could;
 - The tight timeframe and Orion's confidentiality requirement meant it was unrealistic for us to seek guidance from the Commission.
- We treated the verification as a standard regulatory expenditure review which had additional constraints imposed by the IM requirements; and
- Are comprehensive reviews of 22 projects or programmes really necessary?