COMMERCE COMMISSION NEW ZEALAND

NOTICE OF INTENTION

Process for Determining Additional Input Methodologies for Electricity Distribution Services and Gas Pipeline Services

The purpose of this notice is to advise that the Commerce Commission has begun work on:

(1) specifying the valuation of assets, allocation of costs and treatment of taxation input methodologies as applicable to default price-quality paths, and

(2) input methodologies for adjustments to starting prices for default price-quality paths.

We are determining these "additional input methodologies" for electricity distribution services and gas pipeline services pursuant to a recent High Court judgment.[1] In line with directions from the High Court, and notwithstanding s 52U of the Commerce Act 1986, the Commission is required to determine these additional input methodologies by 30 September 2012 (unless the Court grants a further extension).

In accordance with section 52V(1) of the Act, this notice provides an outline of the process that will be followed for determining the additional input methodologies and sets out the proposed timeframes for completion.

	Process	Indicative Time-frame
1.	**Process and Issues Paper** Further detail on the proposed process for completing additional input methodologies, and issues for discussion.	Week beginning 05 December 2011
2.	**Submissions on Process and Issues Paper**	January 2012
3.	**Draft input methodologies** Draft determinations of additional input methodologies, and accompanying reasons.	May 2012
4.	**Submissions on draft input methodologies**	June 2012
5.	**Input methodologies determined** Final determinations of additional input methodologies and accompanying reasons.	September 2012

Regular updates and any process refinements will be published on the Commerce Commission's website.

1 *Vector Limited v Commerce Commission* (HC Wellington, 26 September 2011, Clifford J, CIV-2011-485-536).