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## **Information Disclosure spreadsheet templates submission and technical consultation cross-submission**

### **Introduction**

1. This submission comprises both:
  - a) Vector's comments on the Commerce Commission's (Commission) draft Information Disclosure Determination (IDD) Excel spreadsheet templates for Electricity Distribution Businesses (EDBs), Gas Distribution Businesses (GDBs) and Gas Transmission Businesses (GTBs); and
  - b) Vector's technical consultation cross-submission on the proposed EDB definitions and their suitability for GDB and GTB IDs.
2. Our review of the spreadsheets has highlighted some further issues with regard to the determinations themselves. These are also discussed in this submission.
3. Vector notes that the Commission will receive detailed submissions from PriceWaterhouseCoopers on the EDB and GPB IDD Excel spreadsheet templates. We do not attempt to replicate the detail of that work in this submission.
4. Vector's contact person for this submission is:

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5. No part of this submission is confidential.

## **Vector has been unable to fully review the proposals**

6. This submission is made with the same caveats as accompanied our previous submission on the information disclosure technical consultation.<sup>1</sup> For the reasons discussed in that submission, Vector has been unable to fully review the proposed excel spreadsheets and the proposed alternative definitions.
7. Vector therefore reserves the right to raise further issues regarding the IDD spreadsheet templates in future and **recommends** that the Commission facilitate a process to address technical drafting issues when suppliers first attempt to use them (i.e. similar to the technical issues register process for the 53ZD notices).

## **Discussion on spreadsheet templates**

8. EDB Schedules 7 and 11b require disclosure of actual and forecast opex on direct billing. While direct billing may be a significant cost for EDBs that direct bill all of their customers, the only EDB that currently does this is The Lines Company. Vector only direct bills approximately 50 large customers. To try to identify the amount Vector spends on billing these fifty customers would identify only an incremental cost to Vector's standard billing operations, but the costs of calculating this amount would be disproportionate to the value. Vector **recommends** the requirement to disclose actual and forecast direct billing costs is only applied to EDBs that direct bill the majority of their customers.
9. Vector has been giving further consideration to section (iii) of Schedule 3: the information supporting the "elective" disclosure of the alternative ROI calculation. In our previous submission,<sup>2</sup> Vector recommended removing the 50 basis point threshold which, if met, would require disclosure of this item. Our view was that the threshold requires the regulated supplier to carry out the analysis even if they decide not to make the disclosure. The disclosure requirement in this section is for disclosures of amounts with cost allocators applied on a monthly basis. It is already a complex task to allocate costs on an annual basis, to do so on a monthly basis would be an extremely challenging and costly task, involving substantial spreadsheet modelling. Vector therefore **recommends** deleting this section altogether as it will be unduly onerous for many participants to complete.
10. GTB Schedules 1, 8a and 8b refer to ICPs. These references are incorrect as the term ICP has no relevance to the gas transmission business.
11. EDB Schedules 11a, 11b, 12c and 12d, GDB Schedule 12c and GTB Schedules 11a, 11b and 12b: Vector considers that the years specified in these schedules are incorrect. Year One should be the year ending 31 March 2014 for EDBs (when the AMP planning period begins on 1 April 2013) and, for GTBs and GDBs, the year ending 30 June 2014 (when the planning period begins on 1 July 2013). All other years should be adjusted accordingly.

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<sup>1</sup> Vector Limited, *Submission to the Commerce Commission on Information Disclosure Requirements for Electricity Distribution Businesses and Gas Pipeline Businesses: Technical Consultation*, 3 August 2012 paragraphs 10-13.

<sup>2</sup> *ibid*, paragraphs 89-90.

12. Schedule 12a requires information "as at the end of the disclosure year". It is unclear which disclosure year is being referred to. Schedule 12a is a forecast disclosure and is therefore required to be disclosed "before the start of the disclosure year". A plain reading would suggest these disclosure years are the same and thus the forecast required in 12a is a forecast of asset condition at a date twelve months into the future. This does not seem practical.
13. Schedule 4a requires disclosure of non-directly attributable expenditure by category. These categories are the same for which non-directly attributable expenditure is reported in schedule 4b. The relevant cells in 4a should not be required to be completed separately but should be automatically populated from the relevant cells in 4b.
14. The equivalent items to Schedule 4d rows 11, 13 and 24 and some of the Works Under Construction rows contained formulae in the previous draft schedules released in January 2012. It is unclear why these formulae are not repeated in the current templates.
15. Schedule 5d, row 10: the Allocation methodology type, Allocator and Allocator type headings are missing from this row.
16. The unit and column headings in schedule 12a are somewhat confusing as the overall column heading requires percentages while the units for each row are specified as km or number. Vector interprets this to mean that, for example and using the GDB spreadsheet, row 9 requires the IP PE pipeline km length at each grade, expressed as a percentage of the total IP PE main pipeline length in km. Meanwhile row 16 requires the number of valves at each grade, expressed as a percentage of the total number of valves. However, this could be made much clearer.
17. Schedule 12d has a box to list the name of the sub-network. However, in the draft IDD's schedule 12d is not required to be disclosed by sub-network.
18. EDB Schedules 8a, 8b, 9a, 9b, 9c and 9e are all required to be disclosed by sub-network but do not contain a box to list the name of the sub-network.
19. The IDD's require sub-network information for EDB Schedule 9d. However, the 9d disclosure only relates to embedded networks owned by an EDB outside of the EDB's main supply area. Thus breaking it down by sub-network makes no sense. Vector **recommends** Schedule 9d is amended to remove the box listing the sub-network's name and Schedule 9d is removed from the list in clause 2.5.1(2).
20. GDB and GTB schedules 9a and 9b are required to be disclosed by sub-network but do not contain a box to list the name of the sub-network.
21. GTB Schedule 4c, rows 102-107: The formulae in cells in row 107 do not match the wording in column C. Based on the wording the formulae should be:
 
$$101-102+103-104+105+106$$
22. A similar issue is found in rows 50-55 of GTB Schedule 5a.

23. EDB schedule 5a row 87 should not refer to *Adjustment resulting from asset allocation*, as this is not a tax item. Instead it should refer to *Other adjustments to the RAB tax value*, which is a defined term in Schedule 16.

**Cross submission on proposed new definitions**

24. Row 57 of the spreadsheet entitled *Proposed changes to defined terms in EDB ID Determination that also occur in GPB ID Determinations* proposes a term "Number of connections (ICPs)". This term will not be relevant for gas transmission and should not be adopted in schedule 16 of the GTB IDD. The correct term is "number of offtake points".

Yours sincerely,



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**Manager Regulatory Affairs**