



**Submission on Proposed amendments for  
2015 to information disclosure  
determinations**

**19 December 2014**

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## **Introduction**

1. This submission responds to the Commerce Commission's (Commission) consultation on its *Proposed amendments for 2015 to information disclosure determinations for electricity distribution and gas pipeline services* (consultation paper), dated 22 October 2014.
2. Vector has reviewed and endorses the submission by the Electricity Networks Association on this topic.
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4. We set out our views and recommendations on the Commission's proposed changes below. First we provide an overview of our key points. For convenience, we have then structured our comments in three tables as follows:
  - 1) amendments that apply across all determinations
  - 2) amendments that apply to the electricity distribution determination; and
  - 3) amendments that apply to the gas pipeline determinations.

## **Comments on key issues**

5. Vector acknowledges this is the Commission's first round in an on-going series of proposed amendments, where more complex matters have been deferred to a later date.
6. Since the determinations came into force, the industry has raised numerous queries and sought clarification on a number of matters. We welcome the Commission's willingness to amend the Determinations where appropriate, and support the continued use of the issues register to record new issues and resolutions when they arise - pending amendments to the information disclosure determinations (IDDs) or input methodologies (IMs).

### ***The proposed error correction process is unduly onerous and inconsistent with the certification requirements for disclosures***

7. Vector supports the creation of a clear process for dealing with errors in the IDD. However, we have concerns regarding the definition of error and we do not support the proposals to require:

- all errors be notified (irrespective of materiality);
- notice be given to all interested parties, as well as the Commission;
- full re-disclosure of the AMP; or
- notification of errors to be required within one month of identification.

Definition of error

8. Vector is concerned the proposed error definition will create complexity and confusion.
9. The Commission's definition of error does not align with the accounting standard definition of prior period error, which risks creating problematic inconsistencies. For example, auditors are required to certify disclosures and use the accounting standard definition to do so. However, once disclosures are submitted any subsequently identified errors will be assessed on a different standard. We are not sure how this will work in practice.
10. Similarly, Vector is concerned that the Commission's view of materiality may not align with standard audit practice. For example, it can be challenging to assess materiality for individual items and to assess what material impact is in relation to interested persons.
11. Vector **recommends** the Commission conduct further analysis and consultation on the definition of error and how this aligns with assessments of materiality to ensure that the definition that is set is workable and understandable. If this is not done, it should at least be limited to material errors only – below we discuss limiting the error process to material errors only.

All errors to be notified

12. The Commission proposes that all errors be notified to the Commission one month after the EDB became aware of the error. This includes (clause 2.12.1(1)):
  - a description of the error
  - disclosure and data point it has an effect on; and
  - an explanation of the effect on each previous disclosure including the materiality of the effect.
13. However, ID schedules are currently prepared to comply with the determinations "in all *material* respects". That is, the standard for director sign off is that the disclosures comply "in all material respects". Thus, to have no materiality threshold for error reporting implies that directors can sign off

something as being materially correct, but then regulated suppliers immediately afterwards have to make it perfect. This is neither a sensible nor a consistent approach.

14. For example, in Vector's 2014 electricity distribution disclosures we disclosed the following items (among many others):
  - Total regulated income (\$000): 558,136
  - Total operating expenditure (\$000): 106,706
  - Number of concrete/steel poles overhead lines: 108,914
  - Total circuit length (km): 17,961
  - Number of new connections: 5,977
  - Average number of customers in year: 540,125

It is inconceivable that a 1 digit error (or even an error many multiples of 1) in any of these numbers or other disclosed data could have a noticeable impact on the data series or on any interested parties. We therefore see no justification for the scale of the error notification process proposed by the Commission.

15. Further, the information to be provided for each error notified (as set out above) appears overly onerous for *non-material* errors – e.g. it may be challenging to identify the effect of the error.
16. Vector considers that the only errors to be notified and corrected should be those that would have meant directors could not have certified the disclosures as being materially correct, had the error been identified at the time of certification. This would mean the "error" reporting is limited to material errors only, which aligns with the current standard for director sign off.
17. Vector **recommends** that the Commission aligns its requirements with its current expectation of directors by narrowing the notification requirement to material errors only. We discuss timeframes for error notification below.

#### Director certification of information about the error

18. There is potential for concern regarding the proposal to require director certification of information about an error. This is because the disclosures would have already been signed off by a director, certifying that the disclosures materially comply. To then require directors to certify that there was a material error could raise concerns regarding liability to enforcement action, e.g. a pecuniary penalty under section 86(2)(c).

19. However, directors are required to certify that disclosures are materially correct to the best of their knowledge having made all reasonable enquiry. Provided directors have indeed made reasonable enquiry they should not necessarily be liable to prosecution for providing disclosures that are later found to contain material errors.
20. It would be helpful if the Commission was to provide regulated suppliers with assurances that it would not take any legal action on the basis of a notified material error except in exceptional circumstances. This would make it more likely that regulated suppliers will be confident to notify material errors to the Commission. It is also consistent with precedent applied in other areas – see, the Tax Administration Act 1994, for example.

Full re-disclosure of AMPs and methodologies

21. It is unduly onerous to require *full re-disclosure* of the AMP, policies and methodologies where a material error is identified. AMPs in particular are very large documents and a material error in one section will not necessarily affect other sections. Further, the AMPs are long-term planning documents and where an error is identified the following year's AMP or AMP Update could reflect the error correction.
22. It is also not clear how the re-disclosure of a full AMP, policy or methodology could work in practice. For example, where a material error is found within the AMP and the AMP is re-disclosed are Directors required to certify that the entire re-disclosed AMP materially complies with the IDD's even if forecasts have changed since the original AMP was published and these forecasts have not been updated in the re-disclosed AMP (as changes in estimates are excluded from the definition of errors)? The degree of confusion that could apply in such circumstances should not be under-estimated.
23. We **recommend** removing the requirement to fully re-disclose where a material error has occurred in the AMP, policy or methodology. Instead, we suggest that the supplier is required to notify the material error and that the notification of the error is published alongside the disclosure and that the following year's AMP, policy or methodology acknowledges and corrects for the error.
24. Also, proposed new clause 2.12.3 requires re-disclosure of schedules 11-13 where material errors are found within them. As these are forecast schedules and thus excluded from the definition of error, we are not sure why re-disclosure should be required in the same way as for AMPs, policies and

methodologies. Vector **recommends** the reference to clause 2.6.5 is removed from clause 2.12.3.

#### Timeframe for notification

25. Vector does not believe one month is sufficient time for notification of errors. It is likely to take longer than this to identify the correct value that should have been disclosed and then to assess the impact of the error (if this is even possible – see above). Additionally, our experience with contract disclosures demonstrates that having a rolling monthly disclosure requirement is difficult to manage and could see multiple disclosure updates being made during a year. Vector’s strong preference is to require disclosure of errors at a fixed time or times during the year.
26. The reality is that errors in disclosures are most likely to be noticed at the time of preparing the following year’s disclosures as this is the time the previously disclosed data is most likely to be scrutinised closely. On that basis a rolling notification process seems excessive and mis-aligned with likely supplier activity. A more reasonable approach would be to require notification of prior year errors alongside and at the same time as the publication of the current year’s disclosures. An exception could apply to errors that are discovered in the six months prior to a DPP or CPP price setting decision.
27. Vector also notes that it could easily take more than a month to ascertain the effect of an error and its impact. In particular, while it may be relatively straightforward to identify that an error has occurred, identifying the correct disclosure that should have been made and then assessing the impact of the error could take considerably longer. In our view, faster notification could only work if the notification was only of the fact that a [material] error exists – the additional information cannot necessarily be provided in the timeframes envisaged by the Commission.
28. Vector understands that the Commission is seeking early notification of errors to ensure summary and analysis is not unduly affected. However, we find this unconvincing. While it remains unclear what the Commission will be doing with summary and analysis, it does not seem likely that material errors as reported in summary and analysis will generally have a significant effect on users; and the errors could be corrected for in future summary and analysis reports.
29. Finally, with the exception of new clause 2.12.1(1) the determination does not specify timing requirements for the disclosure of the errors (e.g. in clauses 2.12.1(2) and 2.12.3).

30. Vector **recommends** error disclosures are required at the time of the subsequent disclosure of the same type (e.g. at the time of the next year's AMP or year-end disclosures), except where the errors are discovered within 6 months of a DPP or CPP final decision, when the errors should be notified as soon as practicable.

Other comments

31. Clause 2.12.2(1)(b) requires suppliers "include the previous and revised disclosures for each data point in schedule 14". It is not clear what this means. It is unlikely to be feasible to include Excel templates in Schedule 14. Does the Commission just mean a list of the errors?
32. Meanwhile paragraph 9.15 of the consultation paper recommends suppliers "use revised templates showing original and revised numbers where there are a significant number of disclosures affected within a schedule". It is not clear how this would work and schedules showing both old and new numbers could be very cumbersome. If this is required, the Commission should provide the revised templates to use in these circumstances and consult on them in advance.

***Transitional requirements***

33. Vector supports the proposal to remove the transitional provisions that no longer have any effect from the IDD.
34. Vector does not support the Commission's proposal to require re-disclosure of previous year's ROIs. We do not believe the benefits would justify the effort involved. The complexity of re-disclosing the ROIs should not be underestimated – for example, which of the amendments made through this process should be backdated to the previous disclosures and thus feed into the re-calculated ROIs?
35. Vector understands the Commission's intent is to finalise the first round of amendments by March 2015. Vector considers that it would be appropriate for the amended determination to apply to:
- a) Vector's electricity distribution business year-end disclosures due by 1 September 2015;
  - b) Vector's gas pipeline business year-end disclosures due by 1 January 2016.



- c) Vector's electricity distribution business year-beginning disclosures due by 31 March 2016;
  - d) Vector's gas pipeline business year-beginning disclosures due 30 June 2016; and
  - e) All subsequent disclosures.
36. However, Vector **recommends** the amended determination does **not** apply to:
- a) Vector's electricity distribution business year-beginning disclosures due by 31 March 2015; or
  - b) Vector's gas pipeline business year-beginning disclosures due 30 June 2015.
37. The electricity distribution year-end disclosures will be published around the same time as the amended determinations and it is clear there will be insufficient time to prepare these in accordance with the new determinations.
38. Substantial effort has already been made on Vector's gas pipeline year-beginning disclosures that are due in June 2015. By March 2015 these disclosures will be very well developed. Our strong preference is to disclose them in accordance with the current IDD's; so as to avoid the need to have to re-check already prepared material to confirm that it complies with the new determinations as well as the old determinations.

***Some suggested reforms seem to have been rejected too quickly***

39. In the consultation paper some of Vector's previous proposals and suggestions have, in our view, been dismissed hastily and without proper explanation or justification. In particular, the Commission has rejected the following suggestions from Vector:
- Remove the monthly ROI disclosure;
  - Remove the requirement to disclose non-EDB owned transformer capacity; and
  - Remove the requirement to disclose GDB maximum daily and monthly loads and various metrics disaggregated by operating pressure.
40. Vector had understood this consultation paper was to focus primarily on making non-complex amendments to the IDs, because recent workloads have meant the Commission has not had sufficient resources to address more complex proposals for amendments. Vector acknowledges that the suggestions listed above probably do not fall in the "non-complex" category and we were not

expecting them to be addressed until future consultation rounds. We submit that more consideration should be given to these points.

41. Vector is concerned that the explanations given by the Commission for not making the changes recommended seem rather light. It is not sufficient to say (to take two examples) that 'maximum monthly load' "provides an indicator of network performance"<sup>1</sup> or that for a few EDBs the "monthly ROIs have on occasion shown a meaningful variation to the mid-year ROIs".<sup>2</sup> A sufficient explanation would describe how these metrics are or could be used by the Commission or interested parties and why the value of that use is likely to outweigh the costs of providing the information.
42. Without these more complete explanations, regulated suppliers are likely to continue to view such disclosure requirements as unnecessary burdens and will continue to raise them as issues over time. Vector **recommends** the Commission return to these items in a future information disclosure consultation and either propose to accept the recommendations for reform or reject them and set out properly the reasoning for that decision.
43. In the tables below, we provide further information to support some of our previous recommendations, which we trust will be useful to the Commission. We would be happy to meet with the Commission to talk through these recommendations if that would be helpful.

### Comments on the proposed amendments to the ID determinations

**Table 1: Proposed amendments across all determinations**

Reference	Vector comment / recommendation
Deferred additional supporting information (3.23 of consultation paper)	<p>The Commission proposes deferring consideration of further disclosures to support the assessment of profitability until there is sufficient time for the issue to be considered in depth.</p> <p>Vector requests that the Commission clearly articulate the benefits from any additional disclosure requirements regarding the profitability. The existing disclosure requirements are onerous, and the benefits not fully (in our view) justified. Before the Commission embarks on such further consultation / consideration, it should at a minimum have clarity and certainty around the value it expects to add with it.</p>

<sup>1</sup> Consultation paper, paragraph 7.4.

<sup>2</sup> Consultation paper, paragraph 3.35.

Reference	Vector comment / recommendation
New ROI calculations	<p>Vector supports the approach of excluding financial incentives and wash-up adjustments from the ROI calculations.</p> <p>We also support the approach of separately disclosing the effect of the financial incentives on the ROI. However, it is not clear why the effect of the wash-up adjustments have been excluded from this calculation in new section 2(v) of Schedule 2.</p>
Monthly ROIs (3.35-3.37)	<p>Above we discussed our view that recommendations to remove the monthly ROI calculation should not be hastily dismissed and the Commission's views on this do not sufficiently explain why the disclosure is needed.</p> <p>However, we do appreciate the Commission's willingness to consider methods of making this disclosure less onerous. Vector supports the proposal from the ENA in this regard, as a second-best option.</p>
Asset management plans	<p>Vector supports the proposed changes to the disclosure requirements regarding AMP updates, AMMAT formatting and the timing of disclosure of Schedules 11-12.</p>
Schedule 2 Monthly ROI calculation	<p>It is not clear why the line charge revenue total is divided by 12 in the formula – this would seem to negate the intent of calculating monthly cash flows.</p> <p>Also, Vector requests the Commission clarify whether the "other regulated income" item in the Schedule 2 monthly ROI table is intended to include or exclude gains/losses on asset disposals.</p>
Schedule 5a draft template for EDB (also applies to GDB)	<p>Row 77 contains: 'less Deferred tax balance relating to assets disposed in the disclosure year'. The sign for this row on the template is 'less'.</p> <p>Where the RAB disposal value is &gt; tax disposal value, and the difference is a positive amount, then the deferred tax balance should reduce.</p> <p>Row 77 should indicate a 'plus' and cell I77 should have a plus instead of a minus sign.</p>
Schedule 16 and 'Report on Regulatory Profit' schedule 3 of template	<p>On schedule 3 of the template, 'Regulatory profit/(loss) before tax' has been moved to row 25 (i.e. before term credit spread differential allowance)</p> <p>Schedule 16 definition of 'Regulatory profit/(loss)' has not been amended to reflect this change. Current definition is:</p>

Reference	Vector comment / recommendation
	<p data-bbox="603 344 1283 405"><i>"means the regulatory profit / (loss) before tax less the regulatory tax allowance"</i></p> <p data-bbox="507 456 1378 517">Vector <b>recommends</b> the Regulatory profit/(loss) definition in Schedule 16 should be changed to:</p> <p data-bbox="603 562 1410 622"><i>'Means the regulatory profit/(loss) before tax less the regulatory tax allowance and less term credit spread differential allowance.'</i></p>
Schedule 16 (EDB and GDB only)	<p data-bbox="507 689 1378 750">The definition of tax payments has been amended to <i>'means regulatory tax allowance plus the decrease in deferred tax'</i>.</p> <p data-bbox="507 808 1410 958">The increase in deferred tax should also be included. This stands to reason because in general terms the notional cash tax payable amount should be the difference between the closing and opening deferred tax balance for the disclosure year plus the regulatory tax allowance.</p> <p data-bbox="507 1010 1002 1039">Vector <b>recommends</b> this is changed to:</p> <p data-bbox="603 1088 1394 1149"><i>'means regulatory tax allowance plus the <del>decrease</del> <u>change</u> in the deferred tax balance.'</i></p> <p data-bbox="507 1211 1410 1317">Leaving aside how it has been defined in the proposed amendments, the tax payments calculation in template schedule 2 ROI, cell K35 (for EDB Schedules v 4.0 [draft] - 22 October 2014) is correct.</p>
Schedule 5a and Schedule 16 (EDB and GDB only)	<p data-bbox="507 1368 1410 1435">Row 17 of schedule 5a(i) contains: 'Other income included in regulatory profit/(loss) but not taxable'.</p> <p data-bbox="507 1491 1410 1597">The definition in schedule 16 of 'Income included in regulatory profit/(loss) before tax but not taxable' and paragraph 8.3 of schedule 14 do not include the word 'Other'.</p> <p data-bbox="507 1653 778 1682">Vector <b>recommends</b>:</p> <ul data-bbox="507 1693 1362 1843" style="list-style-type: none"> <li data-bbox="507 1693 1050 1722">• Removing the word "other" from row 17.</li> <li data-bbox="507 1733 1362 1843">• Amending the definition in schedule 16 of 'Income included in regulatory profit/(loss) before tax but not taxable' to exclude total revaluations i.e.:</li> </ul> <p data-bbox="603 1895 1394 2000"><i>'Means income included in regulatory profit/(loss) before tax but not taxable as determined in accordance with clause 2.3.3(4)(a) of the IM Determination <u>excluding Total revaluations</u>.'</i></p>

Reference	Vector comment / recommendation
Schedule 3 and 16 – definition of Industry levies	<p>In schedule 3(ii) the Commission has separate lines for Commerce Act levies and Industry levies. However, in schedule 16 the definition of Industry levies <i>includes</i> Commerce Act levies by defining it as “clause 3.1.2(2)(b)(i)-(iii)”. Commerce Act levies are included in clause 3.1.2(2)(b)(i), while 3.1.2(2)(b)(ii)-(iii) refers to EA and EGCC levies, respectively.</p> <p>We <b>recommend</b> either removing a separate line for Commerce Act levies so that the definition the current definition does not double up, or amending the definition to 3.1.2(2)(b)(ii)-(iii).</p>
Schedule 16 definition of “Financial incentives”	This is confusingly drafted – what is meant by “sum of net recoverable costs”? It would also be clearer if the different recoverable costs were set out in a list format.
Schedule 16 definitions of “ROI – comparable to a vanilla WACC” and “ROI – comparable to a vanilla WACC (excluding financial incentives)”	These definitions appear to be identical.
Excel templates	<p>All cells on template which use input values from other cells on the template should be automatically linked. This will reduce scope for manual handling errors. For example:</p> <ul style="list-style-type: none"> <li>• Tax effect of tax depreciation</li> <li>• Deferred tax cost allocation adjustment</li> </ul>

**Table 2: Proposed amendments to the EDB determination**

Reference	Vector comment / recommendation
Clause 2.3.1(l) of the determination	There should be a space before “and”, at the end.
Clause 2.3.8(2)(b) of the determination	It is not clear whether the additional words “for each project” in this clause change what suppliers have to do under this disclosure. Vector requests the Commission delete these words or clarify this point.
Schedule 5a	<p>The consultation paper states:</p> <ul style="list-style-type: none"> <li>• At page 15, para 3.34: ‘Changes include the removal of the double deduction of the TCSD expense in the tax calculation <b>and</b></li> </ul>

Reference	Vector comment / recommendation
	<p><b>recognising the TCSD tax deduction as mid-year timing assumption.'</b></p> <ul style="list-style-type: none"> <li>• At page 20, para 4.14: "The treatment of the TCSD in the calculation of the regulatory tax as outlined in the IMs has been amended for GPBs and is proposed to be amended for EDBs as part of the electricity price-quality path reset process. We propose updating the ID determinations to align to the IM change".</li> <li>• At page 20, para 4.17: "The change in the notional deductible interest calculation is a formula change to the schedules"</li> </ul> <p>This change is not reflected on the template <i>EDB Schedules 1 to 10 v4.0 [draft] - 22 October 2014</i> as the notional deductible interest (cell I20) is missing:</p> <p style="text-align: center;">/SQR (1+cost of debt).</p>
Schedule 9a and 9e	<p>The electricity distribution disclosures currently do not directly require disclosure of the number of ICPs at year-end (which is required directly for gas distribution businesses).</p> <p>Instead Schedule 9a requires disclosure of the number of OH/UG consumer service connections. This number is, or at least should be, the same as the number of year-end ICPs. However, it would be preferable to disclose the year-end ICP number directly in Schedule 9e and delete this requirement from 9a. This is partly because it would be easier to find and partly because, in reality, there is no such thing as a "connection asset" and we do not categorise assets this way in our systems.</p> <p>Vector <b>recommends</b> requiring disclosure of year-end ICP numbers in Schedule 9e and removing the disclosure of OH/UG consumer service connection assets from Schedules 9a and 9b.</p>
Schedule 8(ii) – pass-through balance	<p>The Commission proposes to amend the definition of Transmission charge. However, now that the DPP determination for 2015 has been finalised, schedule 8 and the definitions need to reflect the DPP decision so that the Distribution and Pass Through revenues are reported separately (rather than a Distribution – Transmission split).</p>
Definitions of Business support opex and System operations and network support	<p>In the EDB determination, the definition for Business support opex is provided in schedule 16 while the definition of System operations and network support is provided in clause 1.4.3.</p> <p>In comparison, for GDB and GTB both definitions are provided in schedule 16, however for GTB the definition for System operations and network</p>

Reference	Vector comment / recommendation
	<p>support are provided separately, i.e. "Business support", "System operations" and "Network support" are provided as three separate definitions in schedule 16.</p> <p>Vector recommends that a consistent treatment be applied across all three determinations.</p>
Schedule 9e; paragraph 6.8	<p>Vector has previously informed the Commission that EDBs do not have comprehensive non-EDB transformer capacity information, as required under schedule 9(e). EDBs do not have the right to require transformer owners to provide such information to them – thus, resulting in non-reliable and potentially misleading data.</p> <p>However, the Commission intends to retain this disclosure as it "contributes to interested parties understanding of the capacity utilisation of the network" and it proposes to allow EDBs to estimate the capacity where the information is not easily obtainable.</p> <p>We consider that non-reliable data is unlikely to be of much use to interested parties. Also, overall network utilisation is not a very useful statistic – meaningful conclusions regarding utilisation can only be reached at a disaggregated level (as is provided in Schedule 12b). Isolated statistics such as overall network transformer capacity can potentially be misleading without additional context.</p>
Schedule 12b(i)	<p>Vector supports the proposed change to zone substation capacity definitions, as discussed in clause 6.3 of the consultation paper.</p> <p>Vector disagrees with the Commission's position set out in paragraph 6.4 of the consultation paper that the term "security of supply classification" should exclude all upstream components. As Powerco made clear in their original query, it is industry standard to include upstream assets in the security class assessment of a substation. The Commission should generally not set disclosure requirements that differ from industry standards. Vector <b>recommends</b> Powerco's proposal be adopted.</p>
Schedule 16 – definitions of other network assets and other assets	<p>Although the Commission has resolved Issue #282 associated with the definition of 'other network assets' and 'other assets' for GDBs, this is still an issue in the EDB Determination, especially when taking into account the additional reference to 'system fixed assets', also not currently defined. Reference to these asset types appears in all three Determinations (EDB, GDB, GTB), and treatment is inconsistent. This impacts Schedules 6a, 11a and AMP reporting requirements set out in Attachment A (clauses 4.5(EDB), 6(GDB) and 7(GTB)).</p>

Reference	Vector comment / recommendation
	Vector <b>recommends</b> that all three Determinations are reviewed to ensure consistent definitions of these asset types apply and that AMP reporting requirements are also simplified. In our view the approach taken in the GTB AMP Determination (Attachment A, clause 7) of simply referencing Schedule 11a may well be appropriate for all Determinations.
Schedule 5a and Schedule 16	<p>Row 19 of schedule 5a(i) contains: 'Other expenditure or loss deductible but not in regulatory profit/(loss) before tax'.</p> <p>The word 'Other' is not added to the definition of 'Expenditure or loss deductible but not in regulatory profit/(loss) before tax' in Schedule 16 or to paragraph 8.4 of Schedule 14.</p> <p>Vector <b>recommends</b> removing the word "other" from row 19.</p>
Schedule 16 definition of "Distributed generation allowance"	Should refer to clause 3.1.3(f) of the IMs, not (e).
Schedule 16 definition of "Purchased assets – avoided transmission charge"	Should refer to clause 3.1.3(e) of the IMs, not (f).
Schedule 16 definition of "Routine expenditure"	This refers to expenditure that is not atypical expenditure, but "atypical expenditure" is no longer defined in the IDs. We recommend a definition of "atypical" is re-instated, as there is such a definition in the GDB determination. Also "are" should be "is".
Schedule 16 definition of "Total revenue"	This is not the correct term. The term used in schedule 9d is "Line charge revenue" and that is the term that should be defined. Also, total revenue is an undefined term in clause 2.3.6.

**Table 3: Proposed amendments to the GPB determinations**

Reference	Vector comment / recommendation
Schedule 9c; paragraph 7.5	<p>Vector has previously advised that the requirement to disaggregate metrics by operating pressure should be removed because it is not used internally and requires a lot of resources and time to develop.</p> <p>However, the Commission has proposed to retain this requirement because it "enables interested persons to compare information across networks, expenditure, expenditure drivers and quality outcomes".</p>



Reference	Vector comment / recommendation
	<p>Vector does not agree with this view. We can see no obvious benefits in providing information in this form, especially as associated quality metrics are not disclosed by pressure system. Perhaps most importantly, it is not useful for internal purposes and is therefore not generated or analysed for operational reasons. If information is not useful to the business that is operating the gas network we question how it can be useful to anyone else.</p> <p>If the Commission retains this information we request that it explain why it is useful and to whom.</p>
GTB Clause 1.4.3 definition of "Vector"	<p>Vector is defined in the GTB IDD as "Vector Limited". However, the gas transmission assets are owned by Vector Gas Limited. It would be preferable to define Vector for gas transmission disclosure purposes as "the gas transmission services activities undertaken by the Vector Group".</p>
GDB Schedule 2	<p>There is a typo in row 77. It should read 'Term credit spread differential allowance' (this change would align GDB with the treatment in EDB and GTB).</p>
GTB Schedule 5a: Report on regulatory tax allowance	<p>Row 20 - Total revaluations. This row is below the temporary differences category.</p> <p>The Commission's issues register #340 and paragraph 4.19 of the Commission's consultation paper states that current year revaluations are reversed out of regulatory profit as a <b>negative permanent difference</b>.</p> <p>Total revaluations should be recorded under permanent difference.</p> <p>Vector recommends total revaluations is moved to row 16 (i.e. under the permanent differences category), so they are treated the same as the respective EDB and GDB's Schedule 5a.</p> <p>Consequential changes would be required to rows 17, 18, 20, 21 and 22.</p>
GTB Schedule 8(i)	<p>It is not clear what Schedule 8(i) is intended to achieve. On its own, it can be used to compare actual deliveries against what is billed, but as the same information is provided in schedule 9d it is redundant. Vector <b>recommends</b> the Commission consider whether it is feasible to remove Schedule 8(i) from the GTB disclosures.</p>
GTB Schedule 14, paragraphs 8 and 9	<p>There are three typos:</p>

Reference	Vector comment / recommendation
	<p>(1) Clause 8.3, starts with 'Other income...' This phrase should match with row 16 of schedule 5a(i) of the template and schedule 16 definition. The word "other" should be removed.</p> <p>(2) Clause 9, states "...in 5a(i) of Schedule 5a(ii)". This should say "in 5a(i) of Schedule 5a".</p> <p>(3) Subclause 9.3 starts off with 'Other income...' This phrase should match with row 24 of schedule 5a and schedule 16 definitions. The word "other" should be removed.</p>
<p>GTB Schedule 16: Definition of 'Income included in regulatory profit/(loss) before tax but not taxable'</p>	<p>Part (a) of this definition should exclude total revaluations. It should read:</p> <p>(a) In relation to permanent differences, income included in regulatory profit/(loss) before tax but not taxable as determined in accordance with clause 2.3.3 (3)(a) of the IM determination <u>excluding Total revaluations</u>.</p>
<p>Schedule 16: GTB definition of 'Other income not included in regulatory profit/(loss) before tax but taxable'</p>	<p>This definition is not required as 'Total revaluations' has been recorded in the wrong place. Once the placement of Total revaluations is corrected, this definition is redundant.</p>
<p>GTB Schedule 16: Definition of 'Tax effect of other temporary differences'</p>	<p>This definition relates to deferred tax which is not a concept that is used in GTB's schedule 5a. It should be deleted.</p>
<p>Schedule 16: GTB definitions of connection type and consumer type</p>	<p>It is not clear that both of these terms are required.</p>