

21 November 2008

Network Performance Branch  
Commerce Commission  
P O Box 2351  
**Wellington**

by email: [electricity@comcom.govt.nz](mailto:electricity@comcom.govt.nz)

**SUBMISSION ON INFORMATION DISCLOSURE REQUIREMENTS AND THE  
PROPOSED CHANGE TO THE ODV REVALUATION PROVISION**

- 1 Orion New Zealand Limited (Orion) welcomes this opportunity to respond to the paper which invites submissions on the Commission's intention not to require electricity distribution businesses (EDBs) to revalue their regulatory asset bases (RABs) using the optimised deprival valuation (ODV) methodology as at 31 March 2009. Attached to this Commission paper is the draft Electricity Information Disclosure Requirements (No 4) 2008 (dated 31 October 2008) which proposes that Requirement 19 be amended to provide that disclosing entities need not comply with this revaluation.
- 2 Orion considers that this proposal is appropriate for the following reasons, and subject to the following comments:
  - 2.1 This proposal will enable EDBs to elect whether or not they wish to comply with this revaluation.
  - 2.2 Those EDBs who elect not to undertake this revaluation will have the benefit of incurring reduced regulatory compliance costs at this time.
  - 2.3 The Commission's proposal is made in the context of the migration of the regulatory regime applying to EDBs under current Part 4A of the Commerce Act 1986 to the new regulatory regime under the Commerce Amendment Act 2008, which will come into force on 1 April 2009.

- 2.4 The proper approach to the assessment of the RAB under the new regime has yet to be determined. In particular, the Commission has yet to comply with its consultation obligations under the new regime in respect of the set of default price-quality paths (sections 54K(1) and 53P(2)) and input methodologies (section 52V). Accordingly, we anticipate that there will be full assessment of RAB issues in the course of the consultation rounds relating to the set of:
- (a) the default price-quality path to apply to non-exempt EDBs from 1 April 2010; and
  - (b) the asset valuation input methodology which is due to be determined by 30 June 2010.
- 2.5 Decisions made in relation to the RAB component of the default price-quality path and the asset valuation input methodology, as just mentioned, will no doubt impact upon information disclosure requirements determinations pertaining to asset values under the new regime.
- 3 Thank you for the opportunity to make this submission. We look forward to engaging further with the Commission on RAB matters in the context of the forthcoming consultation rounds under the new regulatory regime, as described in paragraphs 2.4 and 2.5 above.
- 4 If you have any questions please contact Dennis Jones (Industry Developments Manager), DDI 03 363 9526, email [dennis.jones@oriongroup.co.nz](mailto:dennis.jones@oriongroup.co.nz).

Yours faithfully



Roger Sutton  
**Chief Executive Officer**