



New Zealand Gazette

OF THURSDAY, 26 NOVEMBER 2009

WELLINGTON: MONDAY, 30 NOVEMBER 2009 — ISSUE NO. 174

COMMERCE ACT (SUMMARY OF ELECTRICITY DISTRIBUTION DEFAULT PRICE-QUALITY PATH DETERMINATION) NOTICE 2009

PURSUANT TO PART 4
OF THE COMMERCE ACT 1986

**COMMERCE ACT (SUMMARY OF ELECTRICITY DISTRIBUTION DEFAULT
PRICE-QUALITY PATH DETERMINATION) NOTICE 2009**

Pursuant to Part 4 of the Commerce Act 1986 (the “Act”), the Commerce Commission (the “Commission”) gives the following notice.

NOTICE

1. Title

This notice is the Commerce Act (Summary of Electricity Distribution Default Price-Quality Path Determination) Notice 2009.

2. Electricity distribution default price-quality path determination

- 2.1 The Commission has this 30th day of November 2009 made the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 (the “Determination”).
- 2.2 The Determination resets the default price-quality path provided for by section 54J(2) of the Act, as required by section 54K(1) of the Act.
- 2.3 In accordance with section 52P(7)(b) of the Act, this notice is published as a summary of the Determination.

3. Summary of the Determination

- 3.1 The Determination sets out the default price-quality path applying to electricity distribution businesses that are subject to default/customised price-quality regulation under the Act (“Non-exempt EDBs”).
- 3.2 The Determination applies for the period 1 April 2010 to 31 March 2015 (“Regulatory Period”).
- 3.3 The default price-quality path consists of a price path and quality standards that each Non-exempt EDB is required to comply with during the Regulatory Period.
- 3.4 In relation to the price path, the Determination specifies:
 - (a) the maximum prices a Non-exempt EDB may charge for the supply of electricity lines services, which are derived from its allowable notional revenue; and
 - (b) starting prices as the prices a Non-exempt EDB charged as at 31 March 2010; and
 - (c) a common rate of change in prices, relative to the consumer price index, of 0% per annum for all Non-exempt EDBs.

3.5 In relation to quality standards, the Determination specifies:

- (a) annual reliability limits based on historic reliability performance; and
- (b) that annual compliance will be assessed by comparing the Non-exempt EDB's annual performance against its reliability limits; and
- (c) that compliance with the quality standards will require annual compliance in no less than two out of three consecutive years.

3.6 The Determination states that no input methodologies will apply to the Determination until applicable input methodology determinations have been made, and that the annual period within which any proposal for a customised price-quality path must be received by the Commission will be determined following the publication of input methodology determinations.

3.7 Each Non-exempt EDB is required to provide the Commission with an audited statement demonstrating whether or not it has complied with the default price-quality path within 50 working days of each annual assessment date, being 31 March of each year in the Regulatory Period.

4. Further information

Copies of the Determination, and a decisions paper providing detailed background to, and analysis of, the Determination are available for inspection free of charge at the Commission (during ordinary office hours), on the Commission's website at www.comcom.govt.nz/IndustryRegulation or for purchase at a reasonable price at the Commission.

Dated at Wellington this 30th day of November 2009.

COMMERCE COMMISSION.

EXPLANATORY NOTE

Part 4 of the Commerce Act 1986 (the "Act") includes a requirement for the Commission to reset the default price-quality path provided for by section 54J(2) of the Act. The reset default price-quality path is to take effect on 1 April 2010.

As suppliers of electricity lines services, electricity distribution businesses are subject to default/customised price-quality regulation in accordance with Subpart 9 of Part 4 of the Act. Electricity distribution businesses that are "consumer-owned", as defined in section 54D of the Act, are exempt from this form of regulation under section 54G(2) of the Act.

The Commission is permitted under section 54K(2) of the Act to make the Determination prior to the publication of applicable input methodologies. The Commission intends to amend the Determination (including the provisions relating to starting prices) following the publication of input methodologies.