



# MAJOR ELECTRICITY USERS' GROUP

8 May 2006

Tracey Edwards  
Network Performance Group  
Commerce Commission  
By email to [electricity@comcom.govt.nz](mailto:electricity@comcom.govt.nz)

Dear Tracey

## **Submission on methodology for rolling forward Regulatory Asset Base**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission draft Information Disclosure Requirement (IDR) report titled "Methodology for Rolling Forward the Regulatory Asset Base (RAB) for System Fixed Assets," 13 April 2006.
2. The Commission proposals will usefully reduce ambiguity and inconsistency in preparing and reporting yearly changes in RAB values. While the data will improve; without an explanation of why material changes have occurred consumers will still be unsure if the reported changes are reasonable. MEUG suggest where material changes occur in applying the annual roll-forward methodology Electricity Lines Businesses (ELBs) be required to provide an explanation of the primary reasons for the change.
3. MEUG agree with the proposal (paragraph 96 to 99 of the draft IDR) that valuation roll-forward disclosures apply to asset classes. It would also be useful if asset class information were separated into geographically discrete and/or non-contiguous networks.
4. Paragraph 99 notes that Asset Management Plans (AMP) will have more detailed asset information than the annual rolled forward RAB information. To assist monitoring by interested parties MEUG suggest ELBs be required to reconcile the asset-class aggregate values in the annual rolled-forward RAB with the asset values in the AMP for that year.

Yours sincerely

Ralph Matthes  
Executive Director