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Our Ref.
Your Ref.

21 March 2007

Dear Duncan,

Re Transmission Price Control Review – Reporting Rules

Thank you for the opportunity to comment on the Draft Reporting Rules for the Transmission Price Control for 2007-12.

We welcome the initiative to introduce a comprehensive suite of information relating to the Transmission Price Control. We note that this closely follows the format adopted for Electricity Distribution following DPCR4.

The experience of the Price Control in the past is that there have been a number of points where we have attempted to provide an objective assessment and response to assist in setting a realistic Price Control but have found it difficult to do so due to limited information. To establish this structured format will lend itself to consistent and reliable analysis in future.

There have been a number of initiatives in the past to require the regulated parties to report on their performance. Modification Proposal 0698 introduced an elementary level of expenditure against target. This does provide some insight but at such an elementary level, the factors included and excluded from the figures reported (target and actual) are open to interpretation and the report is of limited value.

You may also be aware that we have recently raised the subject of operational reporting across the (gas) Transmission network. The intent behind this requirement is again to aid the understanding of the manner in which the Transporter is managing the network within the constraints of their regulatory oversight.

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Although it is generally accepted that there is greater transparency within the power regime, the proposed Reporting Rules will, in our view, be of value there also.

It is our view that these information requirements are complimentary and will provide greater visibility of the Transporters performance.

There are a number of points that we would like to clarify about the proposal.

We recognise that the primary purpose of this exercise is to provide information to the Authority for purposes of monitoring and determination of the effectiveness of the price control. However, we would certainly advocate consideration of the potential for a wider disclosure of this information to Users and Customers. We recognise that it may be necessary in this respect to moderate some of the information disclosure but only to reflect genuine concerns of a breach of commercial sensitivity.

Given that there is some scope for wider publication of this information then consideration should also be given to the method and frequency of publication. We would favour a public disclosure of non-sensitive information. Although an annual publication would at first appear sufficient, to coincide with the formula year, we would suggest a quarterly frequency. This would facilitate more accurate analysis without being unduly onerous. Once the formats and content of reports have been established with necessary feeds, the production of reports should not be labour intensive.

The content of the tables appears to be comprehensive to us at this stage. However, it should not be assumed that this is final and we would like to see some scope for accommodation of further elements of reporting that may become evident at a later stage.

I hope that this is of some value in setting the structure of this reporting.

Please contact me if you require any further information.

Yours sincerely,

Mike Young
Commercial Manager