

Keston Ruxton
Manager, Input Methodologies Review
Regulation Branch
Commerce Commission
Wellington

c/o regulation.branch@comcom.govt.nz

18 August 2016

Dear Keston,

ENA submission on DRAFT Electricity Distribution Services Input Methodology Determination

The Electricity Networks Association (ENA) appreciates the opportunity to make a submission to the Commerce Commission (Commission) on the draft Input Methodologies (IM) Determination. The ENA represents the 26 electricity distribution businesses (EDBs) in New Zealand (see Appendix A), who all support this submission.

Marked-up changes to the Determination

Attached to this letter is a marked-up copy of the DRAFT Electricity Distribution Services Input Methodology Determination. This copy shows the changes we recommend making to the draft Determination that was issued by the Commission on 22 June 2016.

Our marked-up changes reflect the recommendations made in our submissions of 4 August 2016 on the IM review draft decisions. We refer the Commission to those submissions for the supporting rationale for the marked-up changes.

We have made no marked-up changes to the cost of capital section as the cost of capital IM is to be discussed at a workshop in September, which is likely to refine recommendations relating to this IM.

Asset lives in Schedule A, Table A.1

In addition to the rationale in our previous submissions, we wish to provide further evidence in support of our recommended changes to asset lives in Schedule A, table A.1 of the IM Determination. We have recommended a series of improvements to the standard lives in Table A.1 for the reasons described below:

- We propose changes to the asset lives of 'Wood poles' (subtransmission, distribution and LV), 'Circuit/transformer/feeder/bus-section/coupler protection – digital' and 'DC supplies'. These recommendations are based on updated asset lives provided in the Electricity Engineer's Association Asset Health Indicator Guide 2016 (**EEA Guide**).¹
- We propose new lives for 'Gas filled cables' and 'Fluid-filled cables', which were not previously specified separately from other subtransmission cables. The recommended lives for 'Gas filled cables' are also drawn from the EEA Guide. The recommended lives for 'Fluid-filled cables' is based on the EEA Guide but adjusted to reflect members' experience with these assets.²
- We propose a new category for network batteries, reflecting the generally lower lives our members are seeing for battery technology. The recommended life for network battery assets (10 years) is supported by our review of battery warranty and design life information, discussed below.
- We propose clarification of the category 'SCADA and Comms (Central Facilities / Communications Equipment)' to make it clear that this is not limited to central facilities, such as EDBs' Control Rooms, but also covers other communications assets that may be deployed around the network.

Battery manufacturer warranty and design life information

We have reviewed warranties and design life specifications provided by battery manufacturers; these range from 5-20 years with 10 years being the most common specification, as set out in the table.³

| Battery manufacturer | Warranty / design life |
|-------------------------------|------------------------|
| SMA Sunnyboy | 5 years |
| Tesla Powerpack | 10 years |
| Panasonic Residential Storage | 10 years |
| Sonnenbatterie | 10 years |
| Samsung SDI | 15 years |
| Schneider ES Skid | 20 years |

¹ <http://www.eea.co.nz/Site/news-events/news/asset-health-indicator-guide.aspx>

² The EEA Guide suggests a life for 'Fluid-filled cables' of 70 years but our members' experience suggests a maximum life of 50 years. We have therefore recommended a life of 60 years.

³ Note that all lifespans exclude any capacity maintenance (i.e. adding extra packs to keep capacity constant).

Contact details

If you would like to discuss any of the points raised in this submission in further detail please contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'GP', written in a cursive style.

Graeme Peters
Chief Executive
Electricity Networks Association

Appendix A – ENA Member Companies

Alpine Energy
Aurora Energy
Buller Electricity
Counties Power
Eastland Network
Electra
EA Networks
Horizon Energy Distribution
Mainpower NZ
Marlborough Lines
Nelson Electricity
Network Tasman
Network Waitaki
Northpower
Orion New Zealand
Powerco
PowerNet
Scanpower
The Lines Company
Top Energy
Unison Networks
Vector
Waipa Networks
WEL Networks
Wellington Electricity Lines
Westpower