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**Consultation paper – Default price-quality paths for electricity distribution businesses from 1 April 2020 – Recording of successive interruptions for SAIFI**

**1. Introduction**

- 1.1. The Lines Company Limited (TLC) thanks the Commerce Commission (the Commission) for the opportunity to provide feedback on the Commission's proposed approach to resolving the recording of successive interruptions for SAIFI issue in the upcoming reset of default price-quality paths (DPPs).
- 1.2. TLC provides this submission, and our views are also contained within the Electricity Networks Association's submission, *Comments on SAIFI successive interruptions consultation*.
- 1.3. The Commission states in the paper that the issue is the potentially inconsistent recognition and recording of successive interruptions in determining SAIFI values.
- 1.4. The Commission proposes a resolution of the issue in relation to setting quality standards for DPP3 while expecting to address the issue in relation to information disclosure requirements in 2020.
- 1.5. The Commission's paper:
  - 1.5.1. explains the Commission's understanding of the issue and summarises relevant correspondence which has occurred to date on the issue;
  - 1.5.2. outlines the Commission's understanding of EDBs' varying abilities to apply different recording approaches to their historic interruption and SAIFI datasets; and
  - 1.5.3. outlines the Commission's preferred approach, and an alternative approach, for defining SAIFI for quality standards in DPP3.

**2. The Commission's preferred approach**

- 2.1. In setting the SAIFI quality standard for the DPP3 reset, the Commission proposes to adopt EDBs' current interpretations and practices for recording successive interruptions. The Commission would do this by requiring that each EDB record successive interruptions on the same basis they employed as at 31 March 2019.

**2.2.** The Commission proposes to change the current definition of ‘SAIFI Value’ in the 2020 DPP determination to a definition in the manner of:

**2.2.1.** “SAIFI value means the number of interrupted customers for each interruption divided by the total number of customers, where “Number of interrupted customers for each interruption” and successive interruptions are recorded on a basis consistent with that applied by the EDB as at 31 March 2019”; and

**2.2.2.** adding a definition of ‘successive interruption’: “successive interruption means an interruption that follows an initial interruption but which, as at 31 March 2019, an EDB does not record as an additional SAIFI value because the interruption relates directly to the initial interruption or it occurs as part of the process of restoring supply following the initial interruption”.

### **3. TLC’s view**

**3.1.** TLC supports the Commission’s preferred approach. TLC believes that the approach is pragmatic, avoids an industry-wide costly exercise that may not produce guaranteed results, may have an objective that is not achievable in the first instance, and would not be for the long-term benefit of consumers within New Zealand<sup>1</sup>.

**3.2.** TLC believes that the preferred approach is also consistent with the Commission’s Strategy Three, related to working efficiently to deliver value for New Zealanders<sup>2</sup>, and with the relatively low cost approaches the Commission uses to set DPPs.

**3.3.** TLC has no concerns with the DPP determination requiring all EDBs to document and submit their practices for aggregating successive interruptions, or time-bound recognition practices, to the Commission before 31 March 2020, and requiring certification as to the accuracy of the documentation of these practices, to ensure they are consistently applied across the regulatory period.

**3.4.** TLC is supportive of the Commission using the updated section 53ZD data (disclosed on 15 August 2019) with a few minor adjustments for setting the limit for 2020 DPP reset.

### **4. Conclusion**

**4.1.** TLC acknowledges the considerable amount of work the Commission has undertaken to reset the DPPs for DPP3 and the level of engagement the Commission has had with interested parties throughout the process.

Yours sincerely



Craig G. Donaldson  
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<sup>1</sup> The purpose of Part 4 of the Commerce Act 1986 is, “to promote competition in markets for the long-term benefit of consumers within New Zealand.”

<sup>2</sup> Commerce Commission Our vision and strategy 2017–2022, [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0033/79881/Commerce-Commission-Our-Vision-and-Strategy-2017-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0033/79881/Commerce-Commission-Our-Vision-and-Strategy-2017-2022.pdf), accessed 15 October 2019.