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20 April 2022

Submissions
Regulation Branch
Commerce Commission
PO Box 2351
Wellington

Via email: regulation.branch@comcom.govt.nz

Process and Issues paper: Targeted Information Disclosure (ID) Review – Electricity Distribution Businesses

Introduction

The Lines Company Limited (TLC) thanks the Commerce Commission (Commission) for the opportunity to submit on the Commission's paper. TLC acknowledges the Commission is seeking views on issues within a targeted scope in order to allow the Commission to prioritise higher-impact changes and conduct an efficient process.

TLC's submission

TLC's submission is on the following pages where we indicate support, or otherwise, with brief commentary for each option. TLC's submission largely aligns with the Electricity Networks Association but differs in a few matters.

Other Information Disclosure considerations – pricing notification

TLC believes that a high impact change that also requires addressing is pricing notification to customers. TLC's customers have told us that a lot of numbers in a newspaper are confusing. TLC proposes that ID requirements are varied to allow newspaper notification of a price change by directing customers to our website of new prices (instead of the publication of prices).

Summary

We acknowledge the Commission's need for an efficient process but note that the consultation period for this paper was short and coincided with other regulatory obligations and public holidays. We trust we have provided the Commission with constructive feedback and if the Commission has any queries, please contact Craig G. Donaldson [redacted]

Yours sincerely

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Potential ID changes related to quality of service

Outcome sought: Disclosed information reflects the consumer's experience of quality of service, enabling a more meaningful assessment of quality.
Problem: The consumer's experience of quality of service includes things beyond simply whether the power is on or off. As it stands, ID does not capture all of the aspects, meaning it gives a limited picture of quality. Changes in the use of electricity and in technology will likely make the meaning of quality of service expand further and increase consumer interest in this topic.
Q1. Expand ID requirements related to how much notice of planned outages is given to consumers, including planned outages that are booked but not carried out.
Support – qualified. TLC agrees that clear communication with customers on planned outages is a key customer service measure; however, we would like to understand the detail of any proposal and subsequent link to regulatory incentives (if any).
Q2. Add ID requirements on power quality.
Support – in principle TLC supports disclosures based on the customer experience of power quality. The disclosure's focus should be on performance in addressing power quality issues where they adversely impact customers.
Q3. Add ID requirements on time taken to set up new connections.
Support – qualified Connections range in complexity, cost, scale, and capacity requirements. TLC supports a form of quantitative measures which are capacity-based and allow differentiation between rural and urban connections.
Q4. Add ID requirements on customer service, e.g., customer complaints.
Support – in principle TLC supports customer service disclosures, but this is already captured, monitored, and reported on by Utilities Disputes. TLC is happy to include UDL statistics in ID.
Q5. Add ID requirements on information about customer charters and guaranteed service level (customer compensation) schemes, e.g., information about existing schemes, information that could be relevant to such schemes in the future.
Support – qualified TLC supports customer engagement and customer-friendly plain English documents, but we do not support the inclusion of guaranteed service levels within ID.
Q6. Expand ID requirements on response time to outages.
Unsupported TLC does not support the inclusion of response time disclosures as we do not see added value to the existing measures, would be extremely difficult to compare, and risk incentivising behaviours that could put worker and public safety at risk.
Q7. Expand forward-looking AMP requirements on how EDBs will continue to perform for consumers, e.g., commitments to develop the network for future technology.
Support – qualified

TLC is dedicated to demonstrating and communicating with our customers and how we will continue to deliver quality electricity distribution services.

The ENA's Network Transformation Roadmap sets a path for us to evolve our delivery of services to make the best use of new and evolving technologies. Any forward-looking ID requirements should align with the ENA's NTR.

Problem: ID could better capture the consumer's experience of quality of service, when it comes to electricity reliability, by expanding it to include different types of measures. Without these other measures, ID gives a limited picture of how good quality actually is.

Q8. Add ID requirements on the Momentary Average Interruption Frequency Index (MAIFI) to capture momentary interruptions that can be hidden or misrepresented by existing SAIDI and SAIFI requirements.

Support – qualified

TLC would only support this measure on an information basis. We have visibility of some reclosers but not all.

Problem: The consumer's experience of quality of service varies and can include localised problems that disproportionately affect small groups of consumers. Current ID requirements relating to quality are sometimes aggregated to a level that does not pick up these localised issues.

Q9. Add ID requirements regarding those customers worst served on the network in terms of reliability. We had some requirements in this area in the regime that came before Part 4, but questions were raised about the value of the disclosed information in light of technical challenges producing it. We welcome feedback from EDBs in particular on the feasibility and usefulness of such information.

Unsupported

Our concern is that such reporting lacks context and does not add value. TLC constantly considers price-quality and community affordability trade-offs. We don't think that adding a customers worst served measure provides a meaningful view of the quality of asset management decisions or practice.

TLC has commenced reporting separate reliability measures for urban, rural, and remote customers in its AMP, and we think this provides a reasonable view of customer experience categories.

Q10. Expand ID requirements to include disaggregated SAIDI and SAIFI by network category (e.g., urban, rural) and region.

Support – qualified

TLC supports the reporting of network performance on a more disaggregated basis. Consideration will need to be given to the definitions and metrics used for reporting requirements; hence the support is qualified until the detail is discussed.

Outcome sought: Disclosed quality information is comparable between EDBs and consistent over the time series, allowing both better assessment of quality and greater ability to learn and improve ID requirements and associated summary and analysis.

Problem: Low prescription/guidance on some interruption reporting requirements creates unnecessary inconsistency between EDBs, and over time.

Q11. Refine ID requirements on interruptions by clarifying definitions to ensure successive interruptions are recorded consistently.

Support

TLC supports clarification of definitions to help provide greater regulatory certainty.

Q12. Refine ID requirements or add guidance on assigning interruptions to cause categories.
Support TLC supports clarification of definitions to help provide greater regulatory certainty.
Outcome sought: The usefulness of disclosed information is maximised by targeting the requirements where appropriate.
Problem: Some ID requirements are too high level to allow important trends or underlying factors to be identified.
Q13. Refine ID requirements on third party interference interruptions by breaking down into more specific categories, such as vehicle damage, "dig in", overhead contact, and vandalism.
Support – qualified There is value in disaggregated reporting on third party interferences. However, this must add value to the delivery of the Part 4 objectives and customers.
Q14. Expand ID requirements to include some raw outage data, which is currently only provided to us by non-exempt EDBs in advance of price-quality path resets.
Unsupported The Commission needs to demonstrate that the inclusion of this option would be of benefit in the delivery of the Section 52A(1) objectives.

Potential ID changes related to decarbonisation

Outcome sought: Stakeholders better understand how EDBs are planning and preparing for decarbonisation.
Problem: We expect that decarbonisation may affect EDBs' networks in terms of increased power flow, potentially, resulting in localised congestion and power quality issues, caused by EV uptake and new DER connections. A significant portion of EDBs' assets consist of low voltage (LV) 49 networks, which unlike the higher voltage networks, generally have limited network monitoring. Current ID requirements do not require EDBs to provide much information about their LV networks and stakeholders have very little visibility of EDBs' LV networks, in terms of information on capacity and power quality.
D1. The range of changes that could be made to ID for EDBs to provide more information on their LV networks fall along a spectrum. At the more prescriptive end of the spectrum, there could be a requirement for EDBs to provide detailed and potentially much more frequent information about metrics of their LV network, such as those on capacity and power quality. A less prescriptive approach would be for EDBs to disclose their plans to develop and improve their LV network practices. This would be similar to the approach adopted for Aurora. We welcome feedback from stakeholders on the appropriate approach to take.
Support – in principle LV visibility is an action of the Network Transformation Roadmap. TLC is supportive of LV reporting that coincides with industry and system capabilities.
Problem: Some EDBs have included in their AMPs an assessment of the potential effect of decarbonisation driving significant new large load on their network. However, this is not consistent across EDBs, and in any event, is not information that is explicitly required in ID.
D2. There are various approaches that could be used to require EDBs to report more consistently and provide greater transparency, which would allow stakeholders to better understand the magnitude and effect of new large electricity loads on EDBs' networks. **One example of this would be a requirement for an EDB to identify and report on the top 10 fossil-fuel loads in their area that could convert to electricity and the effect on their network and how they were preparing. Alternatively, a threshold (either absolute or proportional) could be introduced which required EDBs to report this information on new loads above a certain size.**
Support TLC supports the inclusion of reporting on new/increased large loads because of electrification. There are several key issues to be considered for this introduction including the use of estimates, dealing with commercially confidential information, and the aggregation of projects/programmes. TLC notes that EECA is also likely to have this information.
Problem: There are existing disclosure requirements (clause 2.3.13) specific to related party transactions which require affected EDBs to provide a map of their anticipated network expenditure and network constraints. *However, not all EDBs undertake related party transactions, meaning these requirements do not apply to all EDBs.*
D3. We want stakeholders to be better able to understand the current and likely future constraints on EDB networks. This includes helping those providing new technology or services to be able to plan to compete to offer a solution to the constraints and helping those planning to connect to the system to choose where to locate. There is a spectrum of options, from simply requiring EDBs to report on their plans and progress and different

scenarios in this area, to more prescriptive approaches that could require EDBs to provide information on current and expected constraints in a standardised (geo-spatial) format.

We want to understand how ID can help facilitate a shift to national level reporting of constraints with an approach that does not impose an unnecessary regulatory burden on EDBs.

For example, would simply expanding the requirements so that they apply to all EDBs be sufficient or do the existing requirements not capture all of the information necessary to properly explain the full nature of a constraint.

Support

For full details, please refer to the ENA's information disclosure working group's recommendation on the reform of schedule 12B and the use of heatmaps.

Outcome sought: Stakeholders have a better understanding of how EDBs are adapting to the changing environment and technical settings in which they operate, which is especially important given the impact decarbonisation will have on EDBs.

Problem: EDBs are required to report on their innovation activities under various clauses within ID. However, it can be difficult to identify the full spectrum of such activities being undertaken by EDBs through their disclosed information.

D4. There are various options, but one approach might be to require EDBs to specifically report their innovations practices in a stand-alone way in terms of: (a) what measures are EDBs taking that are innovative; (b) why are they innovative; (c) what EDBs are trying to achieve by carrying out the particular innovation; and (d) how EDBs are measuring their success.

Support – qualified

TLC supports the reporting on innovative practices but would prefer any requirement not to be in asset management plans. There needs to be a discussion on the best format and timing of this reporting.

The delivery of the asset management plan is time-bound. Additional information requirements would translate into additional resource requirements and hence increased cost to the consumers. For smaller EDBs, pulling AMP together is a lot of work because of resource constraints. Consideration should be given to whether asset management plans (AMPs) are the appropriate vehicle for reporting on decarbonisation and innovation, or, a Network Transformation Roadmap can be published as a stand-alone document.

Problem: Currently ID requires EDBs to report on their activities related to distributed generation. However, the requirements to do not cover all flexibility resources, such as demand response. Further, there is no requirement for EDBs to make a specific declaration regarding the investigations and investment they have undertaken into exploring flexibility resources, as an option to provide innovative, cost effective and reliable electricity distribution services.

D5. Require information on the investigations undertaken and investment into flexibility resources.

Unsupported

The Electricity Authority is actively investigating the regulatory setting for distributors for flexibility services. This would need to be finalised before any consideration of the introduction of any ID requirements.

Outcome sought: Stakeholders are better able to assess and compare EDBs' performance on pricing

Problem: We currently require EDBs to disclose revenue by price category and component, but the information is not standardised which we understand has made interested parties' analysis of pricing unnecessarily difficult. Understanding pricing performance is increasingly important given the increased demands on capacity during peak times due to increased electrification, and the ability of technologies to respond to price signals.

D6. Refine current requirements by providing standardised price components and/or price categories that EDBs can record revenue against in addition to a free field for revenue that does not fit one of the standardised categories or components.

Unsupported

The introduction of standardised price components into the IDs risks regulatory overlap with the Electricity Authority's distribution pricing unless any categories are high-level.

The Ministry of Business, Innovation and Employment already considers prices for residential customers.

Potential ID changes related to asset management

Outcome sought: EDBs' investment and operational efficiency are better understood by stakeholders.
Problem: Asset age data currently captured by ID is not sufficient to support Replacement Expenditure (Repex) modelling because it lacks specificity. Repex modelling can be used to help inform stakeholders as to whether a particular EDB is making optimal asset replacement decisions.
AM1. Possible improvements to improve the specificity of asset age data disclosed under ID include: • **Finding an appropriate way to report what is currently designated as 'unknown' in the asset age category; and** • **Splitting out asset age data at a level that is more granular than by decade for assets installed before 2000.**
Unsupported Repex is only one indicator of asset management, and asset age data is only one driver of Repex. Repex varies considerably depending on assets used (e.g. concrete or wooden poles) and in itself does not provide sufficient context. In principle, good asset management seeks to extend asset lifecycles to reduce repex while maintaining or improving asset performance. TLC does not support greater disaggregation of historical asset lives. The value added by the re-creation of historic asset age data does not align with the resources required to generate it.
Problem: The expenditure categories that EDBs are required to report are not sufficiently granular to enable stakeholders to understand the nature and efficiency of EDBs' expenditure.
AM2. Identifying cost categories with known or observable relationships to other data that can enable better understanding of the efficiency of EDBs' expenditure plans. Unit costs are one basic approach we might explore, including: • **Capex unit costs e.g., asset replacement cost per unit (poles, conductors, transformers etc.); and** • **Opex unit costs e.g., vegetation management expenditure/per km cut.**
Unsupported Simple unit cost comparisons can provide misleading results, data comparability would be limited, and the measures would not reflect network differences.
Outcome sought: Key asset management information is more accurate and/or accessible to stakeholders, and better accounts for the challenges facing EDBs around maintaining resilience and managing increased weather-related impacts on their networks. **Key asset management information is more accurate and accessible to stakeholders, and better accounts for the challenges facing EDBs around maintaining resilience and managing increased weather-related impacts on their networks.**
Problem: Key information relating to asset management practices is located in various places within the AMPs, and the structure of AMPs varies between EDBs. This makes it difficult for stakeholders to identify and access such information.
AM3. There is a wide spectrum of information that may be useful to stakeholders as well as various options for presentation in terms of format and location within the AMP. We are seeking feedback from stakeholders on the key information that stakeholders would like to be most accessible and the most useful manner it can be presented within an AMP. One approach to receiving this feedback may be through a user group forum to inform areas of interest.

Support – qualified

The industry collaborates to improve our asset management plans to ensure that they deliver relevant and useful information, and TLC has no concerns with the Commission's spotlight approach to AMP reviews.

However, we caution against greater prescription of content. AMPs are a key communication tool targeted at both regulatory and community stakeholders. We think the effectiveness of the AMP communication to our community is reduced as greater detail is added. We also note that increasing the AMP content adds to the overall burden of its delivery, which is already significant for smaller EDBs.

Problem: EDB reporting is currently not comprehensive enough to fully capture the range of resilience related risks EDBs face, including those posed by the effects of climate change on weather and sea levels (and possibly other factors such as vegetation growth rates).

AM4. Improved reporting on the resilience and contingency planning of an EDB's network could be enabled through ID changes, which we note would consequently support the work of the EA and other stakeholders. We are seeking feedback on how disclosure requirements could capture more comprehensive information on resilience and contingency planning.

Support – in principle (but overlap with broader safety work?)

TLC questions whether this is another overlap with other regulators? e.g., safety audit? As an alternative approach, we suggest that EDBs could provide a summary of compliance with the Business Continuity standard.

Problem: It is not always clear whether an outage that occurs during a storm is (a) primarily due to the storm itself; or (b) due to the impact of the storm on network assets that are in a poor state of repair or with insufficient design tolerance for their conditions.

AM5. Require a summary report of each significant storm event. This could be informed by internal reporting and recording that could include the following:

- **wind speed and wind direction data; and**
- **whether the wind speed actually exceeded the design tolerances of the network.**

We are seeking further feedback on this from stakeholders to achieve a cost-effective solution that is useful to stakeholders.

Unsupported

Distributors are required to provide detailed reporting of event day outages. This proposed additional reporting requirement would not add any value beyond the existing reporting requirements and would increase the administrative and cost burden.

TLC would need more clarity of the detail before supporting this option.

Problem: There appears to be a minor clarification required around what is classified as "Overhead circuit requiring vegetation management" with values ranging from 0% to 100%. More accurate data on the proportion of an EDB's network that requires vegetation management can help stakeholders better understand the efficiency of EDBs' vegetation management expenditure.

AM6. Potential changes to the definition of 'overhead circuit requiring vegetation management' so that it is based upon a maximum distance between vegetation and an overhead circuit. We welcome feedback on what this distance should be or how else it can be consistently defined in the ID determination.

Support

TLC supports consistency and clarity.

Outcome sought: Improved confidence in forecasts disclosures:

- **Give stakeholders greater confidence in the robustness of EDB spend forecasts; and**
- **Support price-quality path resets, as changes in EDBs' operating environment may mean historic spend requirements are no longer a good indicator of future spend requirements.**

Problem: Current reporting requirements on lifecycle asset management planning: (a) do not cover vegetation management related maintenance; and (b) lack sufficient detail to properly justify the expenditure projections of each asset category.

AM7. Potential changes to the lifecycle asset management planning provisions to: (a) include vegetation management-related maintenance; and (b) include sufficient detail on the assumptions, modelling and economic justifications underpinning the relevant policies, programmes, actions and

Support – qualified

TLC considers this to be good practice. However, the detail proposed appears to be excessive. We would support providing the rationale for the approach and supporting assumptions, but the economic justification / options analysis would require extensive discussion in an AMP. We don't think this level of detail provides value to stakeholders, and is inconsistent with the requirements of other expenditure reporting in the AMP.

Problem: Current reporting requirements on lifecycle asset management planning: (a) do not include sufficient information related to the data used to forecast asset replacement and renewal projects and programmes; and (b) lack sufficient detail to explain the methodology used by the EDB to determine the forecast expenditure within the AMP planning period.

AM8. Potential changes to the lifecycle asset management planning provisions to: (a) include the processes and systems used to gather and verify the data used to forecast asset replacement and renewal projects and programmes; and (b) provide sufficient detail on the assumptions, modelling, and consideration of non-network alternatives underpinning the methodology used by the EDB to determine the forecast expenditure within the AMP planning period.

Unsupported

This does start varying from the relatively inexpensive DPP process and enters the realm of the CPP process.

Problem: EDBs must disclose 'single point' values in their forecasting schedules. However, in certain situations it may be beneficial for stakeholders if EDBs were to provide an explanation and exploration of scenarios, in addition to providing a single point forecast.

AM9. We welcome further stakeholder feedback on whether it may be beneficial if EDBs were to disclose an explanation and exploration of scenarios, in addition to providing a single point forecast in their forecasting schedules, and if so, in which areas and format would this be most useful.

Support – in principle

TLC provided scenarios in our latest AMP update.

Problem: Schedule 12 forecasts number of new connections (gross increase) but doesn't account for disconnection so that stakeholders can understand the forecast disconnections.

AM10. Change the relevant provisions so that stakeholders can understand the number of forecast disconnections on an EDB's network.

Unsupported

TLC is happy to provide this information but questions the relevance materiality for TLC and notes disconnections are considered for price-setting.
Problem: Additional information is required to enable stakeholders to better understand, test, and assess EDBs' expenditure. In particular, additional or different data would have better enabled related ID metrics to support our capex forecasting for our last reset.
AM11. Potential changes to enable ID data to better inform stakeholders understanding of EDBs' expenditure proposals. Capex forecasts (particularly in the context of decarbonisation and technological change).
Support – in principle TLC supports this but would be interested in the details that might be required.

Potential ID changes related to Aligning ID with other regulatory rules

Outcome sought: ID is aligned with our other regulatory rules
Problem: The definitions of "recoverable costs" and "pass through costs" are inconsistent between the ID determination, the IMs and the current price-quality path.
A1. Changes proposed to the relevant clauses to ensure consistency of definitions of "recoverable costs" and "pass through costs."
Support TLC supports the alignment of definitions and regulatory consistency.
Problem: Currently there is no mechanism in ID to allow EDBs to disclose their accelerated depreciation data. In our 2016 IM Review we decided to allow applications for adjustment factors in order to allow non-exempt EDBs, successful in an adjustment factor application, to disclose their accelerated depreciation data.
A2. As part of this change, we will consider whether to amend the definition of 'asset or assets with changes to depreciation'.
Support – qualified TLC has no concerns supporting this option.