

18 October 2019

Tim Hewitt
Chief Adviser
Commerce Commission
44 The Terrace, Wellington 6011
By email: regulation.branch@comcom.govt.nz

Vector Limited
101 Carlton Gore Rd
PO BOX 99882
Auckland 1149
New Zealand
+64 9 978 7788 / vector.co.nz

Dear Tim

EDB DPP3 reset - SAIFI consultation

1. This is Vector's submission on the Commerce Commission's (Commission) consultation paper on the recording of successive interruptions for SAIFI for electricity distribution business (EDB) default price-quality paths from 1 April 2020 (DPP3).
2. We support the Commission's preferred approach to resolving the SAIFI issue by adopting EDBs' current practices for recording successive interruptions.

Issue recording and recognising successive interruptions

3. We appreciate the Commission's ongoing correspondence with industry on the SAIFI issue and agree the Commission's overview in chapter one of the consultation paper is consistent with our understanding of the issue. As noted by the Commission, there are currently no definitions or provisions in the DPP that address restoration procedures necessary for restoring supply. We also note the DPP does not define "restoration" or provide for when a restoration has occurred.
4. Vector applies an aggregation approach to calculating SAIFI. It would be very difficult for Vector to back-cast the SAIFI calculation using the multi-count method for the full reference period as, for most of the period, this would require a manual process using significant resources. Accordingly, we do not consider back-casting practicable due to the length of time it would take, the significant workload burden it would impose on staff and, as a corollary, the significant additional costs imposed. There would be limited benefit from EDBs undertaking this work given the historical data sets and quality standards have been calculated using current practices.

Treatment of successive interruptions

5. The Commission's preferred approach to adopt EDBs current practices for recording successive interruptions is the most appropriate way to resolve the SAIFI issue for DPP3.
6. We agree with the Commission's reasoning that -
 - This approach will best promote the long-term interests of consumers. Adopting current practice will minimise costs for EDBs and, accordingly, also minimise costs for consumers; and
 - This approach will best support the Commission's decision to set quality standards based on past performance.
7. The alternative 'multi-count' option discussed in the consultation paper is inconsistent with the principle of a low-cost DPP, given the difficulty many EDBs will experience if required to recalculate the reference period using the multi-count approach.

Disclosure of current operational practice

8. We note Vector provided a summary of our current operational practice to recording SAIFI in Schedule 15 of our 2019 ID and in our response to the Commission's request for information on quality under s53ZD provided on 15 August 2019.
9. We would welcome further guidance in the decision paper on the level of detail EDBs will be expected to document on their current operating practice.
10. The consultation paper states the Commission may consider the multi-count method further when considering changes to information disclosure requirements. To minimise complexity, we recommend the Commission also applies its preferred approach for DPP3 (i.e. using EDBs current practice) to information disclosure.

Definition of interruption

11. The Commission's proposed drafting for the DPP3 determination - amending the definition of 'SAIFI value' to record customers interrupted and 'successive interruptions' on a basis consistent with that applied by the EDB on 31 March 2019 and adding a definition of 'successive interruptions' - is an appropriate means of implementing its preferred approach.
12. We suggest the Commission also introduce a similar definition of 'restoration' to clarify this should be consistent with the definition applied by the EDB on 31 March 2019.

13. We also note the current DPP definition of 'interruption' excludes various circumstances from the SAIDI and SAIFI calculation, for example where electricity ceases to be conveyed for the purpose of isolating an unsafe isolation.
14. We consider the Commission should add "where the interruption is caused or extended by a direction from emergency services" to the exclusions in the 'interruption' definition. This would be consistent with the approach in the Australian Energy Regulator's Service Target Performance Incentive Scheme.

Yours sincerely
For and on behalf of Vector Limited



Richard Sharp
Head of Pricing and Regulatory Compliance