

Workshop – Forecasting and incentivising efficient expenditure for EDBs - Agenda

Monday 7 November, 1pm – 4pm on Microsoft Teams

Time*	Session topic	Infrastructure Branch facilitators
1:00– 1:30	<p>Introduction and welcome from the Commission, housekeeping and context for the workshop</p> <p><i>Session topic coverage</i> Welcome, cover housekeeping items and outline session structure. Provide context for the workshop including issues we’ve heard relevant to forecasting and incentivising efficient EDB expenditure, and how these issues fit within our regulatory regime.</p> <p><i>Material provided in advance for this session:</i> We may circulate some presentation material in advance.</p>	<p>Andy Burgess, General Manager</p> <p>Matthew Clark, Acting Manager, Electricity Distribution</p>
1:30 – 1:35 Break		
1:35– 2:20	<p>Expenditure forecasting</p> <p><i>Session topic coverage</i> Outline of the role of the default price-quality path (DPP), how we use forecasts within a DPP reset and challenges in using supplier forecasts. Improving our understanding of how asset management plans or other information can support DPP expenditure forecasts.</p> <p><i>Intended focus for discussion:</i></p> <ul style="list-style-type: none"> • Understanding how EDBs obtain confidence in their expenditure forecasts, including how step changes or different scenarios are reflected. • Understanding how EDBs obtain confidence their proposed expenditure plan is efficient and effective and able to be delivered. • What are potential improvements to our current ID requirements? 	<p>Simon Wakefield, Principal Adviser</p> <p>Sean McCready, Principal Adviser, Engineer</p>

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2.20 - 2:30 Break		
2.30-3.10	<p>Impact of in-period incentives on expenditure</p> <p><i>Session topic coverage</i> Overview of incentives that apply within a regulatory period once revenue allowances have been set. Key features of the totex approach and how that differs from our current approach. Innovation sandboxes in our context.</p> <p><i>Intended focus for discussion:</i> Overview of issues raised by submitters on expenditure incentives within a regulatory period; equivalence between treatment of opex and capex.</p> <p><i>Material provided in advance for this session:</i> Staff working paper “Electricity distributors’ expenditure incentives under the current Part 4 approach and under a totex approach”</p>	<p>Diego Villalobos, Principal Economist</p> <p>Tobias Maugg, Consultant</p>
3:10 – 3:20 Break		
3.20-3.50	<p>Role of in-period adjustment mechanisms</p> <p><i>Session topic coverage</i> Overview of the key issues relating to DPP reopeners and CPPs that we are currently exploring in the IM Review and our current direction of analysis on these issues. Overview of the current suite of in-period adjustment mechanisms and the coverage provided of possible events and scenarios outlined in submissions. Outline of upcoming further engagement on in-period adjustment mechanisms.</p> <p><i>Intended focus for discussion:</i> Reactions to our current direction of analysis on key issues relating to in-period adjustment mechanisms. Scene-setting and identification of areas we will likely explore further in a subsequent re-opener workshop.</p> <p><i>Material provided in advance for this session:</i> We may circulate some presentation material in advance.</p>	<p>Sapna Nair, Chief Adviser</p> <p>Grant Weston, Chief Adviser</p>

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3.50-4.00	<p>Workshop wrap up and next steps</p> <p><u><i>Session topic coverage</i></u></p> <p>Concluding the workshop and next steps. Further opportunities to engage on the topics discussed in the workshop and outline of next steps.</p>	<p>Andy Burgess, General Manager</p>

* Timings are indicative only

Further information to note:

- There will be opportunities for participants to contribute to the discussion. Please use the 'raise hand' function in MS Teams if you wish to speak.
- Throughout the workshop we request that all attendees are on mute and their camera is off unless they are speaking; speakers should have both their camera and sound on when speaking. There will be a monitored chat function which can be used throughout.
- We note that all information we provide at and in advance of the workshop is intended to facilitate discussion at the workshop and reflects the preliminary thinking of Commission staff. It does not reflect the Commission positions on the relevant areas.
- For those who are unable to attend the workshop, we will be recording it and will make this available on our website following its conclusion. The recording will also form part of the record for the IM Review.