

9 June 2022

██████████  
Chief Financial Officer  
Aurora Energy Limited  
PO Box 5140  
Dunedin 9058

By e-mail only: ██████████

CC: All suppliers of Electricity Distribution services regulated under Part 4 of the Commerce Act 1986

Tēnā koutou,

## Information Disclosure Exemption Amendment: Disclosure and auditing of reliability information

1. The Commission is amending an exemption that we issued on 17 May 2021 to all Electricity Distribution Businesses (**EDBs**)<sup>1</sup> to address a matter specific to Aurora Energy Limited (**Aurora**).
2. This amendment is issued to ensure Aurora faces the same audit requirements as all other EDBs in relation to the successive interruptions issue,<sup>2</sup> following the August 2021 amendments to the EDB Information Disclosure Determination 2012 (the **ID determination**) to add the Aurora-only obligations alongside its Customised Price-Quality Path.
3. The updated ID determination requires Aurora to provide disclosures that are impacted by the successive interruptions issue, and as such, should be covered by the exemption.

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<sup>1</sup> *ID Exemption – All EDBS – Auditing of Successive Interruptions*, dated 17 May 2021. Published [here](#) on our website.

<sup>2</sup> As set out in the Electricity Distribution Services Default Price-quality Path Determination 2020 (DPP3), **successive interruption** means “an interruption that follows an initial interruption that either: relates directly to that initial interruption; or occurs as part of the process of restoring supply of electricity lines services following that initial interruption.” Any other terms used in this exemption that are defined in the ID determination take the meaning set out in the ID determination.

## Background

4. For the past 3 years we have issued exemptions to aspects of the disclosure contained within Schedule 10 of the ID Determination,<sup>3</sup> following the identification of an issue in late 2019 relating to how EDBs recorded successive interruptions. The exemptions were granted in order to facilitate completion and submission of the year-end disclosures in each year.

### *Issue with Successive Interruptions*

5. We understand treatment of successive interruptions is inconsistent between EDBs, which can affect the recording of the System Average Interruption Frequency Index (**SAIFI**) and the System Average Interruption Duration Index (**SAIDI**), although to a lesser extent. Where an interruption to the supply of electricity distribution services is followed by restoration, and then by a “successive interruption”, some EDBs have only been calculating the relevant SAIFI and SAIDI values based on a single outage, not based on multiple outages.
6. We expect this issue to be resolved when the ID determination is updated. The Commission is undertaking a targeted review of the ID requirements and expect to amend the ID determination later this year.

### *2021 Exemption*

7. The current exemption, issued on 17 May 2021,<sup>4</sup> applies to the 2021 and 2022 disclosure years (the **2021 exemption**).
8. The ID determination was amended on 31 August 2021 to add the Aurora-only obligations alongside its Customised Price-Quality Path.<sup>5</sup> Clause 2.5.5 requires Aurora to publicly disclose an Annual Delivery Report (the **ADR**) which contains reliability information (i.e. SAIDI and SAIFI) affected by the successive interruptions issue.

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<sup>3</sup> [ID Exemption](#) for 2019 year-end disclosures, dated 22 August 2019

[ID Exemption](#) for 2020 year-end disclosures, dated 9 April 2020

<sup>4</sup> *ID Exemption – All EDBS – Auditing of Successive Interruptions*, dated 17 May 2021

<sup>5</sup> *EDB ID (Aurora Energy) Amendment Determination 2021*, 31 August 2021. Published [here](#) on our website.

### Amendment Issued

9. By this notice, under clause 2.11.1(2) of the ID determination, the Commission is making an amendment to the 2021 exemption. With reference to the notice dated 17 May 2021,<sup>6</sup> we give effect to the amendment by:

9.1 removing the text “*within Schedule 10*” from the header line; and

9.2 adding the text “*and the Aurora Annual Delivery Report*” to paragraph 6.1, so it instead reads:

..the requirement that the assurance report required to be procured by clause 2.8.1(1) of the ID determination in respect of the information in Schedule 10 of the ID determination ***and the Aurora Annual Delivery Report*** must take into account any issues arising out of the EDB’s recording of SAIDI, SAIFI and number of interruptions due to successive interruptions.

10. A consolidated version of the exemption is attached to this notice.

### Reasons for amendment

11. EDB auditors have previously informed us the process for considering the successive interruptions issue and providing a modified opinion is very time consuming for both the auditor and the business; a cost that is ultimately borne by consumers.
12. Requiring Aurora to provide audited SAIDI and SAIFI information in its ADR is unlikely to provide any value, reassurance, or benefit to users of the information. Further, if auditors are only able to provide a modified opinion, we believe the cost and time associated with the audit process places an unnecessary burden on Aurora given this lack of benefit.
13. The amendment allows for consistent treatment of the successive interruption issue across all EDBs, including Aurora.

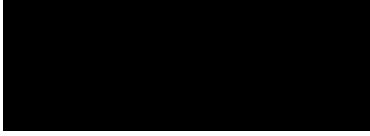
### Further Information

14. This exemption may be revoked or further amended by the Commission at any time in accordance with clause 2.11.1(2) of the ID determination.
15. A copy of this exemption response letter will be published on the Commission’s website.
16. If you have any questions regarding this matter, please contact Rhys Williams at [rhys.williams@comcom.govt.nz](mailto:rhys.williams@comcom.govt.nz).

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<sup>6</sup> ID Exemption – All EDBS – Auditing of Successive Interruptions, dated 17 May 2021.

Yours sincerely



Vhari McWha

Commissioner

17 May 2021

**To:** All suppliers of electricity distribution services as regulated under Part 4 of the Commerce Act 1986

Tēnā koutou,

### **Information Disclosure exemption: Disclosure and auditing of reliability information** ~~within Schedule 10~~

1. We are issuing an exemption to facilitate completion and submission of the 2021 and 2022 year-end disclosures. Note that this is different from the exemption previously granted on 22 August 2019 but is similar to the exemption granted on 9 April 2020.
2. In 2019 and 2020, we issued an exemption to aspects of the disclosure contained within Schedule 10 of the Electricity Distribution Information Disclosure Determination 2012 (**ID Determination**), following the identification of an issue in late 2019 relating to how Electricity Distribution Businesses (**EDBs**) recorded successive interruptions.<sup>1</sup> The exemptions were granted in order to facilitate completion and submission of the year-end disclosures in each year.
3. We understand treatment of successive interruptions is inconsistent between EDBs, which can affect the recording of the System Average Interruption Frequency Index (**SAIFI**) and the System Average Interruption Duration Index (**SAIDI**), although to a lesser extent. Where an interruption to the supply of electricity distribution services is followed by restoration, and then by a “successive interruption”, some EDBs have only been calculating the relevant SAIFI and SAIDI values based on a single outage, not based on multiple outages. We expect to address this inconsistency through a targeted review of the ID Determination.

#### **Meanings**

4. Any terms used in this exemption that are defined in the ID Determination take the meaning set out in the ID Determination.

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<sup>1</sup> The exemption dated 22 August 2019 is available on the Commission’s website here: [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0029/168932/ID-Exemption-All-EDBs-Disclosure-of-reliability-information-within-Schedule-10-22-August-2019.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0029/168932/ID-Exemption-All-EDBs-Disclosure-of-reliability-information-within-Schedule-10-22-August-2019.pdf), and the exemption dated 9 April 2020 here: [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0019/214507/ID-Exemption-All-EDBs-Auditing-of-successive-interruptions-9-April-2020.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0019/214507/ID-Exemption-All-EDBs-Auditing-of-successive-interruptions-9-April-2020.pdf)

5. **Successive interruption** means an interruption that follows an initial interruption that either:
- 5.1 relates directly to that initial interruption; or
  - 5.2 occurs as part of the process of restoring supply of electricity lines services following that initial interruption.<sup>2</sup>

### **Exemption granted**

6. Under clause 2.11.1 of the ID Determination, the Commission grants all EDBs an exemption for the 2021 and 2022 disclosure years, subject to the condition at paragraph 7 of this letter, from:
- 6.1 the requirement that the assurance report required to be procured by clause 2.8.1(1) of the ID determination in respect of the information in Schedule 10 of the ID determination [and the Aurora Annual Delivery Report](#) must take into account any issues arising out of the EDB's recording of SAIDI, SAIFI and number of interruptions due to successive interruptions.
7. This exemption is granted on the condition that:
- 7.1 For both the 2021 and 2022 disclosure years, EDBs must complete and disclose under Schedule 15, as part of their disclosures under the ID Determination, the following information:
    - 7.1.1 whether successive interruptions have been treated in the same way for the current disclosure year as they were for the previous disclosure year;
    - 7.1.2 if successive interruptions were treated differently for the current disclosure year than they were for the previous disclosure year, provide an explanation of the nature of and reasons for the change; and
    - 7.1.3 the process applied in recognising, or not recognising, successive interruptions following an initial outage.

### **Further information**

8. This exemption may be revoked or amended by the Commission at any time in accordance with clause 2.11.1(2) of the ID Determination.
9. A copy of this exemption letter will be published on the Commission's website.

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<sup>2</sup> This definition is the same as that in the Electricity Distribution Services Default Price-quality Path Determination 2020 (DPP3).

10. If you have any questions regarding this matter, please contact [REDACTED]  
[REDACTED].

Yours sincerely

[REDACTED]

Sue Begg  
Deputy Chair