

Meeting between Aurora Energy and Commerce Commission (3 May 2021)

Summary of key points raised by Aurora Energy - Meeting

Purpose

1. This document summarises a meeting held on 3 May 2021 between Commerce Commission (Commission) staff and Aurora Energy (Aurora) staff convened to discuss the technical drafting of the draft information disclosure (ID) decisions and any workability issues identified by Aurora that might impact on the future effectiveness of the draft ID requirements.
2. Note that Aurora was advised that the discussion was for the information of Commission staff only and that it was expected that Aurora would formally include any points discussed in this meeting in its written submission to the Commission.
3. This would take two forms: a substantive submission by the due date of 10 May 2021 and further redline determination technical drafting suggestions by 24 May 2021. The latter submission required a time extension from the Commission, which was requested, considered, approved, and publicly notified after the meeting.
4. The discussion at the meeting was recorded. The audio record has been edited to remove matters that were off topic of the consultation on the draft ID decisions and draft ID amendment determination, including administrative aspects of the discussion, personal information and commercial confidentiality.
5. The key points noted below include the edited timing in the audio record where those points were discussed. A copy of the recording can be found on our website¹.
6. Please note this document is intended to be a summary of the key points raised by Aurora and is not a record of the discussion verbatim.

¹ <https://comcom.govt.nz/regulated-industries/electricity-lines/projects/our-assessment-of-aurora-energys-investment-plan?target=documents&root=251598>

Meeting location

7. The meeting was held at Aurora Energy offices (Dunedin) and virtually via Microsoft Teams (video conference) at 10:30am, on 3 May 2021.

Attendees

8. The following people were present at the meeting:

Commerce Commission:

Grant Weston - Chief Advisor
Jude Murdoch – Determination drafter (for part, via Microsoft Teams)
Michelle Henderson – Project Coordinator (via Microsoft Teams)

Aurora Energy:

Alec Findlater - General Manager Regulatory and Commercial
Shaan Ross – Regulatory Manager
Suzanne Benham – Business Change Manager
David Healy – Broadhaven Consulting (via Microsoft Teams)

Meeting summary of key points raised by Aurora Energy

Standalone determination

9. Rather than integrate Aurora-specific amendments into the existing EDB ID determination (as we have proposed), Aurora suggested we should move the amendments into a bespoke standalone determination for Aurora.
10. [Audio: morning session 6:37 and afternoon session 55:13]

Baseline plans for reporting to consumers

11. Aurora considers the draft ID amendment determination is confusing with its reference to the CPP application. The development plans to be disclosed in 2022 and discussed by Aurora with consumers need to be reconciled with the CPP application to Aurora's plan on how it now expects to spend the pool of money we determined in the CPP.
12. This plan would then be the initial baseline against which the ADRs would report until such time any adjustment is made to that baseline after the expert opinions. This applies in a number of places in the ID determination.
13. [Audio: morning session 1:07:34 and afternoon session 29:53]

Practical application of the term 'sub-network'

14. Aurora considers, based on the Commission's ID draft reasons and draft ID amendment determination, that the Commission may have a different understanding from Aurora (and possibly a number of other EDBs) on the operation

and effect of the definition of 'sub-network' – particularly the meaning of 'geographically separate' in that definition.

15. [Audio: morning session 48:10]

Measurement of performance

16. Aurora suggested that we should not specify the various SAIDI, SAIFI and interruption measures in the Aurora-specific requirements on a normalised basis, as this will make it very difficult for Aurora to record data, calculate, and disclose this information on a regional basis.

17. It suggested that consumers will better engage with non-normalised raw data and this would make it easier for Aurora to comply.

18. [Audio: afternoon session 25:37]

Sunset clauses for the ADR

19. Aurora suggested that if we wanted to tie our ID amendments to the CPP, then certain of the amendments (particularly the ADR) should be time-bound/have a sunset clause that means they only apply in respect of the CPP regulatory period, including disclosures in late 2026 for the CPP assessment period ended 31 March 2026.

20. Aurora considered that there is not currently any certainty on whether it will apply for another CPP and it may be that any specific ID requirements we wish to determine for Aurora for a hypothetical CPP2 may differ from those we are proposing for the current CPP.

21. Aurora advised that a CPP2 was considered in the context of CPP1 being a three year period (per Aurora's application) and since our final decision was for a five year period, a review of progress on risk reduction would be needed before Aurora commits to a CPP2.

22. [Audio: morning session 10:12]

ADR audit requirements

23. Aurora noted that our draft ID requirements added several of our proposed new requirements to the list of information requiring director certification, but we did not add the new requirements to those requiring an assurance report from an independent auditor.

24. Paragraph 3.29 of the draft reasons paper says we propose to require an audit of quantitative information in the ADR. This would involve expanding the scope of the definition of 'audited disclosure information' which is subject to the audit requirements under cl 2.8.1 of the determination.

25. Aurora outlined concerns about the current drafting which requires the external auditor to deal with more complex aspects of the requirements relating to the AMP and cost estimation.

26. [Audio: morning session 40:24]

Timeline for mid-period expert opinions

27. Aurora expressed some concern that the timings are not workable because of the limited 'published' information available to the expert, and the short timeframe between disclosure of published information (31 August), draft report to the Commission by 31 October and final publication by 1 December.

28. It thinks that the consumer benefit might be greater if the expert opinions are rendered later, because they would include consideration of one more year of information. Commission staff noted that we wanted adequate time for the results of the expert opinions to be taken into account by Aurora in its updated plans for years 4 and 5.

29. Commission staff noted that we don't have a concluded view on this, but if we did conclude as part of our final ID decisions that Aurora is right on this point, we may need to make a requirement that the draft expert opinions would need to be adopted as they become available. Aurora agreed this could be feasible.

30. [Audio: morning session 1:26:00]

How "independent" do the experts need to be

31. Aurora raised the issue of its ability to get an 'independent' expert opinion on each of the matters we require for the mid-period expert report, given the industry is so small and the pool of available, independent resources is small.

32. For example, Aurora asked whether using the independent verifier of Aurora's CPP proposal or other auditors that Aurora had previously used would be adequate.

33. [Audio: morning session 1:51:25]

The standard that the experts need to work to

34. Aurora asked us to specify in our final ID decision the standard that the experts will need to work to with their expert opinions and recommendations to Aurora. It considers that 'best practice' style recommendations in all cases could create implementation issues if the experts are not guided by us to also take into account 'fit for purpose' considerations.

35. Aurora made specific reference to the low voltage monitoring requirement, which it understood was driven by publicly available commentary on voltage issues in the Omakau/Poolburn area. Its view is that its plan described what it intended, and that it would be unhelpful if an expert held rural instances against an urban practice or standard, or proposed responses that were inconsistent with the approved CPP expenditure.

36. [Audio: morning session 1:58:08]

Expert opinions versus 'report'

37. Commission staff noted that the draft ID determination reflects our thinking that even if there are a number of expert opinions, they would be compiled into a 'report' that consumers could engage with. Aurora noted that it may need to be able to disclose the expert opinions individually in some cases to enable it to get them to consumers on a timely basis.

38. [Audio: morning session 1:31:05]

Regional pricing model requirement

39. Aurora asked us to consider the 'cost of supply model' requirement. It considers that the second aspect of the model is more reflective of a tariff design model and is not consistent with our policy intent. It considers the regional pricing objective and consumer understanding of the model would be better if this aspect was removed from the definition.

40. [Audio: morning session 22:42]

Map of worst-served customers

41. Aurora asked for us to allow it to decide how it graphically represents the feeders that show the worst-served consumers. The map proposed in the draft ID determination is the related parties map, which is not at a sufficiently granular level for the purpose.

42. Aurora has asked whether it would be possible for it to design its own map of the worst-served feeders, which would allow it to highlight those feeders (or relevant segments of the feeders where there are closers on the line that allow worst-served segments of a feeder to be identified) in the context of network maps for each sub-network.

43. [Audio: afternoon session 37:03, 43:02 and 48:13]

Self-assessment

44. Aurora does not think the self-assessment scale as drafted will work. If we proceed with this, it thinks we would need to set a more objective scale that it can rate itself on and we would need to provide Aurora with better guidance.

45. It also believes consumers will question its motives on how it rates itself. Also, it considers it is not clear from the determination what the expectation is for how the self-assessment rating will be used by Aurora for future improvement.

46. [Audio: afternoon session 3:43]