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Commerce Commission
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Tēnā koutou

EDB TARGETED INFORMATION DISCLOSURE REVIEW (2024)

Unison Network Limited (**Unison**) is an electricity distribution business (**EDB**) operating in Hawke's Bay, Taupō and Rotorua. Centralines Limited (**Centralines**) is an EDB operating in Central Hawke's Bay.

Unison and Centralines support the Electricity Networks Aotearoa (**ENA**) submission. We emphasise the issues below. This submission is not confidential and can be published (including the Appendix).

Amendments in effect for FY24: new reporting requirement

- New requirements for the 2024 reporting year¹ will be difficult to back-fill given a final will be provided in Q1, 2024.
- EDBs should not be expected to plan, resource, or collate data before a final decision. The resources will not and could not have been budgeted for in this disclosure year.
- To proceed as proposed in the Draft Decision, the Commission will need to justify in the final decision why reporting for the 2024 disclosure year (as opposed to waiting for the 2025 year) is required to meet the purpose of the ID.
- Do decarbonisation efforts require 2024 information for all EDBs, or will EDBs moving toward a requirement, and disclosing what they can voluntarily before the 2025 disclosure year serve that purpose?

Audit requirements

- Audit requirements raise questions of practicality and utility of an accountant reviewing the information. Definitions and guidance would be required to ensure simplicity for EDBs and auditors.
- We would be interested to understand whether the Commission has engaged with auditors about the amendments. Do auditors consider they are easily auditable and able to be fit into the existing audit schedule. For example, it is difficult to imagine that the potential time and effort to perform the amended vegetation management disclosures would be considered an efficient use of auditing time, comparative to other audit tasks.
- It should also be kept in mind that there is a significant resourcing cost for EDBs going back and forth with auditors on impractical requirements, in addition to the increased cost of audit.

Amendment D3 – network constraints: double-handling of data for the same purpose

- We do not see the additional value of requirements already part of the AMP disclosure, which includes:

¹ For example: Amendment D3 Network Constraints and Amendment D6 Standardised pricing components including transmission costs.

- geographic location of each zone substation; and
- load forecasts at the zone substation level.
- Any further geospatial mapping requirements must be carefully considered and balanced, given its time-bound. It must add value to interested people, beyond what is currently provided.²
- At a minimum, the intent should be to align the requirements in one disclosure (furthering efficiency and productivity at a pressured time in the industry).

Amendment D6 - standardised pricing connections

- Further disaggregation of requirements requires clear guidance and definitions to ensure easily implementable (and auditable) requirements. To ensure consistent outcomes driven by the EA's pricing principles, alignment with the Electricity Authority (**EA**) is crucial.
- Our pricing methods do not currently disaggregate components in the manner that reporting is proposed for, i.e. transmission and distribution. While these requirements are achievable for FY25 onwards, reporting as proposed for FY24 would result in estimation and would be necessarily less accurate.

Amendment AM6 – Wait for amendments to the Electricity (Hazards from Trees) Regulations

- Unison and Centralines acknowledge that consumers may benefit from a better understanding of the risks that vegetation causes networks, as well as the expenditure required to manage those risks or rectify damage.
- We consider, however, that it would serve the purpose of the IDs better and be more pragmatic, for the Commission to wait until amended 'Tree Regulations' are in place. MBIE are progressing their review. Further certainty on what vegetation risks EDBs can manage on their networks, and the remaining high-risks, will enable an assessment of whether additional IDs are required.
- Amendment AM6 – vegetation management reporting should be driven by the legal ability EDBs have to remove vegetation risks. If EDBs have limited legal ability to manage fall distance zone trees, why report on the proportion of expenditure for doing that?
- To illustrate our existing data sources, we have attached as **Appendix One**, Unison and Centralines submission to MBIE on the Tree Regulations consultation earlier in the year. This reflected our SAIDI and SAIFI data, alongside weather trends and explanations of the state of the law in removing fall distance zone trees. We believe this told a meaningful story about the:
 - risk of fall distance zone trees to the reliability of the network;³ and
 - poor outcomes created by the existing policy settings.
- A break-down of expenditure would not alter that story, given there is minimal legal inability to remove fall distance zone trees. There are also potential Resource Management Act 1991 mechanisms that can further manage vegetation risks to networks under National Policy Statements. Engagement with MBIE about those workstreams may be helpful before imposing new reporting requirements that would have limited effect on the choices available to EDBs regarding vegetation management.
- While our vegetation fault reporting may be more granular than some others, as the ENA has submitted, there are accuracy challenges of the 'zone' determination post-event (particularly in emergencies or severe weather). Any audit requirement would not be feasible or add value given the implicit estimation required by field staff.

Ngā mihi

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REGULATORY MANAGER

Appendix One: Unison and Centralines submission to MBIE on Amended Tree Regulations

² Would this additional information result in a successful analysis under s 53B(3) of effectiveness in promoting the Part 4 purpose (in light of the burden on EDBs and existing information disclosed).

³ Consistent with the findings of the Energia report referenced by the ENA.