

31 August 2022



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EDB Targeted ID Review

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Targeted Information Disclosure Review – Electricity Distribution Businesses – Draft Decision paper

1. Introduction

Wellington Electricity Lines Limited (**WELL**) welcomes the opportunity to make a submission in response to the Commerce Commissions (**Commission**) Draft Decision paper “Targeted Information Disclosure Review – Electricity Distribution Businesses” published on 3 August 2022. This submission refers to this paper as the “Draft Decision paper”.

WELL’s submission covers the following key issues:

Section 2 – Executive summary

Section 3 – Quality of service draft information disclosures

Section 4 – Decarbonisation draft information disclosures

Section 5 – Asset management draft information disclosures

Section 6 – Aligning with other regulatory rules draft information disclosures

Section 7 – Closing

The Electricity Network Association (**ENA**) has also provided a submission in response to the Draft Decision paper. WELL supports the views of the ENA submission, except in relation to their support on the Amendment Q11 in relation to recording of successive interruptions. This submission should be read in support to the ENA submission.

2. Executive Summary

WELL welcomes the opportunity to provide a submission in response to the Commission's Draft Decision paper. Overall, WELL is supportive of many of the new or changed Information Disclosures (ID) outlined in the Draft Decision paper, especially with those relating to decarbonisation and alignment with other regulatory requirements. WELL acknowledges and appreciates the consideration the Commission has given to the feedback submitters have provided in relation to the potential introduction of new or amended disclosure requirements across the four categories the review focused on. WELL does have some concerns that some amendments are suggesting retrospective adoption of the new or amended information disclosures. WELL recommends that the Commission delays the requirement of first-time disclosure of information for any new or amended disclosures until 31 August 2024 at the earliest. WELL also recommends that the Commission delays the adoption of the information disclosed as part of the Asset Management Plan (AMP) process until the 31 March 2024 disclosures with EDB's being able to adopt the disclosures on a voluntary basis until then.

3. Quality of service draft information disclosures

WELL supports the Commission's two priority areas for quality – expanding requirements to capture more dimensions of quality and ensuring information on quality is more useful for assessing or understanding performance where they provide benefits to customers which outweigh the associated costs.

For the most part WELL supports the Commission's suggested draft information disclosure requirements. This submission suggests several amendments to the draft disclosures to ensure the information is auditable and remains comparable to other EDBs and with an EDBs historical treatment.

Amendment Q1 – expand ID requirements related to how much notice of planned interruptions is given to consumers, including planned interruptions that are booked but not carried out.

WELL supports the proposed introduction of planned interruption measures, via Schedule 10 and the descriptions required in the AMP.

Some of the draft new disclosures are not measures currently captured by WELL's systems and processes. Time and resources will be needed to ensure robust, auditable information is captured and recorded. WELL appreciates the Commission's delay in requiring this information to be disclosed however due to the additional resourcing required to achieve this disclosure, WELL requests this ID is delayed until the start of the next regulatory period (1 April 2025) to ensure additional allowances are provide to enable this information to be captured and reported.

To ensure these measures reflect the purpose of expanding reporting requirements in relation to the notice EDBs provide consumers, WELL suggests that these measures are linked to Class B planned interruptions only. The execution of Class A, Class H and Class I planned interruptions are not directly under the control of the reporting EDBs and therefore not an outcome which can be directly controlled by the disclosing EDB.

The draft wording for the disclosure in Schedule 10(vii) includes the term “notified interruption window”. This term is not defined in the “[Draft] Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022” (**ID Draft Determination**), however this is a term defined in the “Electricity Distribution Services Default Price-Quality Path Amendments Determination 2020” (**DPP3**). The DPP3 definition only refers to outages where additional notice has been given, which includes that the intended interruptions is to be treated as a ‘notified interruption’. To ensure all planned outages are included (not just those notified by an EDB as a ‘notified interruption’), we suggest the Commission rewords this term to “interruption window notified”.

Amendment Q2 – add ID requirements on power quality.

WELL appreciates the Commission’s acknowledgement that EDBs have varying access to power quality information and that disclosure requirements should therefore focus on monitoring practices. WELL supports the draft disclosure for EDBs to describe their current practices for monitoring voltage quality in their AMPs rather than the disclosure of extensive data which may not be available. This will enable a view of the challenges in place for EDBs to improve this areas and the costs associated to do this.

Amendment Q3 – add ID requirements on time taken to set up new connections.

WELL has a number of concerns in relation to the proposed application of the measures relating to the “time taken to make a new/alter a connection”. There are a number of external aspects which can impact an EDBs ability to complete a new connection. Connections range in complexity which mean timelines for connections vary widely based on the connection’s individual circumstances. Even the simplest of connections can be delayed due to actions of third parties, including the requestor, which are outside of an EDBs control. EDBs are not able to control each aspect of the process start to finish and there are several parties who all have their part to play in the connections process.

The Commission’s proposal of when the ‘clock starts and stops’ for the install of new connections and alterations to existing connections would result in a connection time with a large component dependent on customers actions and would not reflect an EDBs own processes. The proposed timeframes would include customer responsibilities or their electricians’ responsibilities (provision of the certificate of compliance etc.). The inclusion of large customer components will mean that the new measure would have limited value in providing a benchmark to measure an EDBs changing performance over time.

For example, recently WELL received the customer-initiated easement documents for a new connection, one year after the field work was completed. Using the proposed definitions, this will be included in the average time to install a new ICP, distorting the annual average figures. This kind of delay is not uncommon in the end-to-end connection process.

WELL does see merit in supplying information to consumers on connection times. However, likely variability of the collected data and the high proportion of customer-controlled elements using the proposed measures will mean the figures will have limited benefits. To create a meaningful measure would require identifying the aspects of the process consistent across EDBs which could be captured and reported on. This will not be a simple process and therefore we recommend this measure is moved to Tranche 2 and considered as a workshop topic to ensure an appropriate measure is put in place.

WELL does think there is merit to the second part of this measure - the “time taken to quote new/alter existing connections”. Although these measures still require input from other parties, the majority of the process is the responsibility of the EDB.

WELL supports the requirement of EDBs to describe their customer connection practices as outlined by the Commissions Draft Determination Paper. WELL recommends that instead of reporting on the “time taken to install new connections and alterations to existing connections”, EDBs could be required to outline within their AMPs commonly encountered delays and potential timeframes for different connection types. This would provide stakeholders with information to inform them of potential connection timeframes they should expect.

Amendment Q4 – add ID requirements on customer service, eg, customer complaints.

WELL supports the draft disclosure for EDBs to describe their current customer service practices in their AMPs. WELL agrees with the Commission that this will provide stakeholders with greater visibility regarding EDBs’ customer service practices and management of customer complaints.

Amendment Q5 – add ID requirements on information about customer charters and guaranteed service level (customer compensation) schemes, eg, information about existing schemes

WELL supports the draft disclosure requiring EDBs to publish on their websites existing customer charters and any information about existing customer compensation schemes (if any).

Amendment Q11 – refine ID requirements on interruptions by clarifying definitions to ensure successive interruptions are recorded consistently.

WELL does not support this initiative as changing how successive interruptions are recorded could incentivise behavior which does not support what customers find important on a specific network.

WELL understands the Commissions intention to align EDBs in reporting consistently with each other, however EDBs quality performance is not measured against other EDBs. Quality performance is assessed against an EDBs own historical performance. In paragraph 4.5 of the Draft Determination Paper the Commission states “Disclosed information is more useful when it is comparable, consistent over time, and captures the details that matter to stakeholders.” WELL agrees with this statement, and the three key feedback messages from customers on the Wellington network is “keep the power on”, “if the power goes off, get it back on quickly” and “don’t put your prices up” – the priority is minimisation of SAIDI rather than SAIFI. Therefore changing this disclosure requirement goes against what WELLS customer want.

The DPP3 consultation left this issue open and therefore this issue still needs to be debated to ensure the quality standards line up with the customer preferences on a given network.

WELL supports treating successive interruptions as a single outage as it incentivises us to restore power as quickly as possible. A fault on larger urban network, can impact multiple network locations. Power can be restored faster if the network can sectionalise the network to locate where a fault has occurred – i.e. if successive parts of the network are turned on and off to identify where a fault has occurred in a specific part of the network – power is left on for healthy sections of the network while the rest of the sections are checked. However, sectionalising creates repeat tripping and successive interruptions – creating a trade-off between faster power restoration (lower SAIDI) and successive small interruptions (higher SAIFI). A second tripping (due to sectionalising) is much shorter as field operators and faultmen are already on site and making network reconfigurations to quickly restore power.

WELL disagrees with the Commissions statement that there is no requirement for EDBs to restate interruption information. If a change to an EDBs SAIFI recording methodology is required, then assuming Default price-quality path and ID regulation align, historic data would need to be updated and reaudited for setting the DPP4 quality standards.

Amendment Q13 – refine ID requirements on third party interference interruptions by breaking down into more specific categories, such as vehicle damage, “dig in”, overhead contact, and vandalism.

WELL supports the recording of causes of third-party interferences on the network at more disaggregated levels to allow stakeholders to identify important trends or underlying factors.

Although WELL tracks this information and is able to provide this additional data for the disclosure year ending 31 March 2023, WELL does have concerns the Commission is retrospectively applying information disclosure requirements after the disclosure year has begun. This draft disclosure requirement is of particular concern as Schedule 10 is an audited Schedule and therefore the data is subject to a higher level of scrutiny and requires more robust systems and processes to capture the required level of support. WELL suggests the Commission instead requires this information to first required to be disclosed by 31 August 2024 along with the other changes to Schedule 10.

WELL recommends the Commission provides a definition for the term “ground vehicle”. Currently WELL believes it is not clear based on the definitions provided where certain incidents would fall. For example, would an interruption caused by a digger arm contacting the overhead lines be classed as ‘vehicle damage’ or ‘overhead contact’? A digger by definition could be considered a ground vehicle. Another example, if a digger (or similar vehicle) while moving was to make contact with a pole causing an interruption, would this be classed as ‘vehicle damage’ or ‘overhead contact’?

WELL also recommends the Commission review the ‘vandalism’ definition to clarify whether this should say “unintended destruction” or “intended destruction”.

WELL agrees there is merit in further disaggregating the vegetation category to help identify controllable and uncontrollable interruption causes.

4. Decarbonisation draft information disclosures

WELL agrees with the Commission that EDBs face an increasing pace of change and potentially significant challenges from decarbonisation. New Zealand's climate change programmes, specifically the electrification of transportation and the potential transition from residential and small business natural gas use to electricity, will have a significant impact on future demand and future network investment. WELL agrees the IDs should be adjusted to demonstrate how networks are preparing for decarbonisation so allowances can be set appropriately to ensure EDB's can deliver the climate change programme without the need for a costly CPP process.

Amendment D2 – add requirements on new network loads likely to have a significant impact on network operations or asset management priorities

WELL supports the Commission's draft information disclosure to require EDBs to disclose information pertaining to new loads and the impact they will have on each EDBs network. WELL believes this measure should go further than just the 'known loads' or 'potential loads' relating to facilities of significant impact, to capture the incremental impact of a large number of small energy conversions to electricity and small new loads like EV chargers. This was seen on the South Australia Power Network, where household solar now adds up to the largest generator on their network. This disclosure needs to consider New Zealand's climate change programmes (the electrification of transportation and the potential transition from gas to electricity). These forecasts will play an important role in enabling stakeholders to understand the key triggers for the need of contingent capex or re-openers when there is uncertainty in the load growth on a network.

In the Draft Decision Paper, the Commission referred to SolarZero comments highlighting WELL's work where we have noted the significant impact that a very large number of smaller loads, eg, conversion of gas heating to electricity and EV charging, can have on the network. This work highlights why disclosures on new network loads need to go beyond one-off large facilities and capture a holistic view of EDBs considerations of all new decarbonisation efforts. This wholistic view will enable stakeholders to understand the significant changes EDBs expect in the operation of, and investment in, their networks. However, EDBs current do not know where smaller loads like EV chargers are connecting. EDBs need this information for planning purposes, as do customers (and the Commission is their representative) to understand the pace of electrification.

Policies and regulations to support the capture of this type of information will also be needed to support the development of tools and processes to incorporate flexibility services into an EDBs demand forecasting, network planning and load management response.

WELL understands this forecasting will require significant ongoing effort from EDBs as more information comes to light, and many may not be in a position to disclose this yet. However, the Commission needs to encourage and support this disclosure to ensure stakeholders stay well informed of the opportunities and challenges ahead for the industry.

Amendment D4 – add reporting requirements on EDBs' innovation practices

WELL supports the standardisation of disclosure of innovation activities and outcomes to ensure innovation is reported to stakeholders in a more fulsome, consistent, and easily accessible way.

5. Asset management draft information disclosures

WELL agrees with the Commission that the changing environment may mean that historic performance may not be a good guide to future outcomes. WELL agrees more focus and detail will need to be drawn and relied on from asset management practices, methodologies, data and forecasts to ensure EDBs are appropriately funded to achieve the delivery of fit for purpose networks. WELL supports providing stakeholders with the appropriate level of information to assess investment and operational efficiency as well as provide confidence in forecasting and operational practices, now and into the future.

Amendment AM6 – Amend the definition of 'overhead circuit requiring vegetation management'

WELL supports the clarification of the definition of 'overhead circuit requiring vegetation management'. WELL however still has concerns that inconsistencies will arise with the proposed definition amendment. The proposed definition change still gives rise to interpretation issues. For example if there is only one tree in the notice zone of a span, what percentage of the conductor would be included in the metric? (one tree would take out an entire feeder).

WELL recommends the measure to be for EDBs to report on the percentage of their overhead circuit subject to vegetation management as part of their multi-year rotation cycle. This would have the advantage of accounting for patrolling, community engagement and cutting of the vegetation which are all integral parts of vegetation management on a network. This would result in rural EDBs showing a relatively large percentage, and some urban networks having a relatively lower percentage – due to the expectation of limited vegetation in CBDs.

Amendment AM7A/AM7B – improve lifecycle asset management planning provisions (vegetation, assumptions)

WELL supports the inclusion of lifecycle asset management practices relating to vegetation management and the modelling approach and rationale to inform capital forecasts being included in the AMP.

Amendment AM8A/AM8B – improve lifecycle asset management planning provisions (processes, forecast assumptions) and provide additional information on data and models

WELL supports the inclusion of information that demonstrates the link between data, asset health and expenditure forecasts. WELL agrees with the inclusion of this information in clause 3.11 of the IDs rather than clause 12 as outlined in the Commissions Draft Determination paper.

WELL agrees non-network solutions (non-wire and network alternative solutions) will play an increasingly important part in network management in the future. WELL believes this will continue to play the larger role in Network Development rather than the suggestion of Lifecycle Asset Management. In the short to medium term WELL does not see non-wire solutions being a viable solution for asset lifecycle management in the Wellington Network due to the compact nature of our network, however as technology advances and price parity improves, non-wire solutions could become more prevalent for consideration.

Amendment AM9 – add explanation and exploration of scenarios, in addition to providing a single point forecast in forecasting schedules

WELL supports the inclusion of a description of the options and considerations made in their assessment of forecasting scenarios on a voluntary basis. WELL's only concern is whether one box for OPEX and one box for CAPEX provides adequate space to explain the option. Instead, WELL would prefer this voluntary disclosure to be included within the body of the AMP.

Amendment AM10 – disconnections data

WELL supports the inclusion of the forecast and actual number of disconnections for ICPs (by consumer type) in both Schedules 9E and 12C. This will enable stakeholders to understand the full picture of an EDBs growth. We do not see merit in disclosing the disconnection data for DG connections as this information is not information an EDB is privy to, with consumers able to self-disconnect without notification to an EDB.

Although WELL is able to separately disclose the disconnection information on an ICP by consumer type level for the disclosure year ending 31 March 2023, WELL does have concerns the Commission is retrospectively applying information disclosure requirements after the disclosure year has begun. WELL suggests the Commission instead requires this information to first required to be disclosed by 31 August 2024.

Amendment AM13 – require EDBs to make a confidential disclosure of operational expenditure on cybersecurity

WELL supports the inclusion of cybersecurity expenditure confidentially in Schedules 6 and 11. WELL believes the definition is fit for purpose. WELL would highlight that due to the packaged nature of some IT and software services, there will be elements of estimation required to split these costs into cybersecurity and other non-cybersecurity services.

WELL would also encourage the Commission to consider a similar disclosure for capital expenditure related to cybersecurity.

Although WELL is able to separately disclose this information for the disclosure year ending 31 March 2023, WELL does have concerns the Commission is retrospectively applying information disclosure requirements after the disclosure year has begun. WELL suggests the Commission instead requires this information to first required to be disclosed by 31 August 2024.

6. Aligning with other regulatory rules draft information disclosures

WELL appreciates the Commission's commitment to actively consider which "tidy-ups" can be prioritised for completion during Tranche 2 of the Targeted ID Review. WELL continues to support completing corrections and alignment of regulatory rules and requirements on a more regular basis - where these are simple and non-intrusive.

Amendment A1 – changes to recoverable and pass-through costs definition

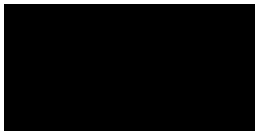
WELL supports changes to the definitions to achieve consistency of definitions across the regulatory determinations. There are other changes of this nature which should be made as part of Tranche 1, including the alignment of the ID requirements relating to unplanned normalisation and boundary values with that of the DPP Determination.

7. Closing

WELL appreciates the opportunity to provide a submission on the Commerce Commissions Draft Decision paper “Targeted Information Disclosure Review – Electricity Distribution Businesses”. The Draft Decision paper provides a good opportunity to provide refined feedback on the proposed draft information disclosure determination prior to finalisation and implementation.

If you have any questions or there are aspects you would like to discuss, please don’t hesitate to contact Miranda Harle, Commercial and Regulatory Accountant, at miranda.harle@welectricity.co.nz

Yours sincerely



Greg Skelton

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