

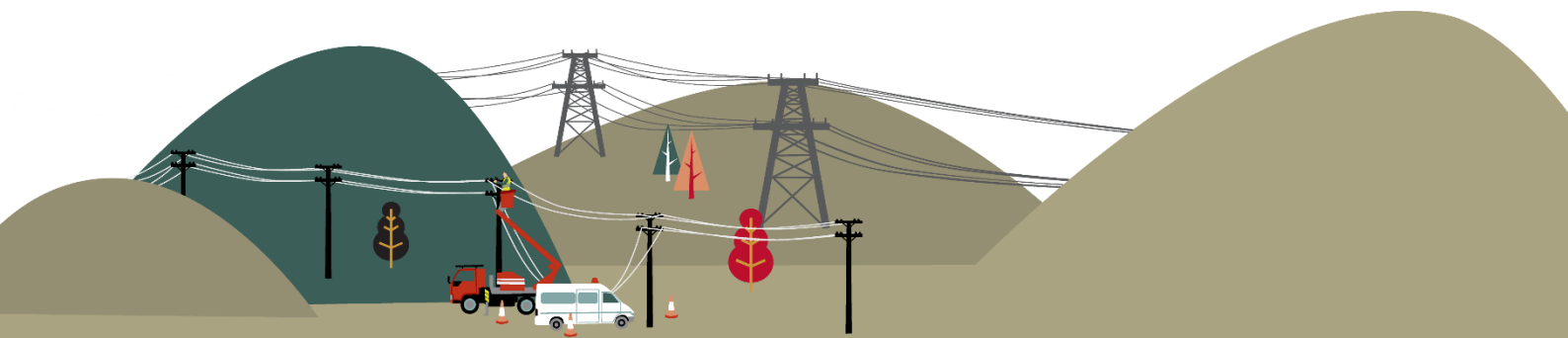
# Targeted Information Disclosure Review – Electricity Distribution Businesses

## Final decision paper – Tranche 1

**Date of publication:** 25 November 2022

Commerce Commission

New Zealand



## Associated documents

Publication date	Reference	Title
1 October 2012	N/A	<a href="#">NZCC 22/2012 Electricity Distribution Information Disclosure determination</a>
1 October 2012	ISBN 978-1-869452-09-4	<a href="#">Information disclosure for EDBs and GPBs – Final Reasons Paper</a>
24 March 2015	ISSN 1178-2560	<a href="#">[2015] NZCC 6 Amendment to the Electricity Distribution Information Disclosure Determination 2012</a>
24 March 2015	ISBN 978-1-869454-42-5	<a href="#">Amendments to information disclosure determinations for electricity distribution and gas pipeline services – Final reasons paper</a>
21 December 2017	ISSN 1178-2560	<a href="#">[2017] NZCC 33 Electricity distribution information disclosure amendments determination 2017</a>
21 December 2017	ISBN 978-1-869456-21-4	<a href="#">Amendments to information disclosure determinations for airport services, electricity distributions services, and gas pipeline services – Companion paper</a>
29 April 2021	N/A	<a href="#">Open letter – Ensuring our energy and airports regulation is fit for purpose</a>
26 July 2021	ISBN: 978-1-869459-04-8	<a href="#">Reporting of asset management practices by EDBs – a targeted review of potential improvements</a>
31 August 2021	ISBN 978-1-869458-75-1	<a href="#">Electricity Distribution Information Disclosure (Aurora Energy Limited) – Amendment Determination</a>
31 August 2021	ISBN 978-1-869459-24-6	<a href="#">Aurora Energy Limited – Additional Information Disclosure Requirements – Reasons paper</a>
12 October 2021	N/A	<a href="#">Open letter on priorities for Energy and Airports – Summary of key themes from submissions</a>
18 November 2021	ISBN: 978-1-869459-48-2	<a href="#">Review of Electricity Distribution Businesses’ 2021 Asset Management Plans in relation to decarbonisation</a>
7 December 2021	N/A	<a href="#">Summary and feedback on workshop on the impact of decarbonisation on electricity lines services</a>
9 December 2021	ISBN 978-1-869459-59-8	<a href="#">Electricity Distribution Information Disclosure Determination 2012 – Consolidated version</a>
23 March 2022	ISBN 978-1-869459-96-3	<a href="#">Targeted Information Disclosure Review - Electricity Distribution Businesses – Process and Issues Paper</a>
3 August 2022	ISBN 978-1-99-101219-7	<a href="#">Targeted Information Disclosure Review – Electricity Distribution Businesses – Draft decisions paper – Tranche 1</a>
3 August 2022	ISBN 978-1-99-101220-3	<a href="#">[Draft] Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022</a>
25 November 2022	ISSN 1178 – 2560	<a href="#">[2022] NZCC 36 Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022</a>

## Contents

Final decision paper – Tranche 1	1
<b>Executive summary</b>	<b>5</b>
We are requiring electricity distribution businesses to disclose new and improved information about their performance	5
We are reviewing information disclosure requirements for electricity distribution businesses to ensure they remain fit for purpose as the external context changes	6
<b>Chapter 1 Introduction</b>	<b>9</b>
We are requiring electricity distribution businesses to disclose new and improved information about their performance	9
<b>Chapter 2 Summary of our final decisions</b>	<b>15</b>
This chapter summarises our final decisions	15
We have refined and expanded existing requirements	15
Audit and director certification obligations do not apply to new requirements for disclosure year 2023	15
We have set new requirements for narrative information about electricity distribution business practices and capability	16
We have integrated some new requirements into existing asset management plan requirements	17
Table 1: Compliance with new requirements is staggered over 2023-2025	19
Table 2: Summary of final decisions	21
<b>Chapter 3 Reasons for our final decisions</b>	<b>37</b>
This chapter discusses the reasons for our final decisions, including how we have considered submissions on our draft decisions	37
We have set new requirements for narrative information about electricity distribution business practices and capability	37
We have staggered compliance timing and assurance requirements for practicality	40
We have considered cost and complexity in designing our final decisions	42
We have deferred consideration of issues that may require further engagement with stakeholders	43
Quality of service	44
Decarbonisation	80
Asset management	92
Aligning information disclosure with other rules and regulations	113
<b>Attachment A Framework for our final decisions</b>	<b>114</b>
Purpose of this attachment	114
The function of information disclosure regulation	114
The purpose of information disclosure regulation	115
Our role in regulating electricity distribution businesses under information disclosure regulation	118
Enforcement	126
<b>Attachment B Issues we may consider in Tranche 2</b>	<b>130</b>

## Glossary

Acronym	Expanded form
<b>ADR</b>	Annual Delivery Report
<b>AMP</b>	Asset Management Plan
<b>Aurora</b>	Aurora Energy Limited
<b>Aurora ID review</b>	Aurora Energy's enhanced information disclosure requirements
<b>DPP</b>	Default price-quality path
<b>DDA</b>	Default Distributor Agreement
<b>DER</b>	Distributed Energy Resource
<b>DG</b>	Distributed Generation
<b>EA</b>	Electricity Authority
<b>EDB IMs</b>	Electricity Distribution Businesses Input Methodologies
<b>EDBs</b>	Electricity Distribution Businesses
<b>EECA</b>	Energy Efficiency and Conservation Authority
<b>ENA</b>	Electricity Networks Association
<b>EV</b>	Economic Value
<b>ICP</b>	Installation control point
<b>ID</b>	Information Disclosure
<b>ID Review</b>	Targeted Information Disclosure Review
<b>IMs</b>	Part 4 input methodologies
<b>IPAG</b>	Innovation and Participation Advisory Group
<b>LV</b>	Low voltage (in reference to network types) <sup>1</sup>
<b>MAIFI</b>	Momentary Average Interruption Frequency Index <sup>2</sup>
<b>MBIE</b>	Ministry of Business, Innovation and Employment
<b>MEUG</b>	Major Electricity Users' Group
<b>Part 4</b>	Part 4 of the Commerce Act 1986
<b>PIP</b>	Process and Issues Paper
<b>SAIDI</b>	System Average Interruption Duration Index
<b>SAIFI</b>	System Average Interruption Frequency Index
<b>The Act</b>	Commerce Act 1986
<b>TLC</b>	The Lines Company
<b>UDL</b>	Utility Disputes Limited

<sup>1</sup> 'Low voltage' is defined in the EDB Information Disclosure Determination as the nominal Alternating Current (AC) voltage of less than 1000 volts or the assets of the EDB that are directly associated with the transport or delivery of electricity at those voltages.

<sup>2</sup> MAIFI is a measure of the number of momentary interruptions (of duration less than one minute) experienced by consumers.

## Executive summary

### **We are requiring electricity distribution businesses to disclose new and improved information about their performance**

- X1 We are reviewing the information disclosure (ID) requirements for electricity distribution businesses (EDBs) to ensure that sufficient information is available to enable stakeholders to assess EDBs' performance and continue to do so in a changing environment.
- X2 As part of this review, we are changing some ID requirements and adding some new requirements for EDBs. These changes will enable stakeholders (including consumers) to better understand how EDBs are performing now and in the future.
- X3 This paper outlines our final decisions for Tranche 1 of this review, including all changes to ID requirements and new ID requirements, and our reasons. The Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022 published alongside this paper gives effect to our final decisions.
- X4 The new/amended ID requirements will be implemented in a staged manner. We have included a compliance calendar on page 19 in Chapter 2 which sets out the key dates by which various categories of information must be disclosed.

### **Our final decisions will ensure stakeholders can access better information about EDBs' quality of service, asset management practices, and preparation for the future**

- X5 The key aspects of our final decisions are:
  - X5.1 *Quality of service:* We have refined reporting requirements on quality of service to improve the accuracy of disclosed information and expanded requirements to capture different dimensions of quality.
  - X5.2 *Decarbonisation:* We have expanded reporting requirements to capture more information on innovation and managing new network connections.
  - X5.3 *Asset management:* We have refined reporting requirements on asset management to capture more comprehensive and consistent information on EDB practices and capability.
- X6 We have tailored the timing and format of our final decisions to ensure sufficient information on these aspects of EDB performance is available to stakeholders, while allowing EDBs time to prepare and deliver under new requirements.

## **We are reviewing information disclosure requirements for electricity distribution businesses to ensure they remain fit for purpose as the external context changes**

### **Electricity distribution businesses face a changing environment**

X7 The energy sector is undergoing a period of significant change, particularly in response to decarbonisation and other impacts of climate change. There are also challenges and opportunities posed by new technologies. We are undertaking this targeted review of information disclosure (ID) requirements for electricity distribution businesses (EDBs) because EDBs are likely to be impacted significantly and in multiple ways. We are seeing signals of this in the Government’s first Emissions Reduction Plan published in May 2022.<sup>3</sup> The plan lays out major actions on a range of topics including electrifying the economy, phasing out fossil fuels in transport and heating, increasing access to electric vehicles and developing a national energy strategy.

### **Our final decisions reflect feedback from stakeholders and our analysis**

X8 We have identified several ways in which we can improve our ID requirements for EDBs based on our observations since the requirements were set. Over time, we have seen information disclosed by EDBs mature and improve. We have also identified emerging trends for key metrics through several pieces of analysis we have completed using ID data.<sup>4</sup>

X9 Our final decisions are informed by feedback received from stakeholders, including feedback in response to:

X9.1 our resets of EDB price-quality paths;<sup>5</sup>

X9.2 our open letter of April 2021;<sup>6</sup>

X9.3 our Process and Issues Paper (PIP) for this review;<sup>7</sup> and

---

<sup>3</sup> [Ministry for the Environment Manatū Mō te Taiao “Aotearoa New Zealand’s First Emissions Reduction Plan” \(2022\).](#)

<sup>4</sup> Our public pieces of performance analysis using ID data are available on our website here: <https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-distributor-performance-and-data/trends-in-local-lines-company-performance>.

<sup>5</sup> We set “price-quality paths” that restrict the revenue these EDBs can earn and require them to deliver services at a quality that consumers would expect.

<sup>6</sup> [Commerce Commission, “Ensuring our energy and airports regulation is fit for purpose” \(29 April 2021\).](#)

<sup>7</sup> [Commerce Commission, “Targeted Information Disclosure Review – Process and Issues paper” \(23 March 2022\).](#)

- X9.4 our draft decisions for Tranche 1 of this review.<sup>8</sup>
- X10 Our Process and Issues Paper detailed the process and timing we plan to follow (including splitting the review into at least two tranches), the scope of the review, and some specific areas on which we were seeking feedback. We received submissions and cross-submissions on both the PIP and our draft decisions from a wide group of stakeholders, including EDBs, retailers, consumer groups, and other interested parties in the sector.
- X11 We value the clarity, comprehensiveness, and depth of engagement in the submissions we received. Our final decisions are different to our draft decisions in multiple ways, informed by the feedback we received in submissions on our draft decisions. Key differences from our draft decisions include that we have:
- X11.1 deferred the quantitative component of Q1 (notice of planned outages) to Tranche 2;
  - X11.2 deferred AM6 (definition of overhead circuit requiring vegetation management) to Tranche 2;
  - X11.3 allowed greater lead-in time for EDBs to comply with multiple requirements;
  - X11.4 clarified audit and director certification obligations associated with new requirements; and
  - X11.5 made several detailed changes to various requirements.

**We set information disclosure requirements to enable stakeholders to assess the performance of electricity distribution businesses**

- X12 We set requirements for EDBs to publicly disclose information on a regular basis about how they are performing, including how they are responding to changing consumer demands and planning for the future.<sup>9</sup> The types of information that EDBs must disclose include data on prices, measures of quality, financial and forward-looking information on managing and investing in the network (including expenditure forecasts).

---

<sup>8</sup> [Commerce Commission, “Targeted Information Disclosure Review – Draft decisions paper – Tranche 1” \(3 August 2022\).](#)

<sup>9</sup> We regulate electricity distribution businesses under Part 4 of the Commerce Act 1986.

- X13 The purpose of this form of regulation is to ensure sufficient information is available to stakeholders (including consumers) to be able to assess EDBs' performance.<sup>10</sup> We produce a summary and analysis of this information to make it more accessible and understandable for stakeholders.<sup>11</sup>

**These final decisions are the first of at least two tranches of our review of electricity distribution business information disclosure requirements**

- X14 These are our final decisions for Tranche 1 of a targeted review of ID requirements for EDBs, with the changes coming into effect in a staggered approach over 2023 and 2024.
- X15 We propose to consider other issues in Tranche 2 of this review in 2023. We have listed some of these for your reference in Attachment B of this paper.

---

<sup>10</sup> Commerce Act 1986, s 53A; 52A.

<sup>11</sup> Our public pieces of performance analysis using ID data are available on our website here: <https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-distributor-performance-and-data/trends-in-local-lines-company-performance>.



## Chapter 1 Introduction

### **We are requiring electricity distribution businesses to disclose new and improved information about their performance**

#### **We have changed information disclosure requirements and added new requirements**

- 1.1 We have made changes to the information disclosure (ID) requirements that apply to electricity distribution businesses (EDBs) under Part 4 of the Commerce Act 1986 (Part 4).
- 1.2 The new/amended ID requirements will be implemented in a staged manner. We have included a compliance calendar on page 2019 in Chapter 2 which sets out the key dates various information must be disclosed by.
- 1.3 This paper outlines our final decisions on Tranche 1 of this review, including all changes to ID requirements and new ID requirements, and our reasons. The Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022 published alongside this paper gives effect to our final decisions.
- 1.4 This is the first of at least two tranches of changes we are considering. We will engage further with stakeholders on Tranche 2 now that we have made our final decisions on Tranche 1.

#### **We set information disclosure requirements to enable stakeholders to assess the performance of electricity distribution businesses**

- 1.5 Information disclosure is a regulatory tool provided for under Part 4. We use it to regulate certain markets where there is little or no competition (and little prospect of future competition) by requiring suppliers in those markets to publicly disclose information about their performance.
- 1.6 The purpose of ID is to ensure that sufficient information is readily available to interested persons (stakeholders) to assess whether the purpose of Part 4 is being met.<sup>12</sup> We then analyse and summarise that information into a form that is helpful for consumers and other stakeholders to understand.

---

<sup>12</sup> Commerce Act 1986, s 53A. We interpret the reference to ‘interested persons’ in section 53A to include: consumers and consumer groups; electricity and gas retailers, and their representative groups; central government and regional authorities; other regulatory agencies (such as the Electricity Authority and the Gas Industry Company Ltd); any other stakeholder of the regulated supplier (including providers of flexibility services), including investors; and their advisers (such as equity analysts and other professional advisors), and owners of regulated suppliers. The Commission is also an interested person. See Commerce Commission, “Information disclosure for EDBs and GPBs – Final Reasons Paper” (1 October 2012), p. 17.

- 1.7 An effective information disclosure regime provides transparency to stakeholders on the performance of regulated suppliers. Information is disclosed regularly, to provide an ongoing source of information so that multi-year trends can be identified and monitored over time. This allows stakeholders to assess whether, in relation to a regulated supplier, outcomes are broadly consistent with what is expected in a workably competitive market.
- 1.8 Publishing our analysis of the information that a supplier publicly discloses can also promote incentives for the supplier to improve its performance, by highlighting performance levels, relative performance, and performance trends to stakeholders including other suppliers.
- 1.9 We also set price and quality controls for EDBs that are not ‘consumer-owned’ (referred to as non-exempt EDBs). We set “price-quality paths” that restrict the revenue these EDBs can earn and impose minimum standards for the quality of service that consumers receive.
- 1.10 EDBs that are consumer-owned (currently 13 of the 29 EDBs) are exempt from price-quality paths because Parliament has decided that their consumers have enough input into how the business is run, reducing the need for price-quality paths.<sup>13</sup> In exempt businesses, there is an alignment of interest between business owners and consumers which reduces the incentives of the owners to exercise market power at the expense of consumers.

**We are reviewing our information disclosure requirements to ensure our regulation remains fit for purpose as the external context changes**

- 1.11 We are undertaking this targeted review of ID requirements that apply to EDBs to ensure sufficient information is available for stakeholders to enable them to assess EDBs’ performance and continue to do so in a changing environment. This is part of ensuring our regulation remains fit for purpose as the external context changes. It is important that our rules and processes ensure that EDBs have incentives to continue to invest and innovate to maintain reliable services, while responding to changing consumer preferences, technology, government policy and other environmental factors, including climate change.<sup>14</sup>

---

<sup>13</sup> ‘Consumer-owned’ suppliers are defined in s 54D of the Act. Information disclosure is the only form of regulation to which consumer-owned EDBs (‘exempt EDBs’) are subject under Part 4.

<sup>14</sup> [Commerce Commission “Ensuring our energy and airports regulation remains fit for purpose” \(23 February 2022\)](#).

- 1.12 The energy sector is in a period of transition and change, particularly in relation to the transition to a low carbon economy and other impacts of climate change, and the challenges and opportunities posed by new technology. EDBs are likely to be impacted significantly and in multiple ways. In May 2022, the Government released its first Emissions Reduction Plan.<sup>15</sup> The plan lays out some major actions over the next few years, including:
- 1.12.1 developing a gas transition plan to manage the phasing-out of fossil gas, and developing a national energy strategy;
  - 1.12.2 supporting development and efficient use of transmission and distribution infrastructure to further electrify the economy, as well as ensuring the electricity system can support high levels of renewables, as part of ensuring the electricity system is ready to meet future needs;
  - 1.12.3 increasing access to electric vehicles, beginning the process of decarbonising heavy transport and freight and enabling more people to walk, cycle and take public transport;
  - 1.12.4 supporting businesses to improve energy efficiency and move away from fossil fuels such as coal by continuing to roll out the Government Investment in Decarbonisation Industry fund; and
  - 1.12.5 banning new low- and medium-temperature coal boilers and phasing out existing ones.
- 1.13 Climate change will also pose other challenges to EDBs in the medium to long term, including for network resilience to weather events.
- 1.14 We are continuing to work closely with the Electricity Authority (EA), especially on how decarbonisation affects EDBs. The EA has recently consulted on its work in related areas, such as its report *Updating the regulatory settings for distribution networks*.<sup>16</sup>

---

<sup>15</sup> [Ministry for the Environment Manatū Mō te Taiao “Aotearoa New Zealand’s First Emissions Reduction Plan” \(2022\)](#)

<sup>16</sup> The Electricity Authority’s consultation and the resulting submissions are available on its website here: <https://www.ea.govt.nz/development/work-programme/evolving-tech-business/updating-regulatory-settings-for-distribution-networks/>.

## **Our final decisions reflect past stakeholder feedback and our increased experience of regulation**

- 1.15 We have identified several ways in which we can improve our ID requirements for EDBs based on observations we have made in the period since the requirements were set. Over time we have seen information disclosed by EDBs mature and improve and trends emerge for key metrics. We have also undertaken several pieces of analysis using ID data.<sup>17</sup>
- 1.16 Our final decisions are also informed by our past engagement with stakeholders and the detailed and useful feedback they have provided us. As part of this review, we considered issues and areas for improvement that had already been identified in the following:
- 1.16.1 feedback from EDBs on their experience in producing information to meet our requirements;<sup>18</sup>
  - 1.16.2 our analysis of trends in EDB performance;<sup>19</sup>
  - 1.16.3 our 2020 reset of EDB price-quality paths;<sup>20,21</sup>
  - 1.16.4 feedback on our open letter of 29 April 2021;<sup>22</sup>
  - 1.16.5 analysis by the Electricity Authority’s Innovation and Participation Advisory Group (IPAG);<sup>23</sup>
  - 1.16.6 our recent review of EDB asset management practices and the Partna review of EDB risk preparedness which we commissioned;<sup>24</sup> and

---

<sup>17</sup> Our public pieces of performance analysis using ID data are available on our website here: <https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-distributor-performance-and-data/trends-in-local-lines-company-performance>.

<sup>18</sup> A register of issues raised in the past on EDB and gas pipelines ID requirements is available on our website here: <https://comcom.govt.nz/regulated-industries/electricity-lines/information-disclosure-requirements-for-electricity-distributors/current-information-disclosure-requirements-for-electricity-distributors>.

<sup>19</sup> [Commerce Commission “Trends in local lines company performance” \(2020\)](#).

<sup>20</sup> [Commerce Commission “Default price-quality paths for electricity distribution businesses – Final decision” \(2019\)](#).

<sup>21</sup> [ENA Working Group on Quality of Service Regulation “Interim Report to the Commerce Commission” \(2018\)](#).

<sup>22</sup> [Commerce Commission, “Ensuring our energy and airports regulation is fit for purpose” \(29 April 2021\)](#), [Commerce Commission, “Summary of submissions received on letter published 29 April 2021” \(12 October 2021\)](#).

<sup>23</sup> [IPAG “Equal Access” \(2019\)](#), [IPAG “Access to input services draft advice” \(2019\)](#), [IPAG “Transpower DR programme review” \(2021\)](#).

<sup>24</sup> [Commerce Commission “Reporting of asset management practices by EDBs – a targeted review of potential improvements” \(2021\)](#), [Partna Consulting Group, “AMP Review of EDB Risk Preparedness” \(May 2019\)](#).

- 1.16.7 our recent review of EDBs' reporting on their preparedness for decarbonisation, and the decarbonisation workshop we ran with stakeholders on 7 December 2021 and subsequent written submissions.<sup>25</sup>
- 1.17 In March 2022, we published our Process and Issues Paper (PIP) which detailed the process we planned to follow (including undertaking the review in two tranches), the scope of the review, and specific areas on which we wanted feedback. In August 2022, we published our draft decisions for Tranche 1. We received submissions and cross-submissions on both of these papers from a wide group of stakeholders, including EDBs, retailers, other interested parties in the sector, and consumer groups. We value the clarity, comprehensiveness, and depth of engagement in these submissions.
- 1.18 Our final decisions are informed by the submissions we received (alongside past feedback and our analysis). In response to points made in submissions, some of our final decisions are different to our draft decisions. Key differences include:
- 1.18.1 we have deferred the quantitative component of Q1 (notice of planned outages) to Tranche 2;
  - 1.18.2 we have deferred AM6 (definition of overhead circuit requiring vegetation management) to Tranche 2;
  - 1.18.3 we have allowed greater lead-in time for EDBs to comply with several requirements; and
  - 1.18.4 we have clarified audit and director certification obligations associated with new requirements.

**We have refined existing requirements and added new ones to improve information on the quality of service and to prepare for future changes in the sector**

- 1.19 This review focuses on EDBs in particular because of the increasing pace of change and potentially significant challenges EDBs are facing because of decarbonisation and new technology. We are seeing signals of this in the Government's first Emissions Reduction Plan published in May 2022.<sup>26</sup> We have also prioritised EDBs for this review to obtain benefits from some of the information being disclosed in time for the next price-quality path reset in 2025.
- 1.20 This review is focused on four categories:

---

<sup>25</sup> [Commerce Commission "Workshop on the impact of decarbonisation on electricity lines services" \(summary of stakeholder views, February 2022\).](#)

<sup>26</sup> [Ministry for the Environment Manatū Mō te Taiao "Aotearoa New Zealand's First Emissions Reduction Plan" \(2022\).](#)

- 1.20.1 quality of service;
  - 1.20.2 decarbonisation;
  - 1.20.3 asset management; and
  - 1.20.4 aligning ID with other regulatory rules.
- 1.21 Our Tranche 1 decisions have a targeted scope to allow us to prioritise higher-impact changes and to conduct an efficient process. Our Tranche 1 decisions will come into effect in a staggered approach over 2023 and 2024.
- 1.22 Aspects of our Tranche 1 decisions cover issues that we will continue to focus on in the longer term. For example, EDB innovation is touched on in our Tranche 1 decisions but will continue to be a focus for us beyond this review, and has implications wider than ID. For certain issues touched on in Tranche 1, we have signalled in this paper that we intend to follow up in Tranche 2 or in a future project.
- 1.23 We have received valuable feedback on Tranche 2 issues in submissions, and we will engage further with stakeholders on Tranche 2 in due course. Attachment B contains a list of the Tranche 2 issues (including issues we have deferred from Tranche 1 to Tranche 2 since our draft decisions), but we do not generally discuss Tranche 2 issues in this paper.
- 1.24 As part of our wider ID work programme, we are carrying out work on a broader range of issues than those outlined in this paper. In particular, we plan to undertake “tidy-ups” of our ID requirements, including correcting errors, adding guidance and removing redundant existing requirements where appropriate. We heard strong calls for us to further prioritise this work, especially removing any redundant requirements.

## Chapter 2 Summary of our final decisions

### This chapter summarises our final decisions

- 2.1 This chapter provides a summary of our final decisions including:
  - 2.1.1 a description of the key elements of our final decisions;
  - 2.1.2 a calendar summarising when EDBs must comply with our final decisions; and
  - 2.1.3 a table summarising our final decisions.<sup>27</sup>

### We have refined and expanded existing requirements

- 2.2 The key elements of our final decisions are:
  - 2.2.1 changes to existing requirements for backward-looking information (schedules 1-10 of the ID requirements);
  - 2.2.2 changes to existing requirements for forward-looking information (asset management plans and schedules 11-15 of the ID requirements); and
  - 2.2.3 new requirements for narrative information on EDB practices and capability across a range of issues.
- 2.3 Our Tranche 1 final decisions relate to some issues that will not be completely addressed in Tranche 1, or in this review as a whole. For example, EDB innovation is touched on in our Tranche 1 final decisions but will continue to be a focus for us in the future, in terms of both ID and other parts of our regulation under Part 4. For certain issues touched on in Tranche 1, we have signalled we intend to follow up in Tranche 2 or in a future project.

### Audit and director certification obligations do not apply to new requirements for disclosure year 2023

- 2.4 In response to our draft decisions, many EDBs asked us to clarify audit and director certification obligations associated with the new requirements. Some EDBs also commented on the time and resource they needed to meet these obligations.

---

<sup>27</sup> For the benefit of stakeholders, we have continued to label the issues considered in this review in line with our Process and Issues Paper and draft decision (eg, Q1). Labels are not consecutive because some issues are part of Tranche 2 and not generally discussed in this paper. Where a new issue has been identified after the Process and Issues Paper was published, a new label has been created (eg, AM13).

- 2.5 Any information that must be disclosed under the new requirements is exempt from audit and director certification obligations for disclosure year 2023. Information disclosed under existing requirements (ie, those requirements set prior to November 2022) is not exempt (there is no change for existing requirements).
- 2.6 Starting from disclosure year 2024, information disclosed under these new requirements may be subject to audit or director certification obligations. This is determined by the following principles:
- 2.6.1 information that must be disclosed within a schedule that is subject to audit, is also subject to audit;
  - 2.6.2 information that must be disclosed in the asset management plan (AMP) is subject to the same director certification obligations that apply to the AMP;
  - 2.6.3 information that must be disclosed in either the AMP or separate document(s) on the EDB’s website (narrative information), is subject to the same director certification obligations that apply to the AMP.
- 2.7 We have also listed the audit and director certification obligations against each issue in Table 1 below. For complete detail of these obligations, refer to clauses 2.8-2.9 of the Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022.<sup>28</sup>

### **We have set new requirements for narrative information about electricity distribution business practices and capability**

- 2.8 We have set new high-level requirements for narrative information about EDB capability and practices on topics such as innovation and customer service. An EDB may disclose this narrative information:
- 2.8.1 in its AMP; or
  - 2.8.2 in a different document(s) on its website.
- 2.9 If any of the information is disclosed in a different document(s) on the EDB’s website, the contents page of the EDB’s most recent AMP must include a hyperlink reference to the location of the document(s).

---

<sup>28</sup> *Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022 [2022] NZCC 36.*



- 2.10 This narrative information must be disclosed by 30 June 2023 for disclosure year 2023 and 31 March in years after that. This means in 2023 the AMP is required to be disclosed before the narrative information. An EDB may choose to:
- 2.10.1 disclose this information by 31 March 2023 and include or reference the information in its 2023 AMP, or
  - 2.10.2 disclose this information in a separate document(s) by 30 June 2023 – the EDB is not required to reference that document(s) in the 2023 AMP.
- 2.11 These narrative requirements exist for the following issues:
- 2.11.1 Q2 Power quality;
  - 2.11.2 Q3 Time taken for new connections;
  - 2.11.3 Q4 Customer service and complaints;
  - 2.11.4 D2 Impact of new connections; and
  - 2.11.5 D4 Innovation practices.

### **We have integrated some new requirements into existing asset management plan requirements**

- 2.12 We require AMPs to contain information on a range of topics. We have changed these requirements to improve the quality of information disclosed on certain topics in AMPs:
- 2.12.1 AM7A Approach to vegetation management-related maintenance;
  - 2.12.2 AM7B Approach to capital expenditure forecasts;
  - 2.12.3 AM8A Use of asset management data; and
  - 2.12.4 AM8B Approach to modelling non-network solutions.
- 2.13 EDBs may disclose “AMP updates” instead of AMPs in some circumstances. The AMP update must identify any material changes to the network development plans and lifecycle asset management (maintenance and renewal) plans disclosed in the last AMP.<sup>29</sup>

---

<sup>29</sup> Clause 2.6.3, 2.6.5 of [NZCC 22/2012 Electricity Distribution Information Disclosure determination](#).

- 2.14 EDBs must disclose information under the new requirements listed above in full for the first disclosure year the information is required - whether in an AMP or an AMP update. This is because the new information is a material change, as described in the above paragraph.
- 2.15 For subsequent disclosures, EDBs must continue to disclose AMPs or AMP updates in compliance with the relevant requirements.<sup>30</sup>
- 2.16 EDBs may also disclose narrative information as part of their AMPs, as discussed in the previous section. This includes disclosing the information as part of an AMP update, if applicable. This narrative information must be disclosed in full for each relevant disclosure year, whether it is disclosed in an AMP, an AMP update, or elsewhere.

---

<sup>30</sup> Clause 2.6.3, 2.6.5 of [NZCC 22/2012 Electricity Distribution Information Disclosure determination](#).

**Table 1: Compliance with new requirements is staggered over 2023-2025**

Date	Disclosures	New/changed requirements	Audit and certification implications
<b>31 March 2023</b>	AMP disclosed	Narrative information may be disclosed within the AMP (issues Q1A, Q2, Q3A, Q4, D2, D4). <sup>31</sup>	New narrative information is exempt from the director certification requirement for this disclosure only, whether disclosed in the AMP or separate document(s). All other content in the AMP is subject to the director certification requirement.
	Schedule 11-15 information disclosed	Supporting information may be voluntarily disclosed in Schedule 11 and 12 (issue AM9)	This disclosure is voluntary, but if disclosed it is subject to director certification requirements as part of Schedule 11 and 12.
	Disclosure begins for customer charters and compensation schemes	Any customer charters or consumer compensation schemes must be disclosed and kept up to date (issue Q5)	This information has no director certification or audit requirement.
<b>30 June 2023</b>	Narrative information disclosed	Narrative information disclosed (issues Q1A, Q2, Q3A, Q4, D2, and D4)	Narrative information is exempt from the director certification requirement for this disclosure only.
<b>31 August 2023</b>	Schedules 1-10 disclosed	Additional information disclosed: decommissioning information disclosed in Schedule 9 (issue AM10) definitions updated for pass-through and recoverable costs (issue A1)	Decommissioning information in Schedule 9 is exempt from audit and director certification requirements for DY 2023 only. The rest of the information in Schedules 1-7 and 9-10 is subject to audit and director certification requirements for DY 2023.
	AMP disclosed	Lifecycle asset management planning information is disclosed within the DY 2025 AMP (issues AM7A, AM7B, AM8A, AM8B)	All content in the AMP is subject to director certification requirements for this disclosure onwards.
<b>31 March 2024</b>	Narrative information disclosed	Narrative information disclosed either within the AMP or in a separate document(s) (issues Q1A, Q2, Q3A, Q4, D2, D4).	Narrative information is subject to director certification requirements for this disclosure onwards, whether disclosed in the AMP or a separate document(s).

<sup>31</sup> Each EDB may choose to disclose this narrative information in either its AMP by 31 March 2023 or a separate document(s) on its website by 30 June 2023. After that, all EDBs must disclose narrative information by 31 March each year, whether in the AMP or a separate document(s).

Date	Disclosures	New/changed requirements	Audit and certification implications
<b>31 August 2024</b>	Schedule 1-10 information disclosed	Additional information disclosed: in Schedule 10 (issues Q11 and Q13) in Schedule 6 (issue AM13)	All information in Schedules 1-7 and 9-10 are subject to audit and director certification requirements for DY 2024 onwards.

**Table 2: Summary of final decisions**

<b>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.</b>		
<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Q1 was proposed as a single amendment in the draft decision and PIP. Our final decision is to proceed with two separate amendments: Q1A and Q1B.</p> <p>Q1A – Narrative disclosure:</p> <p>We require EDBs to describe how they provide notice and communicate planned and unplanned interruptions, including any plans for changes or improvements in this area.</p> <p>Q1B – Quantitative disclosure</p> <p>We are deferring the consideration of the quantitative disclosure of how much notice of planned interruptions is given to consumers, including planned interruptions that are booked but not carried out to Tranche 2.</p>	<p>Q1A – Narrative disclosure:</p> <ul style="list-style-type: none"> <li>Narrative information is first disclosed by 31 March 2023 in the EDB’s 2023-2033 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.<sup>32,33</sup></li> <li>There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.</li> </ul> <p>Q1B – Quantitative disclosure:</p> <p>We are deferring the consideration of the quantitative disclosure to Tranche 2.</p>

<sup>32</sup> Each EDB may disclose this information in its AMP or a separate document(s) on its website. In 2023, it may disclose by 30 June if in a separate document(s). From 2024 onwards, it must disclose by 31 March whether in the AMP or a separate document(s). This allows it time to prepare for disclosure in the first year of the new requirement.

<sup>33</sup> Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.

---

**Amendment Q2 – add ID requirements on power quality.**

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Our final decision is to add a requirement for EDBs to describe their practices for monitoring voltage (including any plans for improvements) including:<sup>34</sup></p> <ul style="list-style-type: none"> <li>• what the EDB is doing to develop and improve practices for monitoring voltage quality on its low voltage (LV) network (eg, the EDB may provide reference to any work they are undertaking with other companies);</li> <li>• work it is doing on their LV network to address any known non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010;</li> <li>• how it is responding to and reporting on voltage quality issues when it identifies them, or they are raised by a stakeholder (eg, the EDB may provide reference to performance over the previous period to give the forward plan context); and</li> <li>• how it is communicating the work it is doing to improve voltage quality on its LV network to affected consumers.</li> </ul>	<ul style="list-style-type: none"> <li>• Narrative information is first disclosed by 31 March 2023 in the EDB’s 2023-2033 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.<sup>35,36</sup></li> <li>• There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.</li> </ul>

---

<sup>34</sup> We discussed our proposed flexible reporting options, which cover this proposed requirement, later in this Chapter.

<sup>35</sup> Each EDB may disclose this information in its AMP or a separate document(s) on its website. In 2023, it may disclose by 30 June if in a separate document(s). From 2024 onwards, it must disclose by 31 March whether in the AMP or a separate document(s). This allows it time to prepare for disclosure in the first year of the new requirement.

<sup>36</sup> Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.

### Amendment Q3 – add ID requirements on practices for connecting new consumers and altering existing connections.

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Q3 was proposed as a single amendment in the draft decision and PIP. Our final decision is to proceed with two separate amendments: Q3A and Q3B.</p> <p>Q3A – Narrative disclosure:</p> <p>We require EDBs to describe their practices for connecting consumers and making alterations to existing connections, including:</p> <ul style="list-style-type: none"> <li>▸ the EDB’s approach to planning and management regarding connecting new consumers or making alterations to existing connections (offtake and injection connections);</li> <li>▸ how the EDB is seeking to minimise the cost to consumers of new or altered connections;</li> <li>▸ the EDB’s approach to planning and managing communication with consumers about new or altered connections; and</li> <li>▸ commonly encountered delays, issues, and potential timeframes for different connection types.</li> </ul> <p>Q3B – Quantitative disclosure:</p> <p>We are deferring the consideration of the quantitative disclosure of time taken to set up new connections and make alterations to existing connections to Tranche 2.</p>	<p>Q3A – Narrative disclosure:</p> <ul style="list-style-type: none"> <li>• Narrative information is first disclosed by 31 March 2023 in the EDB’s 2023-2023 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.<sup>37,38</sup></li> <li>• There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.</li> </ul> <p>Q3B – Quantitative disclosure:</p> <p>We are deferring the consideration of the quantitative disclosure to Tranche 2.</p>

<sup>37</sup> Each EDB may disclose this information in its AMP or a separate document(s) on its website. In 2023, it may disclose by 30 June if in a separate document(s). From 2024 onwards, it must disclose by 31 March whether in the AMP or a separate document(s). This allows it time to prepare for disclosure in the first year of the new requirement.

<sup>38</sup> Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.

---

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


---

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Our final decision is to add a requirement for EDBs to describe their current customer service practices including:<sup>39</sup></p> <ul style="list-style-type: none"> <li>• the EDB’s customer engagement protocols and customer service measures – including customer satisfaction with the EDB’s supply of electricity distribution services; and</li> <li>• the EDB’s approach to planning and managing customer complaint resolution.</li> </ul> <p>We define the term ‘complaint’ consistently with the definition used by Utilities Disputes Limited (UDL) in the Energy Complaints Scheme rules, where a complaint means: ‘an expression of dissatisfaction made to or about a Provider where a response or a resolution is explicitly or implicitly expected. For example, a complaint may be made by letter, email, phone call, text message or a post on a social media page maintained by the Provider, but not on a social media page maintained by the Complainant or a third party’.<sup>40</sup></p>	<ul style="list-style-type: none"> <li>• Narrative information is first disclosed by 31 March 2023 in the EDB’s 2023-2033 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.<sup>41,42</sup></li> <li>• There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.</li> </ul>

---

<sup>39</sup> We discuss our proposed flexible reporting options, which cover this proposed requirement, later in this chapter.

<sup>40</sup> [Utilities Disputes Limited General and Scheme Rules of the Energy Complaints Scheme](#)

<sup>41</sup> Each EDB may disclose this information in its AMP or a separate document(s) on its website. In 2023, it may disclose by 30 June if in a separate document(s). From 2024 onwards, it must disclose by 31 March whether in the AMP or a separate document(s). This allows it time to prepare for disclosure in the first year of the new requirement.

<sup>42</sup> Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.



---

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


---

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.	<p>Our final decision is to require that EDBs publicly disclose up-to-date copies of:</p> <ul style="list-style-type: none"> <li>the EDB’s existing customer charters including guaranteed service levels, if any; and</li> <li>information about existing customer compensation schemes (if any) that it has in place.</li> </ul>	<ul style="list-style-type: none"> <li>EDBs are required to publicly disclose this information from 31 March 2023.</li> <li>There is no requirement for director certification for this disclosure.</li> </ul>

---



---

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


---

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
Disclosed quality information is comparable between EDBs and consistent over the time series, allowing both better assessment of quality and greater ability to learn and improve ID requirements and associated summary and analysis.	<p>Our final decision is to modify the definition of System Average Interruption Frequency Index (SAIFI) values and System Average Interruption Duration Index (SAIDI) values to ensure EDBs record successive interruptions as an additional SAIFI value and SAIDI value if restoration of supply occurs for longer than one minute.</p> <p>We are also introducing a transitional reporting requirement in Schedule 10(i) for the 2024, 2025, and 2026 disclosure years, where EDBs that have not previously been applying the ‘multi-count’ approach continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2023, in addition to separately applying the multi-count approach.</p>	<ul style="list-style-type: none"> <li>EDBs are first required to disclose SAIFI and SAIDI values consistent with this definition by 31 August 2024 for disclosure year 2024 in Schedule 10(i).</li> <li>EDBs are required to also report Transitional SAIFI and Transitional SAIDI values using their old methodology for disclosure years 2024, 2025, and 2026 only.</li> <li>This disclosure is part of Schedule 10, and is therefore subject to audit and director certification.</li> </ul>

---

---

**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.**

---

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>The usefulness of disclosed information is maximised by targeting the requirements where appropriate.</p>	<p>Our final decision is to require EDBs to break down reporting of interruptions caused by third-party interference in Schedule 10(ii) to include commonly occurring interruptions resulting from external contractors or members of the public. The new table of additional third-party reporting categories includes:</p> <ul style="list-style-type: none"> <li>• 'Dig-In': means any unintended damage to any underground network asset caused by a third party;</li> <li>• Overhead Contact: means any form of unintended damage to any above ground network asset caused by contact that is not related to vegetation or animals;</li> <li>• Vandalism: means any intentional destruction of, or damage to, any network asset;</li> <li>• Vehicle Damage: means any unintended damage to any network assets including poles, ground mounted transformers, pillar boxes, but excluding overhead lines, caused by a ground vehicle; and</li> <li>• Other.</li> </ul>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose this information by 31 August 2024 for disclosure year 2024 in Schedule 10(ii).</li> <li>• This disclosure is part of Schedule 10, and is therefore subject to audit and director certification.</li> </ul>

---

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

Objective	Final decision	Disclosure timing and format
<p>Stakeholders better understand how EDBs are planning and preparing for decarbonisation.</p>	<p>Our final decision is to require EDBs to disclose a description of:</p> <ul style="list-style-type: none"> <li>• how the EDB assesses the impact that new connections will have on its network, including:               <ul style="list-style-type: none"> <li>○ how the EDB measures the scale and impact of new connections;</li> <li>○ how the EDB takes the timing and uncertainty of new connections into account; and</li> <li>○ how the EDB takes other factors into account, eg, the network location of new connections; and</li> <li>○ how the EDB assesses and manages the risk posed by uncertainty regarding new connections.</li> </ul> </li> </ul> <p>For the purposes of providing its responses to the above, an EDB is not required to disclose any commercially sensitive or confidential information.</p> <p>For the purpose of this requirement, “new connections” include:</p> <ul style="list-style-type: none"> <li>• new connections on the network;</li> <li>• demand connections, distributed generation, or storage capacity; and</li> <li>• either individual connections or multiple connections considered in aggregate.</li> </ul> <p>For the purpose of this requirement, an EDB must use its discretion to assess the impact a new network connection may have, eg, an EDB may consider a large number of small connections will have a significant impact in aggregate.</p>	<ul style="list-style-type: none"> <li>• Narrative information is first disclosed by 31 March 2023 in the EDB’s 2023 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.<sup>43,44</sup></li> <li>• There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.</li> </ul>

<sup>43</sup> Each EDB may disclose this information in its AMP or a separate document(s) on its website. In 2023, it may disclose by 30 June if in a separate document(s). From 2024 onwards, it must disclose by 31 March whether in the AMP or a separate document(s). This allows it time to prepare for disclosure in the first year of the new requirement.

<sup>44</sup> Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.

## Amendment D4 – add reporting requirements on EDBs’ innovation practices

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>Stakeholders have better understanding of how EDBs are adapting to the changing environment and technical settings in which they operate, which is especially important given the impact decarbonisation will have on EDBs.</p>	<p>Our final decision requires EDBs to describe their innovation practices, including a description of:</p> <ul style="list-style-type: none"> <li>• any innovation practices the EDB has planned or undertaken since the last AMP or AMP update was published, including case studies and trials;</li> <li>• what the desired outcome of any innovation practices is, and how it may improve outcomes for consumers;</li> <li>• how the EDB measures success and makes decisions regarding any innovation practices, eg, how the EDB decides whether to commence, commercially adopt, or discontinue any innovation practices;</li> <li>• how the EDB’s decision-making about innovation practices may depend on the work of other companies, including other EDBs and providers of non-network solutions; and</li> <li>• the types of information the EDB uses to inform or enable innovation practices, and their approach to seeking that information.</li> </ul> <p>In providing its responses to the above, EDBs are not required to publicly disclose any commercially sensitive or confidential information.</p> <p>We will define ‘innovation practice’ as follows:</p> <p style="padding-left: 40px;">means an activity or practice, in respect of the supply of electricity lines services, that is focussed on the creation, development or application of a new or improved technology, process or approach, and includes an innovation project as defined in the EDB IM determination.</p>	<ul style="list-style-type: none"> <li>• Narrative information is first disclosed by 31 March 2023 in the EDB’s 2023-2033 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.<sup>45,46</sup></li> <li>• There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.</li> </ul>

<sup>45</sup> Each EDB may disclose this information in its AMP or a separate document(s) on its website. In 2023, it may disclose by 30 June if in a separate document(s). From 2024 onwards, it must disclose by 31 March whether in the AMP or a separate document(s). This allows it time to prepare for disclosure in the first year of the new requirement.

<sup>46</sup> Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.

---

**Amendment D4 – add reporting requirements on EDBs’ innovation practices**

---

*Objective**Final decision**Disclosure timing and format*

---

EDBs must apply their judgement to assess what practices they consider may be innovation practices under this definition. Innovation practices can include an innovation project as defined in the IM determination, but can include a much broader set of practices.

---

---

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


---

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>Key asset management information is more accurate and/or accessible to stakeholders, and better accounts for the challenges facing EDBs around maintaining resilience and managing increased weather-related impacts on their networks.</p>	<p>We have decided to postpone a decision on this issue until Tranche 2.</p>	<p>n/a</p>

---

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

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p><b>Improved confidence in forecasts disclosures:</b></p> <ul style="list-style-type: none"> <li>• Give stakeholders greater confidence in the robustness of EDB spend forecasts; and</li> <li>• Support price-quality path resets, as changes in EDBs' operating environment may mean historic spend requirements are no longer a good indicator of future spend requirements.</li> </ul>	<p>Our final decision is to proceed with two separate amendments: AM7A and AM7B.</p> <p><b>AM7A:</b></p> <p>EDBs are required to provide information on vegetation management-related maintenance, and summary discussion of the approach and assumptions that underpin the process used for vegetation management.</p> <p><b>AM7B:</b></p> <p>EDBs are required to provide the assumptions and rationale used to inform capital expenditure forecasts for asset investments.</p>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose this information by 31 March 2024 in their AMPs.<sup>47</sup></li> <li>• This disclosure is part of the AMP, so it is subject to director certification requirements.</li> </ul>

<sup>47</sup> Under some circumstances, EDBs may disclose an "AMP update" instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.

---

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

---

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p><b>Improved confidence in disclosures of forecasts:</b></p> <ul style="list-style-type: none"> <li>• Give stakeholders greater confidence in the robustness of EDB spend forecasts; and</li> <li>• Support price-quality path resets, as changes in EDBs’ operating environment may mean historic spend requirements are no longer a good indicator of future spend requirements.</li> </ul>	<p>Our final decision is to proceed with two separate amendments: AM8A and AM8B.</p> <p>AM8A:</p> <p>For AM8A we are amending clause 3.11 of Attachment A to require EDBs to provide a description of:</p> <ul style="list-style-type: none"> <li>• how asset management data informs the models that an EDB develops and uses to assess asset health; and</li> <li>• how the outputs of these models are used in developing capital expenditure projections.</li> </ul> <p>AM8B:</p> <p>For AM8B we are amending Part 12 of Attachment A to include a requirement that EDBs provide information regarding its consideration of non-network solutions to inform its expenditure projections (capex and opex). This must include an explanation of the approach and assumptions the EDB used to inform these expenditure projections.</p>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose this information by 31 March 2024 in their AMPs.<sup>48</sup></li> <li>• This disclosure is part of the AMP, so it is subject to director certification requirements.</li> </ul>

---

<sup>48</sup> Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. We discuss how AMP updates may be affected by our final decisions on page 18 of this paper.



---

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


---

*Objective*
**Improved confidence in disclosures of forecasts:**

- Give stakeholders greater confidence in the robustness of EDB spend forecasts; and
- Support price-quality path resets, as changes in EDBs' operating environment may mean historic spend requirements are no longer a good indicator of future spend requirements.

*Final decision*

Our final decision is to retain the requirement for EDBs to release single point forecast estimates. With regard to Schedules 11a(i), 11(b) and 12(c), we have included the option for EDBs to voluntarily describe the options and considerations made in their assessment of forecasting scenarios in Schedule 15.

*Disclosure timing and format*

- EDBs may first voluntarily disclose this information in Schedule 15 by 31 March 2023 for disclosure year 2023.
-

## Amendment AM10 – disconnections data

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p><b>Improved confidence in disclosures of forecasts:</b></p> <ul style="list-style-type: none"> <li>• Give stakeholders greater confidence in the robustness of EDB spend forecasts; and</li> <li>• Support price-quality path resets, as changes in EDBs' operating environment may mean historic spend requirements are no longer a good indicator of future spend requirements.</li> </ul>	<p>Our final decision is to include decommissioning data in the information EDBs are required to disclose. Under current requirements, EDBs disclose actual and forecast new connections on their networks but not disconnection related information such as decommissioning data.</p> <p>We will require EDBs to disclose actual installation control point (ICP) decommissioning data (by consumer type) in Schedule 9e(i).</p>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose this information in Schedule 9e(i) by 31 August 2023 for disclosure year 2023.</li> <li>• There is no director certification requirement for disclosure year 2023 for this disclosure. From disclosure year 2024 onwards, this disclosure will be subject to director certification requirements as part of Schedule 9.</li> </ul>

---

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


---

*Objective*
**Improved confidence in EDB disclosures:**
*Final decision*

Our final decision is to require EDBs to disclose to the Commission their actual and forecast cybersecurity expenditure (opex and capex) in Schedules 6b(ii), 11b, 6a(ii) and 11a(ii), respectively.

In order to ensure the confidentiality of this information is protected, EDBs may disclose confidential versions of Schedules 6 and 11 that are different to the versions they publicly disclose. The information regarding cybersecurity expenditure will be disclosed to the Commission only: it will not be included in information published for stakeholders.

We are defining cybersecurity as: “The application of technologies, processes and controls to protect systems, networks, programmes, devices, and data.”

*Disclosure timing and format*

- EDBs are first required to disclose actual cybersecurity opex and capex for disclosure year 2024 by 31 August 2024 in Schedules 6b(ii) and 6a(ii), respectively.
  - The above disclosures are part of Schedule 6 and therefore subject to audit and director certification requirements.
  - EDBs are first required to disclose forecast cybersecurity opex and capex for disclosure year 2024 by 31 March 2024 in Schedules 11b and 11a(ii), respectively.
  - The above forecast disclosures are part of Schedule 11 and therefore subject to director certification requirements.
-

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

<i>Objective</i>	<i>Final decision</i>	<i>Disclosure timing and format</i>
<p>ID is aligned with our other regulatory rules.</p>	<p>We are making the following updates to definitions:</p> <ul style="list-style-type: none"> <li>• ‘pass-through cost’ shall have the meaning as specified in clause 3.1.2(1) of the electricity distribution input methodologies (EDB IMs);<sup>49</sup></li> <li>• ‘recoverable cost’ shall have the meaning as specified in clause 3.1.3(1) of the EDB IMs.</li> </ul>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose information consistent with these definitions for disclosure year 2023 by 31 August 2023.</li> <li>• Information disclosed as part of Schedules 1 and 3 is subject to audit and director certification requirements.</li> </ul>

<sup>49</sup> [Commerce Commission, Electricity Distribution Services Input Methodologies Determination 2012 \(consolidated\) \[2020\]](#).

## Chapter 3      Reasons for our final decisions

### **This chapter discusses the reasons for our final decisions, including how we have considered submissions on our draft decisions**

- 3.1      The purpose of this chapter is to explain our final decisions to change ID requirements for EDBs.
  
- 3.2      In this chapter, we discuss key considerations behind our final decisions and summarise, for each issue:
  - 3.2.1    the nature of the issue;
  - 3.2.2    the purpose of our final decision;
  - 3.2.3    stakeholders' views on our proposal based on submissions on the PIP and draft decisions;
  - 3.2.4    our final decisions; and
  - 3.2.5    how our final decisions address the issue.

### **We have set new requirements for narrative information about electricity distribution business practices and capability**

- 3.3      Under our amended requirements, EDBs must provide narrative disclosures on a range of matters. The areas of focus are where the existing requirements have not provided sufficient information to allow stakeholders to assess EDBs' performance, but where it is not appropriate to require EDBs to disclose quantitative information at this stage. For these issues, we require high-level disclosures of narrative information about EDB capability and practices to help stakeholders understand whether EDBs operate and invest in assets efficiently and will continue to do so in the future.<sup>50</sup>
  
- 3.4      We plan to review these requirements by analysing the information disclosed under them. We may find it is most appropriate to keep the requirements as they are, consider changing them, or consider introducing quantitative requirements on the topic. We will consult further with stakeholders before making any such changes.

---

<sup>50</sup> Commerce Act 1986, s 52A(1)(a)-(b).

**We have given electricity distribution businesses flexibility in how they report this narrative information**

- 3.5 An EDB may disclose this narrative information using one of the following options:
- 3.5.1 in its AMP; or
  - 3.5.2 in a separate document(s) on its website.<sup>51</sup>
- 3.6 If any of the information is disclosed in a different document(s) on the EDB's website, the contents page of the EDB's most recent AMP must include a hyperlink reference to the location of the document(s).
- 3.7 This narrative information must be disclosed by 30 June 2023 and 31 March from 2024 onwards. This means in 2023 the AMP must be disclosed before the narrative information. An EDB may choose to:
- 3.7.1 disclose this information by 31 March 2023 and include or reference the information in its 2023 AMP, or
  - 3.7.2 disclose this information in a separate document(s) by 30 June 2023; the EDB is not required to reference that document(s) in the 2023 AMP.
- 3.8 This flexibility will apply to our narrative requirements for:
- 3.8.1 Q2 Power quality;
  - 3.8.2 Q3 Time taken for new connections;
  - 3.8.3 Q4 Customer service and complaints;
  - 3.8.4 D2 Impact of new connections; and
  - 3.8.5 D4 Innovation practices.

---

<sup>51</sup> We propose that narrative information will be due by 30 June 2023 and 31 March each year after that, so in 2023 it is not required at the same time as the AMP and is not required to be referenced in the 2023 AMP.

- 3.9 This flexibility is our response to the following points made in submissions on the PIP:
- 3.9.1 AMPs can be very large documents and there may be value in splitting out disclosed information to limit the size of the document;
  - 3.9.2 AMPs are disclosed (or updated) annually looking forward for 10 years, and some of the existing and proposed new requirements may not be suited to annual disclosure; and
  - 3.9.3 AMPs are used operationally by EDBs and stakeholders they work with, and there is value in separating operational information from other information to help preserve this benefit.
- 3.10 We do not want to unnecessarily restrict EDBs on the timing or location of disclosures. We see the benefit of the AMP being used operationally and want to support that where we can. It is also important for this information to be accessible, which includes being accessed from a central place. We think hyperlinking to the location of the information in the contents page of the AMP is an appropriate way to achieve this.
- 3.11 Aurora commented that out-of-cycle disclosure in June may cause inefficiency, and instead suggested requiring the first disclosure by 31 March 2024 in its submission on our draft decisions.<sup>52</sup> We acknowledge that the later disclosure date may cause some inefficiency, but consider the benefits outweigh the inefficiency. Allowing EDBs to disclose by 30 June 2023 allows them more time to comply. On the other hand, delaying the first disclosure to 31 March 2024 means delaying the availability of the information more significantly. We have retained our proposal for the timing of disclosing narrative information in our final decisions because we consider it best balances the value of the information to stakeholders with the practical needs of EDBs.
- 3.12 One of our considerations in making this decision was ensuring the overall amount of work required at a point in time is practical. We have made some changes from our draft decisions that reduce the overall amount of information to be disclosed in 2023, which we discuss further below.

---

<sup>52</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

## **We have staggered compliance timing and assurance requirements for practicality**

- 3.13 We heard a lot of feedback from stakeholders about the timeframes we proposed in our draft decision. We have made some changes to compliance timing and delayed the beginning of audit and director certification obligations for some requirements, in order to allow EDBs and auditors enough time to do their work. This is summarised in the calendar in Chapter 2 on page 19.
- 3.14 We decided the timing of first disclosures under new and amended requirements based on the following considerations:
- 3.14.1 EDBs must have enough time to be able to comply with new requirements;
  - 3.14.2 compliance with new requirements must not be delayed beyond what is necessary, as this delays stakeholders' access to the information; and
  - 3.14.3 some requirements take more work to comply with than others, and some requirements take more time to prepare for than others.

## **We have clarified audit and director certification obligations associated with new requirements**

- 3.15 Many EDBs asked us to clarify these obligations in submissions on our draft decision. Some also commented on the time and resource they needed to meet these obligations. For example, Network Waitaki said:

Clarification of audit and director certification requirements for each amendment will be helpful to ensure we know to what extent and detail to report to ensure cost effectiveness for our consumers.<sup>53</sup>

- 3.16 Aurora and Unison & Centralines submitted that out-of-cycle disclosure in June is inefficient and suggested moving the first disclosure to March 2024.<sup>54</sup> Aurora said:

While it is understandable that the proposed timing of the Commission's final decisions on proposed tranche 1 amendments is likely to come too late to permit EDBs to make disclosures in the 2023 AMPs, we are not convinced that the disclosure is of such importance that it must be made and certified outside of the regular disclosure cycle.

The Commission has not adequately made its case for a mid-period disclosure. It is our expectation that the Commission should be able to describe how its processes and deliberations are contingent on the disclosure being made at that time, or how interested persons other than the Commission would suffer a material adverse effect if the disclosure was to be deferred until 31 March 2024.

---

<sup>53</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p 2.

<sup>54</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.



We note that most of the mid-period disclosure are required under Attachment A (Asset Management Plans) and will, therefore, be subject to certifications. We consider that mid-period disclosure imposes unreasonable governance costs on EDBs by requiring the out-of-cycle assurance processes that are prerequisites to director certification.<sup>55</sup>

- 3.17 We agree that EDBs need clarity on audit and director certification obligations, in order to prepare for and comply with new requirements. These obligations are summarised below and listed against each requirement in the table on page 19 in Chapter 2 of this paper. For complete detail of these obligations, please refer to clauses 2.8-2.9 of the Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022.<sup>56</sup>
- 3.18 Any information that must be disclosed under the new requirements during calendar year 2023 is exempt from audit and director certification obligations. Information disclosed under existing requirements (ie, those requirements set prior to November 2022) is not exempt.
- 3.19 Information disclosed under the new requirements after the end of calendar year 2023 may be subject to audit or director certification obligations. This is determined by the following principles:
- 3.19.1 information that must be disclosed within a schedule that is subject to audit, is also subject to audit;
  - 3.19.2 information that must be disclosed in the AMP is subject to the same director certification obligations that apply to the AMP;
  - 3.19.3 information that must be disclosed in either the AMP or a separate document on the EDB's website (narrative information), is subject to the same director certification obligations that apply to the AMP.
- 3.20 We accept that some EDBs may find it challenging or inefficient to include information under a new requirement in their AMPs that must be disclosed by 31 March 2023. This is why EDBs have the option to disclose the information separately by 30 June 2023. We accept that an out-of-cycle disclosure may create some inefficiency. On the other hand, delaying disclosure until 2024 means topical and useful information is not available to stakeholders for an additional year—disclosure of information must not be delayed beyond what is necessary.

---

<sup>55</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 10.

<sup>56</sup> *Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022* [2022] NZCC 36.

- 3.21 On balance, we consider that the timing of our final decisions allows EDBs enough time to comply with the new requirements, given the low level of prescription in the requirements for narrative information and the exemption from director certification for many disclosures. We consider that any inefficiency is outweighed by the value of the disclosed information.

### **We have considered cost and complexity in designing our final decisions**

- 3.22 ID regulation is a statutory requirement. This means that in setting ID requirements that enable stakeholders to assess EDBs' performance, we are required to give effect to the purpose of ID in s 53A and promote the Part 4 purpose in s 52A.
- 3.23 However, we recognise that the information we require EDBs to disclose comes at a cost to EDBs, which is ultimately borne by consumers.<sup>57</sup> In designing our final decision, we have therefore considered the potential costs of new disclosure requirements for EDBs and ultimately for consumers.
- 3.24 We have sought to balance the benefits from greater transparency that more comprehensive and detailed ID requirements will provide against the costs of complying with the requirements. In our final decision, we:
- 3.24.1 considered EDBs' existing practices and capability, including by looking at the scope and detail of their disclosures under existing ID requirements (such as what information EDBs already disclose voluntarily);
  - 3.24.2 added new or expanded requirements only where we consider it valuable to meeting the ID purpose in s 53A;
  - 3.24.3 aligned ID with other parts of the Part 4 regime;
  - 3.24.4 sought technical input from electricity sector stakeholders on the design and implementation of our proposed requirements through public consultation;
  - 3.24.5 considered relevant obligations imposed on EDBs by other agencies; and
  - 3.24.6 deferred the timeframe for EDBs to comply with some significant requirements to 2024 (eg, changes to lifecycle asset management plan requirements).

---

<sup>57</sup> We acknowledge this point, made by various submitters, including: [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\), p 1](#); [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\), p 2](#); [Powerco "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\), p. 1](#).

### **Our final decisions minimise additional complexity for Aurora, which is subject to customised information disclosure requirements**

- 3.25 We set ID requirements for EDBs in order to enable stakeholders to assess their performance. All EDBs face some costs of complying with our requirements. However, we consider cost and complexity of compliance when we set ID requirements.
- 3.26 In 2021 we set additional ID requirements for one EDB, Aurora, after it was moved to a customised price-quality path.<sup>58</sup> There is potential for overlap between Aurora’s unique ID requirements and the requirements we propose in this paper for all EDBs. This is partly because Aurora’s unique requirements helped inform our draft decisions for some issues.
- 3.27 To reduce the degree of overlap that Aurora will face, we have not required Aurora to disclose information on topics that Aurora is already required to report on in its Annual Delivery Report (ADR). Specifically, Aurora is not subject to the following narrative requirements:
- 3.27.1 Q1 – Notice of planned interruptions;
  - 3.27.2 Q2 – Reporting on power quality; and
  - 3.27.3 Q4 – Customer service.
- 3.28 We will review whether Aurora should be subject to the above requirements if we change the requirements on its ADR.

### **We have deferred consideration of issues that may require further engagement with stakeholders**

- 3.29 We have deferred three issues for consideration in Tranche 2 that we had proposed requirements for in our draft decision:
- 3.29.1 Q1B – Quantitative information on notice of planned outages
  - 3.29.2 Q3B – Quantitative information on time taken to set up new connections
  - 3.29.3 AM6 – definition of overhead circuit requiring vegetation management
- 3.30 We have done this because these issues require further engagement with stakeholders to inform us to set an appropriate requirement.

---

<sup>58</sup> Information on our customised price-quality path and additional ID requirements for Aurora, including our determination amendments and final reasons paper, are available on our website here: <https://comcom.govt.nz/regulated-industries/electricity-lines/projects/our-assessment-of-aurora-energys-investment-plan>.

- 3.31 For some issues, we have set requirements even though some stakeholders requested further engagement. This is because we are confident that our final decisions will address any outstanding issues and EDBs will be able to comply with it. For example, in some cases a problem was clearly identified, and a solution was suggested in submissions which found support in the cross submissions. In these cases, we adopted that solution or a similar solution and we are confident the problem has been addressed.

### Quality of service

- 3.32 Quality of service (quality) is a major focus of our regulation of EDBs.<sup>59</sup> In terms of improving our ID requirements in this area, our two priorities are:
- 3.32.1 expanding ID requirements to capture additional dimensions of quality, to better reflect consumers' overall experience of quality; and
  - 3.32.2 refining ID requirements to ensure that information on quality is more useful for assessing or understanding performance.
- 3.33 We currently set quality standards for some EDBs by setting minimum levels of reliability—in short, the number and length of electricity interruptions. We also require EDBs to disclose information on quality that is mostly focused on reliability. However, a consumer's experience of quality goes beyond simply whether the power is on or off. It includes customer service, communication, timeliness, and the availability of options that meet consumer needs.
- 3.34 Disclosed information is more useful when it is comparable, consistent over time, and captures the details that matter to stakeholders. Current ID requirements on quality are relatively high-level and provide limited visibility of specific or localised issues.
- 3.35 We have heard from EDBs that there can be technical challenges in collecting detailed information from their networks that is accurate and meaningful, and that EDBs' capabilities in this area vary. Our amendments refine certain ID requirements to ensure the disclosed information is more useful. We have also added high-level requirements in cases where there may be significant challenges for EDBs collecting detailed information.
- 3.36 We received a range of submissions on the quality requirements in our draft decisions. Submitters also raised some general points regarding the whole package of quality issues, including:

---

<sup>59</sup> Commerce Act 1986, s 52A(1)(a)-(b).

- 3.36.1 quality data can be volatile and difficult to interpret;
- 3.36.2 there would be implementation challenges in collecting new data; and
- 3.36.3 more detailed proposals are required for fulsome consultation.
- 3.37 Multiple EDBs raised concerns about issues inherent in quality data that could lead to misinterpretation by us or other stakeholders.<sup>60</sup> For example, some EDBs were concerned that stakeholders would compare quality data that varies between two EDBs because of their different network characteristics and conclude that one was performing worse than the other.
- 3.38 We acknowledge that contextual factors can significantly impact the interpretation of quality data, as is true for other areas of ID. For example, the impact that storms have on reliability measures affects the interpretation of data that EDBs already disclose under existing ID requirements.
- 3.39 This is something we are mindful of as we design our requirements but is not a reason to avoid requiring EDBs to provide the information. The information disclosed under our proposed requirements is important to stakeholders and will improve transparency. For example, submissions on interpretation of quality data mentioned our proposed requirements on notification of planned interruptions and time taken to connect consumers to the network. These topics are very important to consumers and there is a strong case for requiring EDBs to disclose information on them.
- 3.40 As with existing ID data, data that is disclosed under our proposed requirements will be contextualised by the growing time series and any supporting information that the EDBs provide (for example, in their asset management plans). For more detailed or granular data, we acknowledge that care should still be taken in interpreting the data to allow for external factors and differences between EDBs. We will consider these factors when undertaking any performance analysis using ID data.

---

<sup>60</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4; [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8, p. 27.

- 3.41 We are mindful there may be implementation challenges in collecting meaningful and useful quality data from a network at a detailed level. It is important that we continue to enable stakeholders to assess EDB performance while accounting for these limitations. We have done so by setting multiple high-level requirements for narrative information on EDB capability and practices. These high-level requirements are designed to ensure useful information is disclosed while accounting for these factors, and will also help us understand how we may set more refined requirements in the longer term.

## Q1— Notice of planned interruptions

*We require electricity distribution businesses to disclose additional information about notice of planned interruptions*

- 3.42 We heard from submitters on the PIP that the lack of sufficient and timely information relating to planned interruptions is a significant source of frustration for consumers. Our final decision requires EDBs to report on how they provide notice and communicate planned and unplanned interruptions to their customers.
- 3.43 The purpose of this amendment is to enhance the ability of stakeholders to assess EDBs' approach to how they provide notice and communicate planned and unplanned interruptions, including any plans for changes or improvements in this area. This will provide further information to stakeholders to assess whether the supplier is providing services at a quality that reflects consumer demands.

*Submitters generally supported the introduction of this amendment*

- 3.44 Fourteen submitters responded specifically in relation to Q1. Vector supported the amendment as a positive response to the findings of the Electricity Networks Association's (ENA) Customer Reference Panel (CRP):

As demonstrated by the recent Consumer Reference Panel (CRP) where the ENA discussed new potential Quality of Service measures, the top three rated measures were those related to outage information:

- a. Ease of access to outage information (planned and unplanned)
- b. Communications during and post an unplanned outage
- c. Notification and accuracy of planned outages (especially important to business consumers)

We therefore believe that Q1 is a step in the right direction for providing consumers the information they want to digest.<sup>61</sup>

- 3.45 The ENA's submission on our draft decisions reinforced the importance of this amendment:

ENA supports the proposed introduction of measures, via Schedule 10, related to planned outage notifications and the on-time proportion of planned outages. The CRP ranked this measure as the most important, demonstrating its value in meeting the objectives of Part 4.<sup>62</sup>

---

<sup>61</sup> [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

<sup>62</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

- 3.46 Most submitters agreed with the proposed amendment, however requested the Commission to consider closer alignment with default price-quality path 3 (DPP3):

3.46.1 Unison and Centralines noted that:

We agree, in principle, to adding more information regarding adherence to notified timeframes. Improvement of notification processes has been our focus for some time, and we have recently rolled out improvements to our Hawke's Bay customers that include a 6-week advanced notice letter, a 10-day reminder by email/letter, and a final 24-hour reminder by SMS. We recommend, however, that the proposed amendments are considered further so that they align with the DPP requirements, including definitions, to the maximum extent possible.<sup>63</sup>

3.46.2 PowerNet said:

PowerNet support the proposed introduction of measures related to notified planned outages, however with some clarification. The networks that PowerNet manage have all committed to the use of notified planned outages in line with the default price-path (DPP3) requirements.<sup>64</sup>

- 3.47 Submitters particularly wanted the Commission to consider the DPP3's provision for the use of alternate days, as noted by Unison and Centralines in their submission:

In proposed amendment Q1 (notice of planned interruptions), the supporting definitions are silent on the use of alternate days, leading to ambiguity as to whether reversion to an alternate day may be considered a planned interruption cancelled at short notice. However, in the DPP3 quality standards and incentive framework, the use of alternate days is specifically provided for. We recommend that the Commission expands the supporting definitions for this proposed amendment to clarify the permitted use of alternate days.<sup>65</sup>

- 3.48 Other submitters wanted a review of definitions specifically referring to Aurora, to provide clarity whether the proposed terms in the draft decisions only applied to Aurora or had a wider application to all EDBs.<sup>66,67</sup>
- 3.49 Orion noted that outage notifications are already reported in EIEP5A files required by the Electricity Authority.<sup>68</sup> Vector also supported Orion's point in their cross submission, for the Commission to clarify.<sup>69</sup>

---

<sup>63</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>64</sup> [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

<sup>65</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 1-2.

<sup>66</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>67</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

<sup>68</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>69</sup> [Vector Limited "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 6.



3.50 Furthermore, some submitters opposed the proposed dates for the amendment for a number of reasons, such as:

3.50.1 aligning to March 2024 ‘for simplicity and efficiency’;<sup>70</sup> and

3.50.2 delaying until the start of the next regulatory period (1 April 2025) to enable the time and resources needed to ensure robust, auditable information is captured and recorded.<sup>71</sup>

*Our final decision is to delay consideration of the quantitative reporting notice of planned interruptions given to consumers and instead require electricity distribution businesses to describe how they communicate planned and unplanned interruptions to their customers*

3.51 Q1 was proposed as a single amendment in the draft decisions and PIP. Our final decision is to proceed with two separate amendments: Q1A and Q1B.

*Q1A – Narrative disclosure*

3.52 Our final decision is to require EDBs to describe how they provide notice and communicate planned and unplanned interruptions, including any plans for changes.

3.53 Narrative information must be first disclosed by 31 March 2023 in the EDB’s 2023-2023 AMP, or by 30 June 2023 in a separate document on the EDB’s website.

3.54 There is no requirement for director certification of this disclosure for 2023. However, from 2024 onwards, this disclosure will be subject to the same director certification requirement as the AMP.

*Q1B – Quantitative disclosure*

3.55 We are deferring the consideration of the quantitative disclosure proposed in the draft decisions to Tranche 2.

*Our final decisions consider the feedback from submissions and scales back the requirements proposed in our draft decisions*

3.56 In our draft decisions paper, we proposed new Schedule 10 disclosures for EDBs to report on how much notice of planned interruptions is given to consumers, including planned interruptions that are booked but not carried out.

---

<sup>70</sup> [Vector Limited “Submission on EDB targeted ID review draft decision paper” \(31 August 2022\)](#), p. 5

<sup>71</sup> [Wellington Electricity “Submission on EDB targeted ID review draft decision paper” \(31 August 2022\)](#), p. 2.

- 3.57 Some submitters raised concerns regarding the definitions proposed in our draft decisions, and in particular alignment with DPP3 definitions. We have amended the ID definition of ‘interruption’ to align with the default price-quality path (DPP) definition. Furthermore, having considered these submissions, we have decided to recast this proposed amendment into two parts – A and B.

*Narrative disclosure component (Q1A)*

- 3.58 Submitters on our draft decisions paper agreed with the intention behind this amendment.<sup>72</sup> Therefore, rather than delay the amendment, we have decided to retain the narrative disclosure in the 2023 year. We consider that the qualitative nature of the information EDBs are required to provide means that the requirement will be relatively straightforward to comply with.

*Quantitative disclosure component (Q1B)*

- 3.59 Some submitters raised concerns with the definitions as proposed in the draft decisions paper, specifically wanting the Commission to further consider:
- 3.59.1 closer alignment with DPP3 definitions;<sup>73</sup>
  - 3.59.2 clarification of definitions which apply specifically to Aurora or to all EDBs;<sup>74</sup>
  - 3.59.3 the use of alternate days;<sup>75</sup> and
  - 3.59.4 the EIEP5A files required by the Electricity Authority.<sup>76</sup>
- 3.60 We recognise the points raised and agree that the use of alternative days should be provided for. However, further consultation is required to ensure that any change to the definitions addresses all concerns raised.
- 3.61 In our view, the requirement for EDBs to provide consumers with information regarding planned interruptions – such as when planned interruptions are cancelled or delayed – has a clear purpose.
- 3.62 However, it is clear from the feedback received in the submissions that there are issues to be addressed before we can make our final decisions on quantitative measures. Therefore, we plan to review the suggested definitional changes, and then consult on the updates as part of the Tranche 2 work.

---

<sup>72</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

<sup>73</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>74</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

<sup>75</sup> [Counties Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 1.

<sup>76</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

## Q2— Reporting on voltage quality

*The new requirement is for electricity distribution businesses to describe their practices for monitoring voltage quality, including any plans for improvement*

- 3.63 There is limited visibility of voltage quality on EDB networks both in terms of monitoring and reporting. In our view, greater visibility of EDBs' management of voltage quality is important for consumers – especially when it comes to the impact from increasing uptake of distributed energy resources (DERs) and electric vehicles on the network.<sup>77</sup> Our final decision is to require EDBs to describe their practices for monitoring voltage quality, including any plans for improvements.
- 3.64 Voltage is an important aspect of quality for consumers. Fluctuations in voltage levels outside of the normal operating limits can lead to equipment malfunction, failure, or electrical safety risks. With the increasing penetration of DERs (eg, solar panels) and electric vehicles, voltage fluctuations may happen more often. EDBs are required under the Electricity Safety Regulations 2010 to design and operate their network in a way that the voltage at a customer's point of supply is +/- 6% of the nominal supply voltage.
- 3.65 The purpose of this amendment is to expand the reporting requirements for EDBs to disclose the work they are doing to improve voltage quality for consumers; enabling stakeholders to make a broader assessment of quality. This will provide further information to stakeholders to understand whether EDBs are operating and investing in their assets efficiently, complying with the Electricity Safety Regulations 2010, and providing electrical supply at a quality that reflects consumer demands.

*Submitters generally supported the introduction of this amendment*

- 3.66 Twelve submitters responded specifically in relation to Q2. Majority of the submitters – non-EDBs as well as EDBs – supported the addition of ID requirements on voltage quality. EDBs recognised that the draft decisions acknowledged the varying levels of access to voltage quality information that EDBs face and therefore focused on EDBs describing their current practices rather than disclosure of extensive data that may be unavailable.<sup>78,79</sup> Northpower noted, "We see this is an integral part of asset management and is already being addressed by EDBs in their AMPs."<sup>80</sup>

---

<sup>77</sup> DER are small-scale, distribution connected assets that either reduce load or generate power (eg, solar panels, storage (like batteries) or load management devices).

<sup>78</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>79</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9.

<sup>80</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

3.67 Orion’s submission recommended a change to the wording of the amendment:

Referring to the second point, “work it is doing on their LV network to address any non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010;” We will endeavour to comply and address any non-compliance as soon as it becomes known to us. We recommend that the Commission change the wording from any non-compliance to known non-compliance.<sup>81</sup>

3.68 Submitters reiterated that there are limitations regarding the ability of EDBs to accurately monitor voltage quality due to data access issues.<sup>82</sup> PowerNet addressed this in its submission: “PowerNet recognise the value of voltage quality reporting. We note however that detailed assessment and reporting is reliant on access to smart meter data.”<sup>83</sup>

3.69 Some submitters raised concerns about the proposed timing of the disclosure, Aurora noted in their submission:

the indicative timing of the Commission’s final decision is unlikely to allow sufficient time for incorporation in EDBs’ 2023 AMPs, we are not convinced that the disclosure is of such importance that it must be made and certified outside of the regular disclosure cycle (i.e., June 2023). We recommend that implementation of the narrative disclosure be deferred until 31 March 2024.<sup>84</sup>

*Our final decision is to require that electricity distribution businesses describe their practices for monitoring voltage quality, including any plans for improvements to voltage quality*

3.70 We require EDBs to describe their practices for monitoring voltage quality, and any plans for improvements, including:

- 3.70.1 steps the EDB is taking to develop and improve practices for monitoring voltage quality on its low voltage (LV) networks (eg, the EDB may provide reference to any work they are undertaking with other companies);
- 3.70.2 work the EDB is doing on its LV network to address any known non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010;
- 3.70.3 how it is responding to and reporting on voltage quality issues when it identifies them, or they are raised by a stakeholder (eg, the EDB may provide reference to performance over the previous period to give the forward plan context); and

---

<sup>81</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>82</sup> [Electra "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2-3.

<sup>83</sup> [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>84</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 10.

3.70.4 how it is communicating the work it is doing to improve voltage quality on its LV network to affected consumers.<sup>85</sup>

3.71 Narrative information must be first disclosed by 31 March 2023 in the EDB's 2023-2033 AMP, or by 30 June 2023 in a separate document on the EDB's website.

3.72 There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.

*Our final decisions focus on voltage quality and will help us to learn more about the current situation before considering setting any specific requirements for power quality*

3.73 Voltage quality is an important component of power quality. The consumer experience of power quality generally corresponds with voltage quality.<sup>86</sup> Voltage fluctuations outside of the normal operating limits can cause equipment and appliance malfunctioning or failure and could create electrical safety risks for consumers.

3.74 In our view, greater visibility of EDBs' management of voltage quality is important for consumers – especially when it comes to the likely increased uptake of DERs and electric vehicles on the network. The deployment of these technologies in greater numbers has the potential to adversely affect network power and voltage quality, such as where:

3.74.1 high penetration of solar panels may lead to consumers experiencing voltage levels exceeding upper voltage limits during light load conditions;<sup>87</sup> and

3.74.2 consumers experiencing voltage levels dropping below lower voltage limits due to increasing electrification of processes and electric vehicle uptake.<sup>88</sup>

---

<sup>85</sup> We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

<sup>86</sup> Where our focus on power quality means the characteristics of electric power received by the customer. Power quality problems may include disturbances such as high or low voltage, voltage spikes and transients, flickers and voltage sags, surges and short-time over-voltages, as well as harmonics and noise.

<sup>87</sup> [Sapere "Low Voltage Monitoring - Primer and Guideline" \(October 2020\)](#), p. 6.

<sup>88</sup> [Sapere "Low Voltage Monitoring - Primer and Guideline" \(October 2020\)](#), p. 8.

- 3.75 We require that in their AMPs, EDBs tell stakeholders about the work they are doing to improve monitoring and management of voltage quality for consumers. This will help stakeholders to learn more about the state of voltage quality on EDBs' networks. We propose to review the disclosed information, then in future consider whether to consult on more refined requirements (which could include quantitative requirements).
- 3.76 EDBs have varying levels of access to voltage quality information about their networks.<sup>89</sup> Our final decisions account for this, requiring EDBs to provide a qualitative description of practices and plans, rather than extensive data that EDBs may not have available.
- 3.77 We recognise the importance of data and data access and encourage EDBs to tell us in their narrative disclosures the challenges they face, and any initiatives they have to help the industry overcome them.
- 3.78 A suggested change in the wording of our draft proposal was made by Orion, in relation to work an EDB is doing on their LV network to address any non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010. The suggested change is for 'any non-compliance' to become 'known non-compliance.'<sup>90</sup> We have adopted this change, considering the points raised in the Orion submission, and supported in Vector's cross submission: 'it is not always in the EDB's own control to be made aware of non-compliance with the applicable voltage requirements.'<sup>91</sup>
- 3.79 We have decided to retain the initial disclosure in the 2023 year as we consider that the qualitative nature of the information EDBs are required to provide means that the requirement will be relatively straightforward to comply with. Submitters on the draft decisions paper agreed with the intention behind this amendment. The extent of change anticipated for some EDBs to transition to their future network state means that both EDBs and other stakeholders will benefit from us addressing this issue in a timely manner.

---

<sup>89</sup> [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>90</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>91</sup> [Vector Limited "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 6.

### Q3— Time taken for new connections

*Our final decision is to require EDBs to provide additional information on the time taken to set up new consumer connections*

3.80 Currently, there is no requirement for EDBs to disclose the time taken to connect consumers to the network.<sup>92</sup> There is also a need for more information regarding EDBs' customer connection practices, including any plans for developing and improving the connection process. We propose that EDBs provide this information by describing their customer connection practices, especially the time taken to set up new consumer connections. This will provide further information to stakeholders to understand whether EDBs are providing cost-effective and timely consumer connections.

*Submitters were concerned with the quantitative measures proposed in our draft decisions*

3.81 Fifteen submitters responded specifically in relation to Q3. The proposed narrative disclosure was mostly supported in submissions:

#### 3.81.1 Northpower's submission stated:

Northpower supports the Commission's requirement for an EDB to publish their approach to managing new connections and alteration to existing connections in the form of a narrative. This is the optimal method for reporting what is a complex process with multiple interactions between several different parties.<sup>93</sup>

#### 3.81.2 Aurora also noted in its submission:

Aurora considers that the narrative requirements of the amendment are reasonable and are likely to assist interested persons to assess whether appropriate incentives exist to provide services at a quality that reflects consumer demands.<sup>94</sup>

3.82 Submitters mostly agreed with the intents of the quantitative disclosures but signalled that they required further work. The ENA noted in their submission:

ENA supports the intent of the Commission's draft decision to include a metric that captures the customer experience of the new connection process. However, as highlighted in the ENA response to the process and issues paper, the use of time-based metrics is problematic and requires complex clock-stopping mechanisms.<sup>95</sup>

3.83 EDBs also supported the intent behind the proposed quantitative metrics but asked that the Commission work more closely with them to 'explore and define meaningful and practical consumer connection metrics.'<sup>96</sup>

---

<sup>92</sup> Connecting a customer to the network involves establishing an offtake connection (eg, residential customer) or injection connection (eg, DER).

<sup>93</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>94</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 10.

<sup>95</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9.

<sup>96</sup> [Powerco "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 1.

3.84 Submitters suggested alternative measures to those proposed in our draft decisions:

3.84.1 Wellington Electricity recommended 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.<sup>97</sup>

3.84.2 Northpower suggested:

If quantitative measures are to be included, in order to provide meaningful information in relation to actions which are within the EDB’s control, these measures must relate only to the Network actions.<sup>98</sup>

3.84.3 Horizon Networks’ recommendation had a similar focus to Northpower’s:

Horizon Networks Recommends: The Commerce Commission alter its definition for new connections and alterations to measure the part of the connection process the EBD is responsible for.<sup>99</sup>

3.85 Some EDBs also expressed concerns that this requirement meant that information would be required on a retrospective basis for disclosure year 2023 (the year from 1 April 2022 to 31 March 2023). Their concern was that reporting may not be accurate because they do not currently collect information with this level of detail.<sup>100</sup>

3.86 Submitters recommended that the quantitative measure is moved to Tranche 2:

3.86.1 Wellington Electricity noted in its submission:

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.<sup>101</sup>

---

<sup>97</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>98</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>99</sup> [Horizon Networks "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>100</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

<sup>101</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.



3.86.2 Vector's submission also considered that the proposal required further consultation:

We urge the Commission to (at the least) delay its implementation until August 2024 or deferring it to Tranche 2, allowing EDBs to work together (through the ENA's Information Disclosure working group) to come up with consistent definitions and processes to make this measure valuable.<sup>102</sup>

3.87 Having reviewed EDBs' concerns regarding the time required to prepare measurable data on new connection set up, we have decided to defer the relevant disclosure deadlines accordingly. Nonetheless, it was never our intention to require the disclosure of historic information that is not already available in the required form. The requirement to disclose historic information would only apply where that information is already available, or can easily be made available, in the required form.

3.88 We have deferred final decisions on quantitative reporting which requires EDBs to record and report on time taken for connecting consumers to Tranche 2, while still introducing a narrative requirement. Q3 was proposed as a single amendment in our draft decisions and PIP but our final decision is to proceed with two separate amendments: Q3A and Q3B.

*Q3A – Narrative disclosure*

3.89 We have decided to require EDBs to describe their practices for connecting consumers, including:

3.89.1 the EDB's approach to planning and management of-

3.89.1.1 connecting new consumers (offtake and injection connections), and overcoming commonly encountered issues; and

3.89.1.2 altering existing connections;

3.89.2 how the EDB is seeking to minimise the cost to consumers of new or altered connections;

3.89.3 the EDB's approach to planning and managing communication with consumers about new or altered connections; and

3.89.4 commonly encountered issues, delays, and potential timeframes for different connection types.<sup>103</sup>

---

<sup>102</sup> [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8.

<sup>103</sup> We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

- 3.90 Narrative information must be first disclosed by 31 March 2023 in the EDB’s 2023-2033 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.
- 3.91 There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.

*Q3B – Quantitative disclosure*

- 3.92 We are deferring the consideration of the quantitative disclosure proposed in our draft decisions to Tranche 2.

*Our final decisions consider the feedback from submissions and scale back the requirements proposed in the draft decisions paper*

- 3.93 Currently, there is no requirement for EDBs to disclose the time taken to connect consumers to their networks. In our draft decisions, we proposed new Schedule 9 disclosures for EDBs to report on the time taken to connect consumers, and that this amendment would be included within Tranche 1.
- 3.94 Most submissions received on the draft decisions paper raised concerns regarding the proposed measure, particularly regarding connections which range in complexity, cost, scale, and the impacts of third-party involvement.
- 3.95 Having considered these submissions, we have recast the proposed amendment into two parts – A and B.

*Narrative disclosure component (Q3A)*

- 3.96 Submitters on the draft decisions paper mostly agreed with the intention behind this amendment.<sup>104,105</sup> Therefore, rather than delay the amendment we have decided to retain the narrative disclosure in the 2023 year. We consider that the qualitative nature of the information EDBs are required to provide means that the requirement will be relatively straightforward to comply with.
- 3.97 In their submission, Wellington Electricity recommended that EDBs could: “outline within their AMPs commonly encountered delays and potential timeframes for different connection types.”
- 3.98 We agree with Wellington Electricity’s suggestion that including this information would provide stakeholders with information that informs them of the potential connection timeframes they should expect from their EDB. Therefore, we have decided to include this reporting within the required narrative disclosures.

---

<sup>104</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>105</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 10.

*Quantitative disclosure component (Q3B)*

- 3.99 With the electrification of fossil fuelled load – brought about by decarbonisation requirements and new technologies– and as the uptake of DERs increases, consumer focus will be on how EDBs are delivering services to meet consumer demand. For example, the timeliness and efficiency of quoting and carrying out alterations to existing connections as well as connecting new consumers. However, it is clear from the feedback received in the submissions that there are issues to be addressed before we can make our final decisions on quantitative measures.
- 3.100 Submitters raised concerns regarding how the proposed measures addressed the variances between EDB processes and connections which range in complexity, cost, scale, and third-party involvement.
- 3.101 The Lines Company (TLC) noted:
- New connections can be complicated with a large range of connection types. Distributors are only part of the new connections process in most instances – other (unregulated) parties can be involved including electricians, retailers, consultants, etc. and the process can include other factors outside of a distributor’s control e.g. supply chain constraints.<sup>106</sup>
- 3.102 Submitters also recommended that the qualitative measures are moved to Tranche 2 to allow time for a sector workshop. We agree with Aurora’s cross submission where it observed: “most submitters opposing this proposed amendment recognise that some form of quantitative measure may be useful to interested persons, but harbour real concerns about the feasibility and practicality of implementation.”<sup>107</sup>
- 3.103 We recognise the points raised in submissions and agree that more time is required for collaboration to build understanding of the varying connection processes across EDBs and to come up with meaningful solutions resulting in actionable metrics.

---

<sup>106</sup> [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>107</sup> [Aurora Energy "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 8.

#### Q4— Customer service

*Our final decision is to require electricity distribution businesses to provide additional information on customer service*

3.104 EDBs are not currently required to disclose information on customer service metrics, including customer complaints. Our decision is to require EDBs to describe their current customer service practices, including any plans for improvements, enabling stakeholders to make a broader assessment of quality. This will provide further information to stakeholders to assess whether EDBs are providing their services at a quality that reflects consumer demands.

*Submitters generally supported the introduction of this amendment*

3.105 Twelve submitters responded specifically in relation to Q4. Wellington Electricity supported the proposal, suggesting that “this will provide stakeholders with greater visibility regarding EDBs’ customer service practices and management of customer complaints”.<sup>108</sup>

3.106 Submitters supported the narrative approach proposed in our draft decisions. Northpower stated:

Northpower supports the narrative approach proposed by the Commission for reporting the customer engagement and service measures along with the EDB’s procedures for managing customer complaint resolution. The narrative approach is ideally suited for conveying this type of information to the EDB’s customers and other interested parties.<sup>109</sup>

3.107 Some EDBs raised concerns with the proposed definition of complaint.

3.107.1 TLC had concerns that the “definition does not set a clear standard or expectation for making or recording a complaint”,<sup>110</sup> and

3.107.2 Aurora suggested that our draft decision to adopt a different definition to that of Utilities Disputes Limited (UDL) “has the potential to introduce inefficiency into EDBs’ reporting requirements”.

3.108 Submitters reiterated concerns from the PIP regarding a perceived overlap with existing reporting via UDL<sup>111,112</sup> and a subsequent duplication of effort required by EDBs.<sup>113</sup>

---

<sup>108</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>109</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>110</sup> [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

<sup>111</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12.

<sup>112</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>113</sup> [Aurora Energy "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 8-9.

- 3.109 Some submitters raised concerns about the proposed timing of the disclosure. Aurora noted in their submission:

the indicative timing of the Commission’s final decision is unlikely to allow sufficient time for incorporation in EDBs’ 2023 AMPs, we are not convinced that the disclosure is of such importance that it must be made and certified outside of the regular disclosure cycle (i.e., June 2023). We recommend that implementation of the narrative disclosure be deferred until 31 March 2024.<sup>114</sup>

*Our final decision is to require EDBs to describe their current customer service practices, including any plans for improvements*

- 3.110 Our decision is to require EDBs to describe their current customer service practices, including:

3.110.1 the EDB’s customer engagement protocols and customer service measures—including customer satisfaction with the EDB’s supply of electricity distribution services; and

3.110.2 the EDB’s approach to planning and managing customer complaint resolution;<sup>115</sup>

- 3.111 We define the term ‘complaint’ consistently with the definition used in the UDL Energy Complaints Scheme Rules, where a complaint means: ‘an expression of dissatisfaction made to or about a Provider where a response or a resolution is explicitly or implicitly expected. For example, a Complaint may be made by letter, email, phone call, text message or a post on a social media page maintained by the Provider, but not on a social media page maintained by the Complainant or a third party’.<sup>116</sup>

- 3.112 Narrative information must be first disclosed by 31 March 2023 in the EDB’s 2023-2033 AMP, or by 30 June 2023 in a separate document(s) on the EDB’s website.

- 3.113 There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.

---

<sup>114</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12-13.

<sup>115</sup> We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

<sup>116</sup> Utilities Disputes Limited General and Scheme Rules of the Energy Complaints Scheme, [https://www.utilitiesdisputes.co.nz/UD/Resources/Scheme\\_rules/UD/Resources/Scheme\\_rules.aspx?hkey=446d6fd6-696d-4ba0-ae89-238d4f3c59f7](https://www.utilitiesdisputes.co.nz/UD/Resources/Scheme_rules/UD/Resources/Scheme_rules.aspx?hkey=446d6fd6-696d-4ba0-ae89-238d4f3c59f7).

*Our final decision for reporting on current customer service incorporates the feedback from submissions received on the draft decisions paper*

3.114 In our draft decisions we proposed a definition of ‘complaint’ that aligned with previous decisions made by us, including for Aurora and was narrower than the definition used by UDL. We acknowledged that there would be a minor reporting overlap where we were proposing to adopt the definition of ‘complaint’ as determined during the Aurora ID review, rather than the definition used by UDL.

3.115 Our draft decision was to adopt a narrower definition of ‘complaint’ compared to that of UDL. However, submitters were concerned regarding reporting requirements to us and UDL using different definitions.

#### 3.115.1 Aurora stated:

We note that the Commission’s definition of complaint is intentionally narrow; however, the fact that it diverges from UDL’s definition means that EDBs will potentially have to filter their complaint data in order to make a complying disclosure to the Commission. In Aurora’s view, proposing a different definition to that of another regulator, for the same disclosure topic, has the potential to introduce inefficiency into EDBs’ reporting requirements.<sup>117</sup>

#### 3.115.2 TLC also considered the proposed definition did not meet the intended purpose:

The definition does not set a clear standard or expectation for making or recording a complaint. For example, people can express dissatisfaction (e.g. negative or emotive comments) on social media platforms; adhoc discussions with a linesman during a fault, etc. It appears that these examples would be captured under the proposed definition which does not fulfil the intent of the amendment.<sup>118</sup>

3.116 After considering submissions, our final decision is to define the term ‘complaint’ consistently with the definition used in the UDL ‘General and Scheme Rules for the Energy Complaints Scheme’ (UDL scheme rules). The UDL definition aligns with the Australian/New Zealand Standard: AS/NZS 10002:2014 – Guidelines for complaint management in organizations.<sup>119</sup>

3.117 Some submitters were concerned by a perceived overlap with existing regulatory reporting, such as:

---

<sup>117</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12.

<sup>118</sup> [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

<sup>119</sup> Utilities Disputes Limited General and Scheme Rules of the Energy Complaints Scheme, [https://www.utilitiesdisputes.co.nz/UD/Resources/Scheme\\_rules/UD/Resources/Scheme\\_rules.aspx?hkey=446d6fd6-696d-4ba0-ae89-238d4f3c59f7](https://www.utilitiesdisputes.co.nz/UD/Resources/Scheme_rules/UD/Resources/Scheme_rules.aspx?hkey=446d6fd6-696d-4ba0-ae89-238d4f3c59f7).

- 3.117.1 EDBs have an obligation to report customer complaints annually via UDL,<sup>120, 121</sup> and
- 3.117.2 Orion stated information on consumer complaints is included in an EDB's audit during the Electricity Authority distributor compliance audit.<sup>122</sup>
- 3.118 We addressed the existing reporting channel that EDBs have via UDL in the draft decisions paper. The UDL scheme rules allow UDL to ask for information from its providers. Every year UDL requires its providers to carry out a self-review of compliance. This self-review serves two purposes:
- 3.118.1 checking compliance with UDL scheme rules; and
- 3.118.2 reminding providers of their compliance obligations.
- 3.119 However, we note from UDL's submission on the PIP that this is self-reported information which varies greatly between EDBs.<sup>123</sup> UDL's latest questions asked providers how many complaints they have received over the previous year – complaints received by the provider, not just complaints received by or informed of UDL. UDL has found that providers answered very differently, and UDL's follow-up conversations with providers suggested that they do not consistently use the established (and required) definition of 'complaint' from UDL.<sup>124</sup>
- 3.120 We have considered Orion's submission in relation to the Electricity Authority distributor compliance audit.<sup>125</sup> The relevant clause is 11.30A – Provision of information on the dispute resolution scheme. Compliance with this clause is achieved by EDBs providing clear and prominent information about UDL:
- 3.120.1 published on their website;
- 3.120.2 as part of or accompanying any communication personalised for a specific consumer; and
- 3.120.3 when any person on behalf of the EDB is responding in any form, to any query from a consumer.<sup>126</sup>

---

<sup>120</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12.

<sup>121</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>122</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>123</sup> [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3.

<sup>124</sup> [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3.

<sup>125</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>126</sup> [Electricity Industry Participation Code 2010](#), clause 11.30A.

- 3.121 In our view, there is no unreasonable overlap between our disclosure and the existing EDB reporting via UDL or the Electricity Authority distributor compliance audit.
- 3.121.1 We do not require EDBs to report on the number and type/category of consumer complaints received, because this is covered in self-reporting questions to UDL. UDL reporting does not directly consider customer service. The self-reporting to UDL is for UDL's compliance purposes and not for public disclosure, so consumers and other stakeholders do not have visibility of the nature and trend of complaints against EDBs.
- 3.121.2 The Electricity Authority distributor compliance audit requires that EDBs provide clear and prominent information about UDL. This has no overlap with our disclosure which requires EDBs to describe their current customer service practices, including any plans for improvements.
- 3.122 This amendment will provide stakeholders with greater visibility regarding EDBs' customer service practices, including any plans for improvements, and management of customer complaints.
- 3.123 Requiring this information will allow stakeholders to make meaningful assessments of EDBs' efforts to improve customer services. We propose to review the disclosed information, then consider in future whether to consult on more refined requirements (which could include quantitative requirements) on this issue.



## Q5— Customer charters and compensation schemes

*Our final decision is to require EDBs to provide information on customer charters and compensation schemes*

3.124 EDBs are not currently required to disclose information about any existing customer charters and/or any guaranteed service level (customer compensation) schemes they might have established. Our final decision is that EDBs are required to publish their existing customer charters, if they have one, and any information about existing customer compensation schemes (guaranteed service levels) on their website. This will provide further information to stakeholders to understand how EDBs are considering consumer feedback to improve their service quality.

*Submitters generally supported the introduction of this amendment*

3.125 Thirteen submitters responded specifically in relation to our Q5 draft decisions. There was a majority support in submissions – from both EDBs and non-EDBs – for the proposed amendment to include customer charter information in disclosures.

3.126 The Major Electricity Users' Group (MEUG) supported the decision to retain Q5 as a Tranche 1 amendment,<sup>127</sup> and noted in its cross-submission that “most submitters, including MEUG, supported this proposal.”<sup>128</sup>

3.127 The ENA supported the proposed publication requirement and acknowledged the Commission's adoption of their recommendation in its submission in response to the process and issues paper.<sup>129</sup>

3.128 However, as indicated in submissions received on the process and issues paper, some EDBs perceived a regulatory overlap with the Electricity Authority via the Default Distributor Agreement (DDA). As Orion noted:

EDBs are required to publish their Electricity Authority's Default Distributor Agreement (DDA) on their website which includes service levels. Orion also has agreed upon customer service levels and compensation schemes published on our website. We recommend that the Commission consider whether these reporting requirements are a duplication as they are already being covered under other related regulatory obligations.<sup>130</sup>

---

<sup>127</sup> [Major Electricity Users' Group "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 1.

<sup>128</sup> [Major Electricity Users' Group "Cross-submission on EDB targeted ID review draft decision paper" \(19 September 2022\)](#), p. 1.

<sup>129</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 11.

<sup>130</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

- 3.129 There were also requests for clarification regarding the content of customer charters<sup>131</sup> and submitters cautioned against the Commission being overly prescriptive in the content to be published.<sup>132</sup>

*Our final decision is to require electricity distribution businesses to publish their existing customer charters and any information about existing customer compensation schemes (guaranteed service levels) on their website*

- 3.130 We are introducing a requirement that, on their websites, EDBs must maintain up to date copies of:
- 3.130.1 the EDB's existing customer charters – including guaranteed service levels, if any; and
  - 3.130.2 information about existing customer compensation schemes that it has in place (if any).
- 3.131 Further to this, EDBs must also provide an initial copy of this information directly to the Commission on 31 March 2023, and thereafter submit this disclosure to the Commission whenever an update occurs.
- 3.132 There is no requirement for director certification for this disclosure.

*Our final decisions for reporting on customer charters and compensation schemes incorporate the feedback from submissions received on the draft decisions paper*

- 3.133 Submitters largely supported simple disclosures on the existence and availability of customer charters. As Aurora noted in its submission: "In Aurora's view, the requirement to publish an existing customer charter is not onerous."<sup>133</sup> Unison and Centralines also agreed, noting that:

Because this proposed disclosure requirement relates to existing customer charters and consumer compensation scheme, there is little or no additional work required and the proposed implementation date of 31 March 2023 is workable.<sup>134</sup>

- 3.134 In our draft decisions, we suggested EDBs must also provide this information to the Commission as an annual disclosure. Feedback from EDBs was that this proposal deviated from that of other continuous disclosures where those disclosures need to only be made to the Commission when an update occurs.<sup>135, 136</sup>

---

<sup>131</sup> [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9.

<sup>132</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>133</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 13.

<sup>134</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

<sup>135</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 13.

<sup>136</sup> [Vector Limited "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 10.

3.135 Further to this, Aurora stated in its submission:

In our view, having to make an annual disclosure directly to the Commission, even when the charter or customer compensation arrangement remains unchanged, is both unreasonable and inefficient. However, our reading of the draft decision material is that this proposed requirement has not been transferred to the Draft Determination which, for reasons stated, we consider is appropriate.<sup>137</sup>

3.136 We recognised that the draft decision of an annual disclosure to the Commission – including when no update has occurred – is not as efficient as having the disclosure only when an update has occurred, or the policy changed. Therefore, we have adopted this suggestion where after the initial disclosure, EDBs must only submit again to the Commission whenever an update occurs.

3.137 There were concerns raised regarding the content of the disclosure.

3.137.1 Northpower stated:

care must be taken to not be overly prescriptive in the content to be published as this could conflict with existing agreements between the EDB and third parties or other mandated service level/compensation requirements which the EDB is subject to under any Act, Regulation, or the Code.<sup>138</sup>

3.137.2 Vector stated:

Vector supports this proposal; Vector publishes its service standards on our website. These cover fault resolution and power quality; if the Commission's vision of a customer charter extends beyond those aspects, they must clarify it in their final decision.

3.138 Our final decisions do not dictate the content of what EDBs disclose – ie, it is up to individual EDBs to determine what is in their customer charters. EDBs are only required to publish their existing customer charters.

3.139 Some EDBs continued to perceive a regulatory and reporting overlap with the Electricity Authority via the DDA. However, the DDA is an agreement between EDBs and electricity retailers. In our view, it is important for consumers and other stakeholders –including the Commission– that EDBs report on any existing guaranteed service levels and customer compensation schemes, and that this information is readily available to the public via EDB websites – noting in some cases that EDBs may have done this already.<sup>139</sup> We do not consider that this reporting is onerous as we only require disclosure of information that is already in existence.

---

<sup>137</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 13.

<sup>138</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>139</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 10.

3.140 Some submitters suggested that our draft decisions did not go far enough. Aurora submitted that:

the Commission's proposal for disclosure of customer charters be amended to require each EDB to develop, certify and publish a customer charter. Our submission identified a minimum set of topics that each EDB's charter should address. We are disappointed that the Commission has elected not to take up our recommendation. We consider that this is a lost opportunity to make meaningful progress in customer service measures. EDBs would have been able to tailor customer service/quality of supply measures so that they are specific and relevant to the concerns of their consumers, by engaging with them to find out what they consider important and then putting responsive service measures in place.<sup>140</sup>

3.141 In its cross-submission, MEUG supported Aurora's recommendation that the Commission require all EDBs to develop, certify and publish a customer charter, and suggest that this is included in the Tranche 2 issues.<sup>141</sup>

3.142 After considering the submissions, we decided that the disclosure by EDBs on their websites of existing customer charters and any information about existing customer compensation schemes is suitable for Tranche 1. We propose to review the disclosed information and then consider more refined requirements on this issue at a later stage. We will consult on refined requirements before we set them.

---

<sup>140</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 13.

<sup>141</sup> [Major Electricity Users' Group "Cross-submission on EDB targeted ID review draft decision paper" \(19 September 2022\)](#), p. 2.

### **Q11— Successive interruptions**

*Our final decision is to refine information disclosure requirements on interruptions by clarifying relevant definitions to ensure successive interruptions are recorded consistently*

- 3.143 There is currently variance in the way that EDBs record interruptions. Some EDBs are recording successive interruptions and associated System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) values when the conveyance of electricity to consumers is restored for more than one minute and is then subsequently interrupted. Other EDBs are only recognising successive interruptions after they complete certain operational practices, taking what is referred to as an ‘aggregation approach’.<sup>142</sup>
- 3.144 This amendment requires that EDBs record successive interruptions as an additional SAIFI and SAIDI interruption value if restoration of supply occurs for longer than one minute, adopting what is referred to as the ‘multi-count approach’.
- 3.145 We have also introduced a transitional reporting requirement for the 2024, 2025, and 2026 disclosure years, where EDBs that prior to the 2024 disclosure year did not record their SAIFI and SAIDI values using the new ‘multi-count approach’ as described, continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2023 alongside their SAIFI and SAIDI values using the new ‘multi-count approach’. This will enable us to compare the SAIFI and SAIDI values across the two approaches and assess any impact because of the change in reporting methodology to incorporate successive interruptions.
- 3.146 The purpose of this requirement is to address the existing inconsistencies in EDB disclosures caused by the low prescription/guidance on reporting requirements for successive interruptions. This will provide further information to stakeholders to understand whether EDBs are operating and investing in their assets efficiently and providing quality of service because stakeholders will be better able to understand the relative performance between EDBs and over time.

*Submitters generally supported the introduction of this amendment*

- 3.147 Seventeen submitters responded specifically in relation to Q11, with most of those submitters expressing support for the introduction of this amendment. Submitters agreed that the definitional updates to incorporate successive interruptions will achieve consistency in reporting.<sup>143</sup>
- 3.148 Submitters appreciated the transitional provision we proposed in our draft decisions:

---

<sup>142</sup> [Commerce Commission "EDB DPP3 Recording of successive interruptions for SAIFI - Consultation paper" \(7 October 2019\).](#)

<sup>143</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 4.](#)

### 3.148.1 Horizon Networks noted in its submission:

Horizon Networks appreciate the thought that the Commerce Commission has put into considering the complexities of shifting to the new SAIDI and SAIFI reporting regime and the creation of a transitional provision.<sup>144</sup>

### 3.148.2 Similarly, Electra's submission noted:

We support this potential ID change as it will help consistent reporting between EDBs. And are appreciative of the transitional provisions as they represent a pragmatic approach to implementing this new performance measure.<sup>145</sup>

### 3.149 Wellington Electricity reiterated its concern regarding the proposed amendment, noting that 'the way in which successive interruptions are recorded could incentivise behaviour which does not support what customers find important on a specific network'<sup>146</sup>. Wellington Electricity also reiterated:

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.<sup>147</sup>

### 3.150 Some submitters, while they supported the proposed amendment, expressed concerns regarding the proposed implementation timing and the requirement to backdate the application of the new amendment.

#### 3.150.1 Network Tasman stated in its submission:

Network Tasman endorses the introduction of a new definition for Successive Interruption and the amendments to the definitions of SAIFI values and SAIDI values, but disagrees with the Commission's apparent proposal to effectively backdate the application of these definitions to 1 April 2022.<sup>148</sup>

#### 3.150.2 Unison and Centralines stated that they: "do not anticipate any issues with making the proposed disclosure, as we record sufficient information to be able report using either method".<sup>149</sup> However regarding timing, they noted:

for many EDBs including Unison and Centralines, [this] will require the creation of new data sets and associated changes to reporting systems. Further, to comply with the proposed amendments, these changes would need to have been in place by 1 April this year. Unison and Centralines considers that it is unreasonable to require retrospective reporting and would prefer that the relevant disclosures are rescheduled for first disclosure by 31 August 2024.<sup>150</sup>

---

<sup>144</sup> [Horizon Networks "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

<sup>145</sup> [Electra "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

<sup>146</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>147</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>148</sup> [Network Tasman "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>149</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

<sup>150</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

3.151 There are EDBs that may require more time to implement the required changes.

3.151.1 Network Waitaki stated in their submission that they require:

the full transitional period as the company will need to invest in and implement system enhancements to record where customers have experienced multiple interruptions as part of the restoration sequence.<sup>151</sup>

3.151.2 Similarly, Northpower's submission affirmed that:

many EDBs (including Northpower) will require time to enable capture of this information as well ensure quality of this data requirement. Our initial view is that it will take up to 2 years to implement the system, technology, and process changes required to adopt the new definition.<sup>152</sup>

3.152 Submitters also raised concerns regarding the impact of altering the SAIFI/SAIDI methods on DPP4 targets,<sup>153</sup> and the potential requirement to restate past performance using historic data.<sup>154</sup>

*Our final decision is to amend the definition of 'successive interruptions' so electricity distribution businesses must report successive interruptions using the 'multi-count approach'*

3.153 Our final decision is to modify the definition of SAIFI values and SAIDI values to ensure EDBs record successive interruptions as an additional SAIFI value and SAIDI value if restoration of supply occurs for longer than one minute.

3.154 We have also introduced a transitional reporting requirement in Schedule 10(i), for the 2024, 2025, and 2026 disclosure years where EDBs, that prior to the 2024 disclosure year did not record their SAIFI and SAIDI values using the new 'multi-count approach' as described, continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2023 as 'Transitional SAIFI' and 'Transitional SAIDI' values, in addition to their SAIFI and SAIDI values using the 'multi-count approach'.

3.155 EDBs are first required to disclose SAIFI and SAIDI values consistent with the new definition by 31 August 2024 for disclosure year 2024 in Schedule 10(i).

3.156 This disclosure is part of Schedule 10 and is therefore subject to audit and director certification.

---

<sup>151</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

<sup>152</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

<sup>153</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12.

<sup>154</sup> [Horizon Networks "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

*Our final decisions provide information regarding successive interruptions by using the 'multi-count' approach previously agreed to by electricity distribution businesses*

3.157 The multi-count approach provides a uniform assessment capability, which can be measured consistently across all EDBs during the regulatory period.<sup>155</sup> We recognise that EDBs may need to make changes to the way they currently report successive interruptions as a result of this amendment.

3.158 However, ENA members identified back in 2019, that from 1 April 2020 they could begin collecting SAIFI information on a multi-count basis with a one-minute standard for restoration.<sup>156</sup> Aurora shared this position in its submission on the PIP,<sup>157</sup> and reiterated this in their submission on our draft decisions:

Aurora supports this proposed amendment; however, we are uncertain as to the need and value of the proposed transitional arrangements. In our submission to the Commission's process and issues paper, we noted that the issue of how successive interruptions are to be recorded was clarified in 2019, and that EDBs had sufficient time to implement procedural changes so that successive interruptions are recorded correctly. We could not see any reason why successive interruptions cannot be correctly reported in ID.<sup>158</sup>

3.159 During consultation on the last reset of price-quality paths, the ENA addressed the potential for SAIDI vs SAIFI trade-off:

A single count methodology avoids any incentive to consider SAIFI- SAIDI trade-offs, which may occur if an EDB is experiencing relatively worse SAIFI performance compared to SAIDI when compared with the reliability limits. It was felt that this incentive would probably not operate that frequently, nevertheless it is a consideration. Because SAIFI is proposed not to be subject to the incentive scheme, this would further limit the potential for perverse outcomes, where an EDB is discouraged from restoring customers in order to avoid increasing interruption count.<sup>159</sup>

3.160 In our draft decisions we proposed that EDBs were first required to disclose SAIFI and SAIDI values consistent with the new definitions by 31 August 2023 for disclosure year 2023. We acknowledge the views expressed in submissions regarding retrospective compliance and the restatement of past performance. It was not our intention to require the disclosure of historic information that is not already available. In our final decisions we have changed the requirements so that first disclosure is due by 31 August 2024 for disclosure year 2024.

---

<sup>155</sup> [Commerce Commission "EDB DPP3 Recording of successive interruptions for SAIFI - Consultation paper" \(7 October 2019\)](#), p. 11.

<sup>156</sup> [Electricity Networks Association "SAIFI Position Statement" \(30 August 2019\)](#), p. 2.

<sup>157</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 13.

<sup>158</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 14.

<sup>159</sup> [Electricity Networks Association "SAIFI Position Statement" \(30 August 2019\)](#).



3.161 Our final decision to delay the reporting of this new quantitative measure until the 31 August 2024 also recognises that Schedule 10 is an audited schedule. This means the data is subject to a higher level of scrutiny, which requires EDBs to have more robust systems and processes in place to capture the required level of information. EDBs may require more time to implement changes to their existing software and processes in order to report this information to an acceptable audit standard.

3.162 It appears that some submitters may have misunderstood the proposed ‘transitional’ reporting. Aurora stated in their submission:

Aurora supports the proposed timing of the disclosure. Our understanding is that the transitional reporting requirement nullifies the impact of the implementation date and provides EDBs with two years to change their reporting practice.<sup>160</sup>

3.163 The disclosure requirements for this amendment need to be clarified:

3.163.1 All EDBs are required to record their SAIFI and SAIDI values using the ‘multi-count approach’ from 1 April 2023, for initial disclosure 31 August 2024 for disclosure year 2024.

3.163.2 EDBs that have not previously reported via the ‘multi-count’ approach – eg, they use the ‘aggregation approach’, or they currently record successive interruptions but using a different threshold, must:

3.163.2.1 disclose their SAIFI and SAIDI values using the ‘multi-count approach’ from disclosure year 2024; and

3.163.2.2 disclose ‘Transitional SAIFI and SAIDI’ for disclosure years 2024, 2025, and 2026 using the method they used when recording their SAIFI and SAIDI values as at 31 March 2023.

3.163.3 EDBs that currently report their SAIFI and SAIDI values using the ‘multi-count approach’ as it is now prescribed do not need to report ‘Transitional SAIFI and SAIDI’.

3.164 Submitters raised concerns regarding the Commission’s use of the new measures.

3.164.1 PowerNet observed that the proposed approach is expected to result in higher SAIFI results which should not be measured against the targets and limits set using a different calculation methodology.<sup>161</sup>

3.164.2 Northpower noted:

---

<sup>160</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 15.

<sup>161</sup> [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

This change means that for many EDBs (including Northpower) this will no longer be a like for like comparison of prior years' performance. We consider this should be explicitly recognised in the Determination, as this will impact future performance benchmarking.<sup>162</sup>

- 3.164.3 TLC also stated in its submission: "The Commission needs to consider whether adjustments to SAIFI limits are appropriate i.e. a transitional buffer where the SAIFI limit is increased."<sup>163</sup>
- 3.165 We recognise there may be a difference in SAIFI and SAIDI values using the 'multi-count approach'. For this reason, we have included the transitional stage of reporting, which will allow us and the affected EDBs to analyse any impact of the change. Our final decision is to extend the transitional reporting requirement from the single year proposed in the draft decision to three years.
- 3.166 We reiterate that there is pre-existing variance in the recording methods of EDBs caused by the low prescription/guidance on reporting requirements for successive interruptions, and that some EDBs had not previously notified that they had transitioned to recording using the 'multi-count approach'.
- 3.167 The existing DPP3 definitions and targets are not affected by our final decisions under this ID review.
- 3.168 Some EDBs are concerned about the impact of altering the SAIFI/SAIDI methods on DPP4 targets.<sup>164</sup> Any consideration of changes to the existing DPP definitions and targets for the next DPP will be consulted on as part of the DPP4 reset process.
- 3.169 Aurora identified that there was an inconsistency between the definition of 'interruption' contained in the ID determination and in the DPP determinations.<sup>165</sup> We have considered this and agree with Aurora that adopting this change improves the workability of the Part 4 regime and assists efficient compliance.
- 3.170 In their response to the proposed changes to definitions in the draft decision, EA Networks suggested that we specify timing of installation control point (ICP) counts to only once a year.<sup>166</sup> We have considered this submission and decided to maintain consistency with the existing definitions by removing 'divide by the total number of connection points on the network' from the SAIFI and SAIDI value definitions proposed in our draft decisions.

---

<sup>162</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

<sup>163</sup> [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

<sup>164</sup> [Horizon Networks "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 1-2.

<sup>165</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 14.

<sup>166</sup> [EA Networks "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

3.171 Electra suggested changing the definition of 'reference period' to a more recent time series.<sup>167</sup> As the suggestion was indirectly related to the proposed amendment, we may consider it as part of Tranche 2 works.

---

<sup>167</sup> [Electra "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

### Q13— Third party interruption causes

*Our final decision is to require electricity distribution businesses to provide more detailed information on third party interference interruptions by breaking these down into more specific categories*

- 3.172 EDBs are currently only required to provide general information in a single reporting category for power interruptions caused by third-party interference.<sup>168</sup> This amendment will provide further granularity to this reporting category by requiring EDBs to report on commonly occurring third party interruptions.
- 3.173 The purpose of this amendment is to allow stakeholders to identify important trends or underlying factors that cause third party interference interruptions. This will provide further information to stakeholders to assess whether the Part 4 purpose is being met, to understand whether the supplier is operating and investing in its assets efficiently.<sup>169</sup>

*Submitters generally supported the introduction of this amendment*

- 3.174 Fourteen submitters responded specifically in relation to Q13. Most of these submitters – non-EDBs as well as EDBs – supported the amendment which will collect more granular data on third party interruptions by breaking down into specific cause categories. In their submissions on the PIP, EDBs notified us that they are collecting this information already for the purpose of identifying issues and trends.<sup>170,171,172</sup> In its submission on our draft decisions, Aurora noted:

Further disaggregation of third-party interference interruptions should be useful to consumers, as it helps to expose the range of issues that EDBs cannot control (but may be able to weakly influence, in some circumstances)<sup>173</sup>

- 3.175 Submitters provided feedback on the proposed draft definitions which included:

3.175.1 a minor correction to the definition of ‘vandalism’;<sup>174</sup>

3.175.2 a suggestion to define ‘ground vehicle’;<sup>175</sup> and

---

<sup>168</sup> [Commerce Commission "Electricity Distribution Information Disclosure Determination 2012 - Consolidated version" \(9 December 2021\)](#). Refer to in Schedule 10(ii) of the Electricity Distribution Information Disclosures.

<sup>169</sup> Commerce Act 1986, s 52A(1)(a)-(b).

<sup>170</sup> [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 6.

<sup>171</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 14-15.

<sup>172</sup> [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 11.

<sup>173</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 15.

<sup>174</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12.

<sup>175</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

3.175.3 clarifications to the definitions of ‘overhead contact’ and ‘vehicle damage’.<sup>176</sup>

3.176 Most submitters were opposed to the timing of the first disclosure, which was proposed to be 31 August 2023. EDBs require time to set up their new procedures.<sup>177</sup> They considered the draft requirement would mean that they would be required to report data retrospectively for a period of eight months.<sup>178</sup>

3.177 There were also concerns raised by submitters regarding audit requirements.

3.177.1 The ENA recommended in their submission:

Schedule 10 is subject to auditing requirements. Given this amendment gives rise to a new data set, the ENA recommends that the Commission excludes this metric from the audit requirements for a two-year period, and require EDBs to provide a data quality/accuracy score for each metric.<sup>179</sup>

3.177.2 Orion similarly recommended:

Schedule 10 is audited, and we would recommend that for FY23 (reported by 31 August 2023) that this is not audited nor certified in, at least the first year of implementation.<sup>180</sup>

*Our final decisions refine the information disclosure requirements on third party interference interruptions by breaking down into specific categories: 'dig in', overhead contact, vandalism, and vehicle damage*

3.178 We are breaking down the reporting category for interruptions caused by third-party interference in Schedule 10(ii) to include the following commonly occurring interruptions resulting from external contractors or members of the public. The new table of additional third-party reporting categories includes:

3.178.1 ‘dig-in’: means any unintended damage to any underground network asset caused by a third party;

3.178.2 overhead contact: means any form of unintended damage to any above ground network asset caused by contact that is not related to vegetation or animals;

3.178.3 vandalism: means any intentional destruction of, or damage to, any network asset;

---

<sup>176</sup> [Counties Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 2.

<sup>177</sup> [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 4.

<sup>178</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 15.

<sup>179</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 13.

<sup>180</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

3.178.4 vehicle damage: means any unintended damage to any network assets including poles, ground mounted transformers, pillar boxes, but excluding overhead lines, caused by a ground vehicle; and

3.178.5 other third-party interruption: means any third-party interference not included above.

3.179 EDBs are first required to disclose this information by 31 August 2024 for disclosure year 2024 in Schedule 10(ii). This disclosure is part of Schedule 10 and is therefore subject to audit and director certification.

*Our final decisions support better stakeholder understanding of the cause of interruptions resulting from commonly occurring third party interruptions*

3.180 Most submitters agreed with this amendment. Northpower reflected on the intention of this amendment in its submission:

Northpower supports the additional reporting in Schedule 10(ii) on the breakdown of reasons for third party interruptions. This is useful information, as actions, whether intentional or not, by third parties are the cause of significant network interruptions and therefore have an impact on the SAIDI and SAIFI statistics.<sup>181</sup>

3.181 In our final decisions, we have adopted most of the suggested definitional changes and minor corrections which were provided by the submitters.

3.182 We considered EDBs' submissions on this amendment which highlighted their timing concerns. We agree that for those EDBs who do not record this information already, the amount of data collation required is significant.

3.183 We recognise that Schedule 10 is an audited schedule, with the data subject to a higher level of scrutiny, which requires EDBs to have more robust systems and processes in place to capture the required level of information. EDBs may require more time to implement changes to their existing software and processes to report this information to an acceptable audit standard. Therefore, our final decision is to introduce the reporting of this new quantitative measure from disclosure year 2024.

---

<sup>181</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

3.184 We consider there may be merit in further disaggregating other cause categories. For instance, in its submission on the PIP, Aurora raised the example of vegetation.<sup>182</sup> In its submission on our draft decisions, Wellington Electricity's agreed that "there is merit in further disaggregating the vegetation category to help identify controllable and uncontrollable interruption causes."<sup>183</sup> Defective equipment also remains the most significant cause of unplanned interruption in terms of both duration and frequency. We may consider this further during Tranche 2 of this review.

---

<sup>182</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 15.

<sup>183</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5.

## Decarbonisation

- 3.185 EDBs face an increasing pace of change and potentially significant challenges from decarbonisation, for example:
- 3.185.1 increased load on the network caused by phasing out fossil fuels across the economy; and
  - 3.185.2 challenges posed by new technology (eg, non-network solutions, distributed generation).
- 3.186 An EDB's preparedness for such changes will affect its performance and ability to meet consumers' needs. An EDB must plan to ensure, especially in the context of these changes, that:
- 3.186.1 assets are maintained and replaced, as appropriate;
  - 3.186.2 it innovates and invests in cost-efficient solutions;
  - 3.186.3 it is prepared to manage potential future changes in demand; and
  - 3.186.4 its ongoing operations enable it to deliver service at the quality demanded by consumers.
- 3.187 Submitters made some general points about ID requirements on decarbonisation:
- 3.187.1 broad engagement and coordination are required;
  - 3.187.2 ID requirements should integrate and complement our regulation through price-quality paths;
  - 3.187.3 workshops would be a valuable method of engagement; and
  - 3.187.4 there are several challenges to data access which are relevant to EDBs' preparedness for decarbonisation.
- 3.188 We agree that broad engagement and coordination are required on the topic of decarbonisation given the complexity and the interconnected issues. Decarbonisation has been a focus of our recent stakeholder engagement including our April 2021 open letter and December 2021 workshop.<sup>184</sup> Decarbonisation continues to be a key area of our work and consultation in our current projects, including beyond ID.

---

<sup>184</sup> [Commerce Commission, "Ensuring our energy and airports regulation is fit for purpose" \(29 April 2021\)](#), [Commerce Commission "Workshop on the impact of decarbonisation on electricity lines services" \(summary of stakeholder views, February 2022\)](#).



- 3.189 We engage regularly with other government agencies working in this area. For example, the EA has done work on regulatory changes that may be needed in response to changes in the electricity sector, which has strong parallels to our work on ID.<sup>185</sup>
- 3.190 We also engage with the Energy Efficiency and Conservation Authority (EECA), Ministry of Business, Innovation and Employment (MBIE) and others. We recognise that it is important for different government regulators to work together effectively to support the best outcomes.
- 3.191 In the case of price-quality regulated EDBs, our ID requirements and price-quality path regulations should work together in a complementary way. ID requirements support transparency of EDBs' performance, and both forms of regulation support the overarching purpose of our regulation—to promote the long-term benefit of consumers.<sup>186</sup>
- 3.192 Several EDBs said they face varying and sometimes significant data access challenges. We have designed our proposed requirements to ensure that EDBs can comply with them despite data access challenges by designing high-level narrative requirements, including on information about data access. This gives EDBs the opportunity to qualify and contextualise the information they disclose.
- 3.193 We also consider data access to be an important topic for information disclosure in many cases, especially in the context of decarbonisation. To meet the ID purpose, ID must make information accessible for stakeholders to answer questions about EDBs' historical, current and future performance, including:
- 3.193.1 is the supplier operating and investing in its assets efficiently? (section 52A(1)(a)-(b));
  - 3.193.2 is the supplier innovating where appropriate? (section 52A(1)(a));
  - 3.193.3 is the supplier providing services at a quality that reflects consumer demands? (section 52A(1)(b)).

---

<sup>185</sup> The EA's work on updating regulatory settings for distribution networks can be found here: <https://www.ea.govt.nz/development/work-programme/evolving-tech-business/updating-regulatory-settings-for-distribution-networks/>.

<sup>186</sup> Commerce Act, s 52A; s 53A.

3.194 The issue of how EDBs plan and manage risk when it comes to data access challenges is very relevant to stakeholders in trying to answer these questions. For example, data access challenges may affect EDBs' efficiency in innovating or their ability to respond to changing consumer demands in the context of new technology.

## D2—Impact of new connections

*Our final decision is to require EDBs to disclose information on how they manage new or potential demand, generation, or storage capacity that may have a significant impact on their networks*

- 3.195 Decarbonisation can drive new connections on the network that may present challenges for EDBs. For example, if the existing network does not support rapid uptake of electric vehicles, EDBs may face challenges balancing the cost of network upgrades with consumer demands. Under the current ID requirements, EDB reporting on how they manage this risk varies. The purpose of this requirement is to ensure EDBs consistently disclose information on the impact that new connections on the network may have on them, and how they are managing and preparing for these challenges.
- 3.196 The outcome we are seeking is that stakeholders better understand how EDBs are planning and preparing for decarbonisation. This will help enable them to assess whether EDBs are operating and planning for investment in their assets efficiently and innovating where appropriate.

*Most submitters supported our draft decisions and some suggested changes or sought clarification*

- 3.197 Our draft decisions only covered demand connections. The ENA asked us to include distributed generation in scope of disclosure. Similarly, MEUG asked us to include renewable generation and batteries in scope of disclosure, and to clarify that conversions from other fuel types are in scope. The ENA said:

ENA supports the reporting of new material loads in AMPs and/or standalone documents. As drafted, this disclosure applies only to new loads, not to new distributed generation. This is likely to have a similar, if not, larger impact on network operations or asset management priorities, especially for those EDBs without large fossil fuel loads with potential for conversion.<sup>187</sup>

- 3.198 Some submitters were concerned about the level of detail required because of the availability or sensitivity of detailed information. For example, TLC said:

TLC supports the inclusion of reporting on the methodology we use to determine the impact of new and increased large loads due to electrification. We do not support the disclosure of actual details due to the commercially sensitive nature of this information for our customers.<sup>188</sup>

---

<sup>187</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 13.

<sup>188</sup> [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

3.199 Some submitters opposed the timeframe of our draft decision. Aurora said that 31 March 2023 did not allow enough time, but 30 June 2023 would cause inefficiency by requiring disclosure outside of the usual cycle.<sup>189</sup>

3.200 Electra said:

However, we believe that the proposed implementation date of 31 March 2023 is unachievable. Planning for the AMP starts 18 months before publication; the AMP is substantively written by August each year and goes to our directors for comment in November. Asking EDBs to add information at this late hour of the process is unreasonable and unlikely to result in information that adds value being included in the 2023 AMPs. We recommend that the Commission push the implementation date to 31 March 2024 so that the information requirements can be added to the 2024 AMP plan and that the information can be delivered in a considered and proactive manner.<sup>190</sup>

3.201 Wellington Electricity asked for groups of small connections to be included in scope for disclosure.<sup>191</sup>

*Our final decision is to require electricity distribution businesses to disclose information on how they manage new or potential demand, generation, or storage capacity that may have a significant impact on their networks*

3.202 EDBs must disclose a description of:

3.202.1 how the EDB assesses the impact that new demand, generation, or storage capacity will have on the EDB's network, including:

3.202.2 how the EDB measures the scale and impact of new demand, generation, or storage capacity;

3.202.3 how the EDB takes the timing and uncertainty of new demand, generation, or storage capacity into account;

3.202.4 how the EDB takes other factors into account, eg, the network location of new demand, generation, or storage capacity; and

3.202.5 how the EDB assesses and manages the risk to the network posed by uncertainty regarding new demand, generation, or storage capacity.

3.203 Narrative information must be first disclosed by 31 March 2023 in the EDB's AMP, or by 30 June 2023 in a separate document(s) on the EDB's website.

---

<sup>189</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 15-16.

<sup>190</sup> [Electra "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8.

<sup>191</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

- 3.204 There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.
- 3.205 The requirements set out above focus on the EDB's capability and risk management regarding demand, generation, or storage capacity that the EDB considers are likely to have a significant impact on its network operations or asset management priorities. The EDB may consider voltage, network location, or other factors in making this assessment.
- 3.206 The scope of this requirement includes:
- 3.1.1 new connections on the network, whether certain or uncertain;
  - 3.1.2 demand, generation, and storage capacity; and
  - 3.1.3 either individual connections or multiple connections considered in aggregate.
- 3.207 In providing its responses to the above, an EDB is not required to disclose any commercially sensitive or confidential information.

*Our final decisions capture generation, storage capacity, and smaller demand connections that may have a significant impact in aggregate*

- 3.208 Our draft requirement was limited in scope to new demand connections, and stakeholders asked us to broaden it. Our final decisions broaden the scope of the requirement in two ways:
- 3.208.1 including generation and storage capacity;
  - 3.208.2 describing load and capacity in a broader sense, regardless of the number or size of the individual connections.
- 3.209 We agree with stakeholders that generation and storage capacity are a large driver of the challenges EDBs may face in the future. We also agree with Wellington Electricity's comment that large numbers of small connections (not just single large connections) can have a significant impact on the network. In our draft decision, we proposed that any commercially sensitive or confidential information should be excluded from EDBs' disclosures on this issue. We have maintained this exclusion in our final decision. EDBs may exclude or aggregate information in order to ensure no part of the disclosure is commercially sensitive or confidential.
- 3.210 EDBs must use their judgement to produce meaningful disclosures based on the information they have. EDBs can also discuss any information access challenges as part of the disclosure, which also provides stakeholders reading the disclosure with useful context.

- 3.211 We accept that some EDBs may find it challenging or inefficient to include information under a new requirement in their 2023 AMP. Therefore, EDBs have the option to disclose the information by 30 June 2023 instead. We accept that an out-of-cycle disclosure may create some inefficiency. On the other hand, delaying disclosure until 2024 means the information is not available to stakeholders for an additional year. Many stakeholders share our view that this topic is a very important part of understanding EDBs' performance.
- 3.212 On balance, we consider that the timing of our final decisions allows EDBs enough time to comply given the low level of prescription in the requirement, and that potential inefficiency is outweighed by the value of the disclosed information.
- 3.213 Vector asked us to ensure there is no duplication of these or any future requirements with disclosures under the Task-force on Climate-related Financial Disclosures (TCFD).<sup>192</sup>
- 3.214 We cannot rule out the possibility of duplication for a small number of EDBs. However, we do not consider there is any unjustified duplication because TCFD requirements can never replace the need for ID requirements:
- 3.214.1 TCFD requirements do not apply to the majority of EDBs, and there is no indication that this will change. Our ID regime applies to all EDBs.
- 3.214.2 The TCFD requirements are designed for a wide range of businesses, whereas our ID regime is tailored to EDBs.
- 3.215 Orion asked us to consider a more specific format of disclosure.<sup>193</sup> We consider that a less prescriptive requirement is more appropriate at this stage, but we may consider Orion's suggestion in the future.

---

<sup>192</sup> [Vector, "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p 10.

<sup>193</sup> [Orion, "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p 6.

#### D4—Innovation practices

*Our final decision is to require electricity distribution businesses to disclose more information on their innovation practices*

- 3.216 Innovation is a significant aspect of assessing EDB performance and is increasingly important in the context of decarbonisation. The purpose of Part 4 includes promoting the outcome that regulated suppliers “have incentives to innovate and to invest, including in replacement, upgraded and new assets”.<sup>194</sup>
- 3.217 Under existing ID requirements, EDBs must report on how they consider innovation projects to improve efficiencies within the network and describe innovation projects that have deferred asset replacements. We now require EDBs to report on innovation in one place with more fulsome coverage than what has been required to date. This includes requiring EDBs to report on any challenges they face.
- 3.218 The purpose of this requirement is to ensure EDBs report on innovation in a more fulsome, consistent, and easily accessible way.

*Most submitters supported the intention of this requirement, but asked us to clarify what exactly they are required to disclose*

- 3.219 The ENA and Aurora commented that innovation is an inherent part of EDBs’ business. The ENA said:

ENA supports the reporting of innovation practices in AMPs and/or standalone documents. However, innovation is not a standalone, discrete part of EDBs, but is central to, and indivisible from, EDBs core business practices and processes.<sup>195</sup>

- 3.220 Vector and Orion expressed concern about the wide scope of our draft requirement. This is in line with previous feedback we received about defining innovation more narrowly. Orion said:

We support the introduction of reporting on innovation practices and ask that the Commission clearly define innovation e.g. continuous improvement vs innovation. For example, Ofgem set out clear guidance on the reporting requirements for innovation projects run using innovation allowances<sup>7</sup>. As EDB innovation is predominantly self-funded (as opposed to retrospective approval via the Innovation Allowance), clear criteria is required to determine which activities are considered innovation and fall under reporting requirements.<sup>196</sup>

---

<sup>194</sup> Commerce Act 1986, s 52A(a).

<sup>195</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 14.

<sup>196</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

- 3.221 Orion recommended we only require disclosure of innovation practices that are ready to be executed:

Orion have recently established an innovation pipeline to support the development of ideas into innovation projects. At what stage would we be required to report on our innovation practices i.e. opportunity development, planning, execution or handover/closedown. Given the changeable nature of innovation, we recommend only reporting ideas that have been approved to progress to the execution stage.<sup>197</sup>

- 3.222 Vector commented that EDBs already collaborate on building innovative solutions without regulatory intervention:

Whilst we agree with the intention of this proposal to share best practice and lessons learned, information disclosure will not enhance collaboration nor will it stop duplication of effort across EDBs (of innovation trials for example). The above is best obtained through direct engagement which is happening through the ongoing ENA work on the Network Transformation Roadmap.<sup>198</sup>

There is an implication here that EDBs do not share best practice with their trials and Vector has proven that is certainly not the case with our findings from our recent EV smart charging trial in Auckland. The ENA recently launched its Powering Up website<sup>1</sup> with a section devoted to innovative projects which is a great resource. There is no need for duplication of effort through this proposal.<sup>199</sup>

- 3.223 Our draft decisions excluded any commercially sensitive or confidential information from the scope of disclosure. In its submission on our draft decision, PowerNet expressed concern about its ability to disclose sufficiently detailed information without compromising commercial confidentiality.<sup>200</sup>

- 3.224 On the other hand, the Electricity Retailers' Association said:

ERANZ notes the carve-out for "commercially sensitive or confidential information". While this makes intuitive sense, we would like the Commission to monitor this closely to ensure other participants, particularly new start-up companies, can compete on a level playing field.<sup>201</sup>

*Our final decision is to require electricity distribution businesses to describe any innovation practice they have planned or undertaken, and their approach to innovating*

- 3.225 Our final decision is to require EDBs to describe any innovation practices they are planning or undertaking, including:

---

<sup>197</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

<sup>198</sup> [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 10.

<sup>199</sup> [Vector Limited "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 14.

<sup>200</sup> [PowerNet, "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p 4.

<sup>201</sup> [The Electricity Retailers' Association of New Zealand "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.



- 3.225.1 any innovation practices the EDB has planned or undertaken since the last AMP was published, including case studies and trials;
- 3.225.2 what the desired outcome of any innovation practices is, and how it may improve outcomes for consumers;
- 3.225.3 how the EDB measures success and makes decisions regarding any innovation practices, eg, how the EDB decides whether to commence, commercially adopt, or discontinue any innovation practices;
- 3.225.4 how the EDB's decision-making and innovation practices depend on the work of other companies, including other EDBs and providers of non-network solutions; and
- 3.225.5 the types of information the EDB requires to inform or enable innovation practices, and their approach to seeking that information.
- 3.226 Narrative information must be first disclosed by 31 March 2023 in the EDB's AMP, or by 30 June 2023 in a separate document(s) on the EDB's website. This allows time to prepare for disclosure in the first year of the new requirement. In later years, each EDB must disclose narrative information by 31 March, and may disclose this information in its AMP or a separate document(s) on its website.
- 3.227 There is no requirement for director certification of this disclosure for 2023. From 2024 onwards, this disclosure is subject to the same director certification requirement as the AMP.
- 3.228 We define 'innovation practice' as follows:
- means an activity or practice, in respect of the supply of electricity lines services, that is focussed on the creation, development or application of a new or improved technology, process or approach, and includes an innovation project as defined in the IM determination.
- 3.229 EDBs must apply their judgement to assess what practices they consider as 'innovative practices' under this definition. Innovative practices can include an innovation project as defined in the EDB IM determination. They can also include a much broader set of practices.
- 3.230 In providing its responses to the above, EDBs are not required to disclose any commercially sensitive or confidential information.

*Our final decisions address stakeholder concerns and cast a wide net as a starting point*

- 3.231 Innovation is inherently related to electricity distribution and cannot be totally separated from it. EDBs can collaborate, share information, and disclose information to the public outside of what is required by regulators.

- 3.232 We consider this new requirement will ensure consistent availability of information beyond what currently exists and improve the accessibility of the information to stakeholders. The purpose of this requirement is not only to encourage information sharing between EDBs, but also with other stakeholders. Innovation is highly relevant to EDBs' business and is becoming increasingly important. Therefore, this information is of high value to a wide range of stakeholders.
- 3.233 We acknowledge that our draft decisions defined 'innovation practices' broadly, and this has both benefits and drawbacks. There is a fine balance to be achieved in casting a wide net while capturing useful, relevant information. We consider the best option is to define innovation broadly and require EDBs to use their judgement in deciding what information may be relevant. This is because:
- 3.233.1 technology continues to change rapidly, so a more specific definition of innovation practices may inadvertently exclude new or future technology;
  - 3.233.2 innovation practices that have significant impact or potential value can be very different to each other, and are therefore difficult to define narrowly; and
  - 3.233.3 we will monitor this area and are open to refinement over time.
- 3.234 Similarly, it is important to strike a balance in the scope of this requirement. If the requirement is too broad, there may be a lot of less useful information being disclosed. If the requirement is too narrow, there may be useful information being excluded from disclosure, eg, because the work is at an early stage of development. The best option is to strike a balance between these two options, and to avoid unnecessary complexity or prescription in the requirement. We have done this by requiring EDBs to describe any innovation practice that they have "planned or undertaken".
- 3.235 We consider the low level of prescription in the requirement, and the explicit ability of EDBs to use their judgement in determining the scope of disclosure, will ensure that EDBs are able to comply with this requirement.
- 3.236 Orion commented that our draft requirement assumed that all EDBs already have innovation practices. We acknowledge that EDBs have different levels of activity and maturity in this area, and that this can change over time. We have refined our requirement to further clarify that EDBs are required to disclose information about *any* innovation practice they may have planned or undertaken. If an EDB has not planned or undertaken any innovation practices, then it may say so in its disclosure.

- 3.237 We consider the low level of prescription in the requirement, and the explicit exclusion of commercially sensitive or confidential information from the scope of disclosure, will sufficiently address PowerNet's concern about commercial sensitivity. EDBs may use their judgement to exclude or aggregate information due to confidentiality or commercial sensitivity.
- 3.238 We agree with the Electricity Retailers' Association that it is important for us to monitor the issue of commercial sensitivity of disclosures under this category. In the future, we may consider whether confidential disclosure of such information to only the Commission may be appropriate. However, our final decisions on this issue do not require any disclosure of commercially sensitive or confidential information, in line with our draft decisions.

## Asset management

- 3.239 An EDB's asset management practices underpin its investment and operational activities. Effective asset management enables it to provide more reliable and efficient electricity lines services and helps ensure it provides services at a price and quality that reflects the demands of consumers.
- 3.240 It is important that we adapt our ID requirements on asset management to capture new information relevant to EDBs' changing operating environment. Historic performance may not be a good guide to future outcomes as the external context changes. It is also becoming even more important to assess whether investment is sufficient and efficient as climate change may pose increasing risks to network resilience.
- 3.241 Our window into an EDB's asset management practices is through information disclosure, mainly through asset management plans. We have a focus on encouraging an EDB to improve its asset management reporting, which in turn encourages improvement of its asset management practices. We signalled this focus in our April 2021 open letter.<sup>202</sup>
- 3.242 Stakeholders have made broader comments about the types of information that should be required as part of asset management plans, as opposed to being disclosed separately. We addressed this in our proposal to allow EDBs to disclose narrative information more flexibly, as discussed in Chapter 2 of this paper.
- 3.243 In the quality section of this chapter, we discussed submitters' observations that external factors, variability, and inherent differences between EDBs affect the interpretation of ID data. We consider that the data is still valuable and supports the purpose of Part 4. For asset management data, AMPs contain a lot of useful context and EDBs can choose to disclose additional information throughout the document. We also consider context when interpreting ID data in our summary and analysis.

---

<sup>202</sup> [Commerce Commission, "Ensuring our energy and airports regulation is fit for purpose" \(29 April 2021\).](#)

## **AM6—definition of overhead circuit requiring vegetation management**

Our final decision is to postpone a decision on this issue until Tranche 2

- 3.244 The lack of a precise definition for ‘overhead circuits requiring vegetation management’ has resulted in EDBs adopting a range of reporting approaches. In our draft decisions we proposed to amend this definition in Schedule 16 to cover those locations where vegetation falls within the ‘notice zone’ of the affected overhead circuits, as defined in the Electricity (Hazards from Trees) Regulations 2003.
- 3.245 The purpose of the proposed amendment was to clarify the definition to ensure consistency of reporting related to the metric, which would assist stakeholders to understand the efficiency and effectiveness of EDBs’ vegetation management practices.

*We received significant pushback from submitters on certain aspects of this amendment*

- 3.246 Twelve submitters responded specifically in relation to AM6. While submitters generally supported the intent of this amendment, majority of the submitters noted their concerns with aspects of the proposal.
- 3.247 Submitters noted the high cost to continually survey vegetation growth against the ‘notice zone’ definition,<sup>203</sup> and that the use of this definition will introduce volatility in vegetation reporting over time as vegetation management activity causes vegetation to fall outside of the notice zone, whilst tree growth causes vegetation to fall within it.<sup>204</sup>
- 3.248 Submitters also noted that there is ambiguity related to what length of overhead lines to report as being affected by vegetation in the situation where only a portion of a circuit is affected by vegetation. Submitters queried whether the whole circuit length or just the portion affected by vegetation should be reported.<sup>205</sup>

---

<sup>203</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 14](#); [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 16](#); [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 5](#); [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 8](#); [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 11](#).

<sup>204</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 16](#); [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 6](#).

<sup>205</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\), p. 10](#).

3.249 Another concern for submitters was that using the ‘notice zone’ definition would promote a short-term focus. That is, by considering only vegetation within the notice zone, it would only record vegetation that is in imminent need of intervention. It therefore does not account for fall zone trees outside of the notice zone,<sup>206</sup> which can account for majority of vegetation related interruptions on a network.<sup>207</sup> Submitters also noted that if this metric is used for efficiency analysis it will be misleading because the costs of managing trees outside of the notice zone are included in vegetation management costs, but such trees are not included in this definition of overhead lines affected by vegetation.<sup>208</sup>

*Our final decision is to postpone a decision on this issue until Tranche 2 considering the issues raised by submitters which require further consideration and consultation*

- 3.250 The existing definition of ‘overhead circuit requiring vegetation management’ is subjectively based upon an EDB’s view of what vegetation requires ongoing maintenance and has thus been reported very differently amongst EDBs.
- 3.251 Our decision is to define ‘overhead circuit requiring vegetation management’ based on a more objective, distance-based measure—the ‘notice zone’ as defined in the Electricity (Hazards from Trees) Regulations 2003. This minimises compliance costs, given EDBs are already required to comply with these regulations.
- 3.252 Several submitters suggested amendments to our proposed definition. However, most of the suggestions remove reference to the ‘notice zone’ and reintroduce a subjective element to the definition based upon an EDB’s assessment of how much vegetation is deemed to require ongoing maintenance. We do not consider that these amendments will improve the consistency of EDBs’ reporting on this metric.

---

<sup>206</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6; [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 11.

<sup>207</sup> [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9.

<sup>208</sup> [Aurora Energy "Cross-submission on EDB targeted ID review draft decision paper" \(16 September 2022\)](#), p. 9.

- 3.253 Aurora Energy has proposed a change to the definition which retains the notice zone definition and includes not only vegetation that falls within the notice zone, but also vegetation that would be expected to encroach within this zone if it were not cut.<sup>209</sup> The benefit of this broader definition is that it addresses concerns raised by submitters that significant cost would be incurred having to re-survey their vegetation each year to determine what vegetation is in and out of the notice zone. Including the adjacent vegetation that would be required to be cut over a maintenance cycle to avoid it encroaching within the notice zone is consistent with the aims of this amendment and would provide a more stable figure across years reflective of EDBs' long term maintenance vegetation requirements.
- 3.254 Submitters have noted that a large amount of vegetation management activity and cost occurs as a result of trees falling from outside of the notice zone. The 'reactive' vegetation management associated with dealing with such falls can be differentiated from the 'proactive' vegetation management which this metric (overhead circuit requiring vegetation management') is seeking to capture, ie, vegetation close to overhead lines that is being regularly trimmed as part of a multi-year maintenance rotation. Currently, ID does not differentiate between reactive and proactive types of vegetation management expenditure.
- 3.255 Submitters are also concerned about the kind of inferences that might be drawn when considering this metric alongside the (total) vegetation management costs reported in ID. An EDB might appear inefficient based on a comparison between it and other networks if it were to report under this metric that only a small percentage of its network requires (proactive) vegetation management, whilst at the same time reporting high vegetation management costs in its ID disclosures (that are driven largely by reactive maintenance in response to out of zone trees)
- 3.256 To provide stakeholders more meaningful and accurate information about the efficiency, nature and scale of EDBs vegetation management activities this metric may need to be supported by other new ID information such as:
- 3.256.1 vegetation management expenditure split out into proactive and reactive reporting; or
- 3.256.2 actual vegetation management kilometres cut per year.

---

<sup>209</sup> Aurora has proposed the following definition: "Overhead circuit requiring vegetation management means a circuit, or a section of a circuit, which meets the definition of 'conductor' in the Electricity (Hazards from Trees) Regulations 2003 and is installed as an overhead line in an area in which, if vegetation management did not occur, vegetation would reasonably be expected to encroach the 'notice zone' as defined in the Electricity (Hazards from Trees Regulations) 2003" [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 17.

- 3.257 Finally, submitters have also noted that there is ambiguity related to what length of overhead lines to report as being affected by vegetation in the situation where only a portion of a circuit is affected by vegetation. Submitters query whether the whole circuit length or just the portion affected by vegetation should be reported (note this issue would also apply to calculating actual vegetation management kilometres cut per year). We note there is an inherent trade-off here between accuracy and compliance costs and do not want to impose inordinate reporting costs on EDBs (an issue voiced by submitters on this amendment). We therefore consider reporting the whole circuit length may be sufficient in situations where more granular assessments are likely to require significant time and effort.
- 3.258 In summary, we consider it prudent to consult further on this proposed amendment as part of Tranche 2. Overall, submitters agree with the intent of the amendment and that there is merit in exploring it further.



### **AM7A - information on vegetation management-related maintenance**

*Our final decision is to require electricity distribution businesses to disclose information on vegetation management-related maintenance in their lifecycle asset management plans*

- 3.259 Current reporting requirements on lifecycle asset management do not cover vegetation management-related maintenance. We are adding a requirement for EDBs to report on this matter: to provide a summary of the approach and assumptions that inform an EDB's approach to vegetation management.
- 3.260 The purpose of this amendment is to enhance the ability of stakeholders to assess whether EDBs' network assets are appropriately protected from vegetation and whether an EDB's vegetation planning and practices are undertaken in a timely and cost-efficient manner.

*Most submitters supported our draft decision on amendment AM7A- Vegetation management*

- 3.261 Thirteen submitters responded specifically in relation to AM7A, with a significant majority supporting the proposal, or most aspects of it.<sup>210</sup>
- 3.262 Electra supported the amendment and its implementation timeframe. It also encouraged "the Commission to align the implementation date of all AMP reporting to 31 March 2024 to give EDBs ample time to plan for inclusion of this new measure in their AMPs."<sup>211</sup>
- 3.263 Some submitters did not support the proposal because they opposed elements of it:
- 3.263.1 Network Waitaki considered the modelling approaches and assumptions requirements of the proposal to be excessive given the scale of some EDB operations. It noted that it is supportive of providing information on its vegetation management strategy and approaches applied,<sup>212</sup> and

---

<sup>210</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 15; [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 17; [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8; [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7; [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5; [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6; [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 11; [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9-10; [Federated Farmers "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 1; [Powerco "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>211</sup> [Electra "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9.

<sup>212</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 10.

3.263.2 Similarly, Orion did not support the modelling provisions because vegetation and seasonal growth can be challenging to predict. It did not consider modelling to be an appropriate way of predicting vegetation management practices.<sup>213</sup>

*Our final decision seeks to understand the approach and assumptions behind electricity distribution business' vegetation management maintenance*

- 3.264 Vegetation management-related maintenance refers to the management of vegetation in proximity to EDBs' assets and the maintenance of assets that have been or could be affected by vegetation encroachment.
- 3.265 Vegetation management-related maintenance is a crucial operational task for EDBs. Vegetation-related damage is a major cause of interruptions and vegetation management expenditure is a material component of operational expenditure.
- 3.266 As we indicated in our 2021 review "Reporting of asset management practices by electricity distributors", vegetation management practices can strongly influence vegetation related interruptions:
- to a large extent the occurrence and severity of vegetation-related interruptions on a network can be influenced by an EDB's asset management practices – more so than for some other categories of interruptions, eg, lightning and third-party damage.<sup>214</sup>
- 3.267 The importance of effective vegetation management is likely to increase as climate change causes more severe and frequent storm events with greater potential for assets to be damaged by nearby vegetation. In addition, some parts of the country are projected to become hotter and drier which could raise the risk of fire damage to networks in those areas from burning vegetation.<sup>215</sup>
- 3.268 For the reasons outlined above it is important EDBs include more detailed information on vegetation-related maintenance to enable stakeholders to assess EDBs' performance in this area.
- 3.269 Stakeholders would like to understand EDBs' vegetation management strategy, including the underlying rationale for the approach, and how deterministic it is (eg, whether it is based on a risk assessment).

---

<sup>213</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

<sup>214</sup> Commerce Commission [Reporting-of-Asset-Management-Practices-by-EDBs.pdf](#), 2021, p. 33

<sup>215</sup> Carey-Smith T, Mullan B, Sood A, Stuart S, NIWA "Climate Change Projections for New Zealand Atmospheric projections based on simulations undertaken for the IPCC 5th Assessment, 2nd edition. 2018".

- 3.270 We have considered Network Waitaki's and Orion's submissions related to the removal of the modelling requirements and made amendments to the wording of the determination to recognise the fact that some EDBs apply advanced vegetation management modelling (utilising risk and/or vegetation growth rates etc), whilst others may be using a more simple time-based cycle of maintenance. We are looking for EDBs to disclose the approach and assumptions that they are using and have adjusted the description of the information being sought under this amendment to better reflect this.
- 3.271 EDBs are first required to disclose this information by 31 March 2024 in their AMPs. This disclosure is part of the AMP, so it is subject to director certification requirements.

**AM7B - information on and policies and practices for projected capital expenditure in lifecycle asset management plans**

*Our final decision is to require electricity distribution businesses to disclose more information on their projected capital expenditure*

- 3.272 Current reporting requirements for lifecycle asset management lack detail on an EDB's justification for capital expenditure forecasts. We are adding a requirement for EDBs to provide the rationale and supporting assumptions used to inform and develop capital expenditure forecasts for their assets.
- 3.273 In particular, EDBs will be required to provide:
- 3.273.1 detail regarding how asset data is used to inform capital expenditure forecasts (for example, volumetric replacement models based on asset age, or expenditure forecasts informed by condition-based risk modelling); and
  - 3.273.2 an explanation of why the given model or approach is appropriate for each asset class.
- 3.274 The purpose of this amendment is to enhance the ability of stakeholders to assess whether EDB's capital expenditure forecasts are robust and provide sufficient justification for the projected capital expenditure for their assets.

*Most submitters supported our draft decision on amendment AM7B*

- 3.275 Majority of the submitters supported the amendment,<sup>216</sup> though some EDBs considered:
- 3.275.1 that the amendment was not consistent with what submitters saw as a light-handed ID framework and that the reporting detail required would be excessive;<sup>217</sup>
  - 3.275.2 there was no need to go into this level of detail for no apparent benefit to consumers;<sup>218</sup>
  - 3.275.3 it would be better to report on the assumptions or rationale informing capital expenditure as opposed to reporting on a modelling approach.<sup>219</sup>
- 3.276 Northpower noted that it was “unclear why capital expenditure forecasts for vegetation management are included, as vegetation management is an operating expenditure cost.”<sup>220</sup>
- 3.277 Orion noted that that would be better to report on the assumptions or rationale informing capital expenditure as opposed to reporting on a modelling approach.<sup>221</sup> Network Waitaki noted that it supported providing information on the strategy and approach applied in capital expenditure forecasts but did not see the need to go into the level of detail being proposed by the Commission.<sup>222</sup>

---

<sup>216</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 18; [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8; [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7; [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p.5; [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6; ; [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 11; [The Lines Company "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9-10; [Federated Farmers "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 1; [Powerco "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 3.

<sup>217</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 15.

<sup>218</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 11.

<sup>219</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

<sup>220</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

<sup>221</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

<sup>222</sup> [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 11.

*Our final decision is to require electricity distribution businesses to disclose more information on their policies and practices for projected capital expenditure in their lifecycle asset management plans*

- 3.278 We note that Northpower's comment appears to misinterpret our idea as we are not requesting capital expenditure forecasts for vegetation management related expenditure. We are seeking vegetation management related information under AM7A and capital expenditure forecasts under AM7B.
- 3.279 We have considered Network Waitaki's and Orion's submission related to the removal of the modelling requirements and recognised that some EDBs have more advanced asset management modelling such as condition based risk management, and others may be using a time-based cycle for maintenance. We are looking for EDBs to disclose the approach and assumptions that they are using and have adjusted the description of the information being sought under this amendment to better reflect this.
- 3.280 EDBs are first required to disclose this information by 31 March 2024 in their AMPs. This disclosure is part of the AMP, so it is subject to director certification requirements.

### **AM8A - additional information on how asset management data informs asset health models**

*Our final decision is to require electricity distribution businesses to include additional information on how asset management data informs asset health models*

- 3.281 Data collection and management are integral elements of EDBs' asset management. The information that EDBs are currently required to disclose does not provide interested parties with the ability to track though and understand with sufficient clarity how EDBs' asset data informs expenditure forecasts.
- 3.282 Our final decision is that EDBs will be required to provide a description of how asset management data informs asset health models and how these model outputs link to expenditure forecasts. In particular, we require EDBs to describe how asset management data informs systematic and appropriate asset health models and how these model outputs link to expenditure forecasts.
- 3.283 The purpose of this amendment is to enable stakeholders to better understand how EDBs' expenditure forecasts are informed by asset management data. This in turn helps interested parties assess how EDBs are operating and investing in their assets.

*We received strong support in submissions of electricity distribution businesses regarding the introduction of amendment AM8A*

- 3.284 Thirteen submitters responded specifically on AM8A, with strong support for the proposed amendment.
- 3.285 Orion noted that the Commission should consider the challenges EDBs face in modelling forecast assumptions, given EDBs will be able to forecast assumptions but only to provide more informed decisions on Quality of Supply cost versus value towards the end of the next price-quality path.<sup>223</sup>
- 3.286 Unison & Centralines noted that the Commission does not provide any guidance as to the degree of disclosure, and that they consider that disclosure should not compromise their intellectual property.<sup>224</sup>

*Our final decisions require electricity distribution businesses to include additional information on how asset management data informs asset health models and the link to expenditure forecasts*

- 3.287 Our final decisions require EDBs to disclose information regarding the processes and systems used to gather and verify the data used to forecast asset replacement and renewal projects and programmes.

---

<sup>223</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8.

<sup>224</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9.

- 3.288 Many of the existing requirements under clause 3.11 of Attachment A in the ID Determination allow stakeholders to assess the maturity of EDBs' data systems and information management. The information that EDBs must currently disclose does not however include information that demonstrates the link between the data, asset health and expenditure forecasts.
- 3.289 Requiring EDBs to provide this information will enable stakeholders to assess the degree to which asset health is based on observed asset data, and expenditure forecasts are based on bottom-up asset-centric assessments of asset condition. This in turn helps interested parties assess and gauge the reliability of an EDB's asset expenditure forecast information contained in the AMP. This information is likely to be increasingly important in the future—as EDBs have themselves recognised— because using historical data as the basis for forecasting asset replacement and renewal may become unsatisfactory because of rapidly changing technology and processes.
- 3.290 EDBs are first required to disclose this information by 31 March 2024 in their AMPs. This disclosure is part of the AMP, so it is subject to director certification requirements.

#### **AM8B - additional information on and information on consideration of non-network solutions**

*Our final decision is to require electricity distribution businesses to include additional information on their consideration of non-network solutions*

- 3.291 Non-network solutions—also termed flexibility services— offer the potential to defer or avoid the need for asset replacement. These solutions can be deployed in managing network growth and development. In the face of decarbonisation-driven growth and the need to renew aging assets, EDBs will increasingly need to consider non-network solutions.
- 3.292 EDBs are currently required to report on certain aspects of non-network solutions, specifically, the criteria and assumptions for network development (see clause 11 of Attachment A). The requirements for EDBs to report non-network solutions do not however extend to Lifecycle Asset Management Planning purposes.
- 3.293 Our final decision is therefore to amend clause 12 of Attachment A of the Determination to require EDBs to provide the assumptions, economic modelling, and consideration of non-network solutions underpinning the methodology they use to determine the forecast expenditure within the AMP planning period.
- 3.294 EDBs are first required to disclose this information by 31 March 2024 in their AMPs. This disclosure is part of the AMP, so it is subject to director certification requirements.

- 3.295 The purpose of this requirement is to ensure stakeholders have access to sufficient information regarding EDBs' consideration of non-network solutions as part of asset lifecycle management planning. Particularly, it will enable assessment of EDBs' economic modelling and what consideration they are giving to non-network solutions in their assessment of forecast expenditure. This will help them to assess whether the EDBs are operating and investing in their assets efficiently and innovating where appropriate.
- 3.296 Non-network solutions may enable cost reductions to EDBs (and ultimately consumers) relative to a situation where traditional network solutions are adopted.

*We received strong support in submissions of electricity distribution businesses regarding the introduction of amendment AM8B*

- 3.297 Thirteen submitters responded specifically on AM8B, with strong support and no objections to the proposed amendment.
- 3.298 Northpower stated:

we support the requirement that EDBs provide information about its consideration of non-network solutions. This reflects common practice to consider all reasonable options when addressing a network constraint.<sup>225</sup>

- 3.299 In their cross submission EECA stated:

EECA supports the draft decision to require EDBs to include additional information on their consideration of non-network solutions (AM8B) noting that information disclosure on flexibility services could be valuable to 'interested persons' (Commerce Act 1986, s 53A). From an EECA perspective, understanding EDBs' modelling and the consideration they are giving to non-network solutions in their assessment of forecast expenditure, could provide better visibility of the opportunities available to consumers using smart devices in their homes.<sup>226</sup>

---

<sup>225</sup> [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6

<sup>226</sup> [EECA "Cross-submission on EDB targeted ID review draft decision paper" \(8 September 2022\)](#), p. 1



## **AM9 - amendment to enable expanding existing forecasting schedules to describe future scenarios**

*We are introducing a new amendment to enable electricity distribution businesses to better describe future scenarios*

- 3.300 EDBs are currently required to disclose ‘single point’ values in their forecasting schedules. We have provided instruction in the existing forecasting schedules for EDBs to further describe the options and considerations made in their assessment of forecasting scenarios in Schedule 15.
- 3.301 The purpose of introducing this requirement is to provide greater transparency of the basis on which EDBs forecast the future requirements of their networks. By enabling EDBs’ to include additional qualitative commentary on their forecasts, stakeholders will be better able to assess whether the Part 4 purpose is being met (in particular, to understand whether the supplier is operating and investing in its assets efficiently).<sup>227</sup>

*We received strong support in the submissions of electricity distribution businesses regarding the introduction of this amendment*

- 3.302 Eleven submitters commented on this amendment with significant support for the proposed change. The ENA and Aurora noted that EDBs are likely to include scenario analysis in their AMPs.<sup>228,229</sup>
- 3.303 Aurora also noted that the voluntary nature of the disclosure is appropriate, as it anticipates that some EDBs may be reluctant to disclose scenario forecasts, owing to the inherent uncertainty of the disclosure and the relatively limited utility of a tabular disclosure to convey scenario messages.<sup>230</sup>
- 3.304 Wellington Electricity supported the proposal but queried whether one box for opex and one box for capex provides adequate space to explain the option and noted it would prefer this voluntary disclosure to be included within the body of the AMP.<sup>231</sup>

---

<sup>227</sup> Commerce Act 1986, s 52A(1)(a)-(b).

<sup>228</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 16..

<sup>229</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 19.

<sup>230</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 19.

<sup>231</sup> [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8.

- 3.305 Vector considered the voluntarily description of options and considerations made should not be in the expenditure forecast Schedules (11a and 11b). Instead, it considered the explanation boxes should be placed in Schedule 12c for demand forecasting as energy demand is the main driver affecting the decisions and options taken.<sup>232</sup>

*Our final decision is to enable (but not require) electricity distribution businesses to expand the existing forecasting schedules they disclose to describe future scenarios*

- 3.306 Our decision is to retain the requirement for EDBs to release single point forecasts estimates. However, with the amendment EDBs can also voluntarily describe in Schedule 15 the options and considerations made in their assessment of forecasting scenarios. EDBs may first voluntarily disclose this information in Schedule 15 by 31 March 2023.
- 3.307 We have considered Wellington Electricity's and Vector's submissions and decided that the existing Schedule 15 is the most suitable location for the voluntary explanations.
- 3.308 Regarding Wellington Electricity's proposal to include commentary boxes within the body of the AMP, we note EDBs can put additional voluntary information in the body of their AMP, including information on alternative scenarios that they have considered (if they choose).

---

<sup>232</sup> [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12.

## AM10 - Disconnections data

*Our final decision is to require electricity distribution businesses to disclose actual installation control points decommissioning data for their network*

- 3.309 Under current requirements, EDBs disclose actual and forecast new connections on their networks for both ICP and distributed generation (DG), but not disconnections. This presents an incomplete picture to stakeholders because new connections represent the gross, but not the net overall, change in connections on a network across a year.
- 3.310 In the draft decision we proposed that EDBs provide actual and forecast disconnection data on ICP and DG disconnections on their network. After considering submissions however, we now propose that EDBs provide only actual ICP decommissioning data on their network. This will be disclosed alongside, but separately from, the related connection data.
- 3.311 The purpose of this amendment is to give stakeholders a more complete understanding of an EDB's actual net overall change in connections on a network across a year. This helps enable stakeholders to better understand EDB performance and challenges.

*We received strong feedback from the submissions to modify aspects of this amendment*

- 3.312 Fourteen submitters responded specifically in relation to AM10. Many EDBs supported the idea of capturing more 'permanent disconnection' using the definition of "decommissioned" from the Electricity Industry Participation Code. Submitters noted that this will ensure reporting captures only the permanent removal of ICPs, rather than temporary disconnections, related to non-payment, vacant properties, construction works etc.<sup>233</sup>
- 3.313 Regarding DG disconnections, submitters noted that this is not information an EDB is privy to, with consumers able to self-disconnect without notification to an EDB.<sup>234</sup>

---

<sup>233</sup> [Electricity Networks Association "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 16; [Network Waitaki "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 12; [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 20; [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 9; [Northpower "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6-7; [PowerNet Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 5; [Horizon Networks "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 6.

<sup>234</sup> [Orion "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8; [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8.

- 3.314 Horizon Energy recommended the Commission can reduce the regulatory burden on EDBs by obtaining the actual decommissioning information directly from the electricity registry rather than requiring it to be part of the annual disclosure process.<sup>235</sup> Vector supported Horizon’s idea in its cross-submission.<sup>236</sup>
- 3.315 On the proposed requirement to forecast ICP decommissioning data, Northpower noted that it does not forecast the future decommissioning of ICPs as they are generally low levels, and the reasons for an ICP to be decommissioned can vary.<sup>237</sup> Vector supported Northpower’s idea in its cross-submission, asking that “the requirement to disclose a forecast of future decommissioned ICPs is removed from Schedule 12C as this forecast would be of little value”.<sup>238</sup>
- 3.316 Regarding the implementation date,
- 3.316.1 Wellington Electricity noted that although it can separately disclose the disconnection information on an ICP by consumer type level for the disclosure year ending 31 March 2023, it has concerns that the Commission is applying information disclosure requirements after the disclosure year has begun. It suggested the Commission instead requires this information to be first disclosed by 31 August 2024.<sup>239</sup>

3.316.2 Electra stated:

Pushing the implementation to 1 April 2024 would give the Commission time to clarify its intentions and EDBs time to make the necessary systems change to capture that data. We think it unlikely that the current statistics available through the Registry fit the Commission's purpose.<sup>240</sup>

*Our final decision is to scale back this amendment to require electricity distribution businesses to only disclose actual installation control point decommissioning data for their network*

- 3.317 Our final decision is to require EDBs to disclose ICP decommissioning data in Schedule 9e(i) (by consumer type).

---

<sup>235</sup> [Horizon Networks “Submission on EDB targeted ID review draft decision paper” \(31 August 2022\)](#), p. 610.

<sup>236</sup> [Vector Limited “Cross-submission on EDB targeted ID review draft decision paper” \(16 September 2022\)](#), p. 16.

<sup>237</sup> [Northpower “Submission on EDB targeted ID review draft decision paper” \(31 August 2022\)](#), p. 7.

<sup>238</sup> [Vector Limited “Cross-submission on EDB targeted ID review draft decision paper” \(16 September 2022\)](#), p. 16.

<sup>239</sup> [Wellington Electricity “Submission on EDB targeted ID review draft decision paper” \(31 August 2022\)](#), p. 8.

<sup>240</sup> [Electra “Submission on EDB targeted ID review draft decision paper” \(31 August 2022\)](#), p. 11.

- 3.318 We consider that including decommissioning data will make the meaning of the currently disclosed connection information clearer and more complete. As noted, the current ID requirements for EDBs to report on connections present an incomplete picture to stakeholders, representing only new gross connections (and not net new connections).
- 3.319 We agree with multiple submissions that the Electricity Industry Participation Code's definition of "decommissioned" should be used for this disclosure, to ensure that more permanent 'disconnections' are recorded, which is consistent with the intent of this amendment. We are defining the term 'decommissioned' in ID and refer to this term in the Schedule 9e(1).
- 3.320 Some EDBs proposed that we receive this data through the energy registry rather than ID disclosures to reduce regulatory burden on EDBs. We consider it better to use ID disclosures to record this information as this will effectively allow 'net' new ICP connections to be displayed within one schedule, which will improve transparency of the net change in connections across a network for interested parties (and EDBs themselves).
- 3.321 We are removing the requirement for EDBs to disclose DG disconnections based on the feedback from EDBs that consumers can self-disconnect without notifying an EDB. Given EDBs may not receive a notification of a DG disconnection, we do not consider that EDBs can reasonably be expected to provide this information.
- 3.322 We are not implementing the proposal for EDBs to provide ICP or DG forecast disconnections. We agree that given the very low amount of decommissioning currently occurring on networks, and the variety of reasons behind decommissioning, there will be little value in requiring EDBs to try to forecast decommissioning on their network. We may review this in future if the actual decommissioning data we receive suggests a trend towards material levels of decommissioning occurring on networks in the future.
- 3.323 Some submitters have requested that we delay the implementation date for this amendment. We do not consider this is necessary as this is data that EDBs already have access to, and many EDBs noted that they would have no difficulty in meeting the proposed implementation date.
- 3.324 EDBs are first required to disclose this information in Schedule 9e(i) by 31 August 2023. There is no director certification requirement for disclosure year 2023 for this disclosure. From disclosure year 2024 onwards, this disclosure will be subject to director certification requirements as part of Schedule 9.

**AM13 - Cybersecurity as an expenditure item**

*Our final decision is to require electricity distribution businesses to disclose their cybersecurity expenditure*

- 3.325 Cybersecurity is an increasingly important issue for EDBs. It requires investment in systems and processes in order to protect and maintain the functioning of EDBs' operations.
- 3.326 We propose to add a confidential disclosure requirement for EDBs to report on their expenditure on cybersecurity.
- 3.327 The purpose of this amendment is to improve our understanding of EDBs' expenditure on cybersecurity, an area increasingly becoming important for EDBs to manage to maintain quality of supply.
- 3.328 This amendment was recommended by the ENA in its submission and was not proposed in the PIP.

*We received strong support for this proposal*

- 3.329 Fourteen submitters responded specifically in relation to AM13. Majority of the submitters strongly supported this amendment.
- 3.330 Some submitters noted that they would have difficulty in accurately estimating cybersecurity costs, and that EDBs may need to qualify their disclosures with appropriate notes (in Schedule 15 or elsewhere) setting out the limitations of their disclosure, especially given that this is an audited disclosure.<sup>241</sup>
- 3.331 Many submitters recommended moving the first disclosure dates to 2024.<sup>242</sup> EDBs were concerned that this information would be required on a retrospective basis if it was disclosed in 2023 and that this would require EDBs to design and implement new data collection processes, and back-cast data collection for a period of eight months.
- 3.332 Horizon Energy recommended the Commission use an alternative mechanism such as a section 53ZD notice to request confidential cybersecurity expenditure information as an input into the default-price path reset process.<sup>243</sup>

---

<sup>241</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 20; [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p.10; [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8.

<sup>242</sup> [Aurora Energy "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 20-21; [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8; [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p.10; [Electra "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 11.

<sup>243</sup> [Horizon Networks "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 7.

- 3.333 Finally, some EDBs questioned why the Commission was proposing disclosure of operational expenditure only, as non-network capital expenditure (eg, commission a new firewall) can be material. They recommended that actual and forecast capex cyber expenditure can be confidentially disclosed.<sup>244</sup>

*We received no cross-submissions on this proposal*

- 3.334 There were no cross-submissions made on this proposed amendment.

*Our final decision is to require electricity distribution businesses to make a confidential, Commission-only disclosure of their actual and forecast cybersecurity expenditure*

- 3.335 We agree with submitters' recommendation to include cybersecurity capex disclosures (not just cybersecurity opex disclosures), as capex related cybersecurity is a reasonable and material cost that EDBs incur as part of their regulated business activity. Our final decision is to require EDBs to disclose to the Commission their actual and forecast cybersecurity expenditure (opex and capex) in Schedules 6b(ii) and Schedule 11b, and 6a(ix) and 11a(ix), respectively.
- 3.336 We are amending Schedules 6 and 11 to include a line item where EDBs can confidentially record cybersecurity expenditure on an actual and forecast basis. In order to ensure the confidentiality of this information is protected, EDBs will be required to disclose both public and confidential versions of Schedules 6 and 11. The information regarding cybersecurity expenditure will be disclosed to the Commission only: it will not be included in information published for stakeholders.<sup>245</sup> We may publish a summary or analysis of the Commission-only information in a way that still protects the commercial sensitivity of the information such as by aggregating the data.
- 3.337 We do not agree with submitters' suggestion of using a section 53ZD notice as the mechanism to gather this information because we do not consider cybersecurity expenditure information to be useful solely as an input into the default-price path reset process. We consider that there is value in collecting this information annually in ID to support understanding of EDB performance. This will give us the ability for us to observe annually the extent to which EDBs are investing in this area.

---

<sup>244</sup> [Unison and Centralines "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 10; [Wellington Electricity "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 8; [Vector Limited "Submission on EDB targeted ID review draft decision paper" \(31 August 2022\)](#), p. 13.

<sup>245</sup> Refer to paragraphs A32-A35 in Attachment A on Commission-only disclosures and s 53C(3)(d).

- 3.338 Given we are seeking new information under this amendment and noting the challenges identified by EDBs to accurately estimating cybersecurity costs, we are moving the date for initial disclosure further to 31 March 2024 in line with requests by submitters.
- 3.339 We recognise that this is an audited schedule, with the data subject to a higher level of scrutiny, which requires EDBs to have more robust systems and processes in place to capture the required level of information. EDBs may require more time to implement changes to their existing software and processes to report this information to an acceptable audit standard.
- 3.340 EDBs are first required to disclose actual cybersecurity opex and capex for disclosure year 2024 by 31 August 2024 in Schedules 6b(ii) and 6a(ii), respectively. The above disclosures are part of Schedule 6 and therefore subject to audit and director certification requirements.
- 3.341 EDBs are first required to disclose forecast cybersecurity opex and capex for disclosure year 2024 by 31 March 2024 in Schedules 11b and 11a(ii), respectively. The above forecast disclosures are part of Schedule 11 and therefore subject to director certification requirements.



## Aligning information disclosure with other rules and regulations

- 3.342 Aligning ID with other regulatory rules can provide greater certainty to EDBs and reduce costs for both them and regulators. EDBs submitted that they value this work and want us to prioritise it because misalignment creates additional costs and complexity in terms of compliance.
- 3.343 We will consider what further alignment changes should be made in Tranche 2 (including considering other suggestions from submitters not already addressed).

### A1—Definition of recoverable and pass-through costs

- 3.344 The purpose of this amendment is to align ID with our other regulatory rules. This should lower compliance costs and provide greater regulatory certainty for EDBs, which in turn will promote efficiency.

*Our final decision is to align the information disclosure definitions of recoverable and pass-through costs to be consistent with those in the electricity distribution businesses input methodologies*

- 3.345 The current definitions of “recoverable costs” and “pass through costs” in the ID determination are not consistent with the definition in the EDB IMs and the current price-quality path. We are updating the relevant clauses to ensure consistency of definitions of “recoverable costs” and “pass through costs”. Specifically, we are making the following amendments to definitions:

3.345.1 ‘pass-through cost’ shall have the meaning as specified in clause 3.1.2(1) of the EDB IMs;<sup>246</sup> and

3.345.2 ‘recoverable cost’ shall have the meaning specified in clause 3.1.3 of the EDB IMs.<sup>247</sup>

- 3.346 EDBs are first required to disclose information consistent with these definitions for disclosure year 2023 by 31 August 2023. This Information is disclosed as part of Schedule 1 and Schedule 3 is therefore subject to audit and director certification requirements.

*All submitters agreed with the introduction of this amendment*

- 3.347 Twelve submitters responded specifically in relation to A1. All submitters –EDBs as well as the ENA – affirmed the change to the definitions would achieve regulatory consistency.

---

<sup>246</sup> [Commerce Commission "Electricity distribution services input methodologies determination 2012 - consolidated 20 May 2020" \(20 May 2020\), p. 88-89.](#)

<sup>247</sup> [Commerce Commission "Electricity distribution services input methodologies determination 2012 - consolidated 20 May 2020" \(20 May 2020\), p. 89.](#)

## Attachment A Framework for our final decisions

### Purpose of this attachment

- A1 This attachment summarises the legal framework we have applied in reaching our final decisions on setting amended ID (information disclosure) requirements that will apply to EDBs (electricity distribution businesses). It explains:
- A1.1 the function of ID regulation;
  - A1.2 the purpose of ID regulation;
  - A1.3 our role in regulating EDBs under ID regulation; and
  - A1.4 the decision-making criteria we apply when determining whether to set ID requirements for EDBs.

### The function of information disclosure regulation

- A2 Information disclosure regulation or ‘ID regulation’ is a specific form of regulation we use under Part 4 of the Act (Part 4) to regulate certain markets where there is little or no competition (and little prospect of future competition).<sup>248</sup> This form of regulation requires a supplier of goods or services in a regulated market to publicly disclose information in accordance with requirements we determine.<sup>249</sup> We call these requirements information disclosure requirements or ‘ID requirements’, and set them out in determinations we make under section 52P of the Act (ID determinations).
- A3 All EDBs, as suppliers of electricity distribution services, are subject to ID regulation under Part 4 because they operate as natural monopolies (ie, there is little or no competition in the markets for the electricity distribution services they offer).<sup>250</sup>
- A4 The effect of being subject to ID regulation is set out in section 53B of the Act. Section 53B(1) provides:

Section 53B Effect of being subject to information disclosure regulation

(1) Every supplier of goods or services that are subject to information disclosure regulation must—

(a) publicly disclose information in accordance with the information disclosure requirements set out in the relevant section 52P determination; and

---

<sup>248</sup> Commerce Act 1986, section 52.

<sup>249</sup> Commerce Act 1986, section 52B(2)(a).

<sup>250</sup> Section 54F of the Commerce Act 1986 provides that electricity lines services are subject to information disclosure regulation.

(b) supply to the Commission a copy of all information disclosed in accordance with the section 52P determination, within 5 working days after the information is first made publicly available; and

(c) supply to the Commission, in accordance with a written notice by the Commission, any further statements, reports, agreements, particulars, or other information required for the purpose of monitoring the supplier's compliance with the section 52P determination.

- A5 The relevant ID determination that sets out the current ID requirements that apply to all EDBs is the *Electricity Distribution Information Disclosure Determination 2012* [2012] NZCC 22 (consolidated 9 December 2021).<sup>251,252</sup>

### **The purpose of information disclosure regulation**

- A6 The purpose of ID regulation is to ensure that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 is being met: section 53A.
- A7 When the purpose of ID regulation is achieved, it helps promote the purpose of Part 4 itself by incentivising regulated businesses to improve their performance.
- A8 The purpose of Part 4 is set out in section 52A(1):
- (1) The purpose of this Part is to promote the long-term benefit of consumers in [regulated markets] by promoting outcomes that are consistent with outcomes produced in competitive markets such that suppliers of regulated goods or services—
    - (a) have incentives to innovate and to invest, including in replacement, upgraded, and new assets; and
    - (b) have incentives to improve efficiency and provide services at a quality that reflects consumer demands; and
    - (c) share with consumers the benefits of efficiency gains in the supply of the regulated goods or services, including through lower prices; and
    - (d) are limited in their ability to extract excessive profits.

---

<sup>251</sup> A copy of the current EDB ID determination is accessible via our website here: [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0024/272931/Electricity-Distribution-Information-Disclosure-Determination-2012-Consolidated-version-9-December-2021.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0024/272931/Electricity-Distribution-Information-Disclosure-Determination-2012-Consolidated-version-9-December-2021.pdf).

<sup>252</sup> Most of these requirements apply to all EDBs, but some do not, eg, ID requirements set for Aurora following its move to a customised price-quality path. When we discuss ID requirements for EDBs, we mean requirements that apply to all EDBs, unless we specify otherwise.

## Key terms that form part of the information disclosure purpose under section 53A

### *“Interested persons”*

A9 We interpret the reference to ‘interested persons’ in section 53A broadly to include persons who are or may be affected by the way in which electricity distribution services are provided.

A10 We therefore consider that interested persons include (though are not limited to):

A10.1 regulated suppliers;

A10.2 consumers and consumer groups;

A10.3 energy retailers and their representative groups;

A10.4 providers of flexibility services;

A10.5 central government and regional authorities;

A10.6 other regulatory agencies (such as the Electricity Authority and the Gas Industry Company Ltd);

A10.7 any other stakeholder of the regulated supplier, including investors; and their advisers (such as equity analysts and other professional advisors);

A10.8 owners of regulated suppliers; and

A10.9 the Commission.<sup>253</sup>

### *“Sufficient information”*

A11 Section 53A requires that the information disclosed must be ‘sufficient’ for interested persons to assess whether the Part 4 purpose is being met. To understand whether the relevant outcomes consistent with workably competitive markets are being promoted, interested persons should have sufficient information to assess suppliers’ actual performance. Having ‘sufficient’ information will encompass both quantitative and qualitative information, with information being sufficiently disaggregated to allow interested persons to understand what is driving suppliers’ performance.<sup>254</sup>

---

<sup>253</sup> See [Commerce Commission, “Information disclosure for EDBs and GPBs – Final Reasons Paper” \(1 October 2012\)](#), p 17.

<sup>254</sup> We discuss the meaning of “sufficient information” in [Commerce Commission, “Information disclosure for EDBs and GPBs – Final Reasons Paper” \(1 October 2012\)](#).

- A12 ID regulation is a specific form of regulation under Part 4, with its own clearly defined purpose in section 53A, independent of other regulatory instruments.<sup>255</sup> As such, we consider the requirement that there is ‘sufficient’ information to enable informed assessments against the Part 4 purpose is independent of whether or not an EDB is also subject to price-quality (PQ) regulation.
- A13 The section 53A requirement that there must be ‘sufficient’ information to allow interested persons to make informed assessments against the Part 4 purpose should be separate from the question of whether suppliers are also subject to price-quality regulation.
- A14 The purpose of Part 4 in section 52A highlights the importance of incentives:
- A14.1 to innovate and to invest (section 52A(1)(a)); and
  - A14.2 to improve efficiency and provide services at a quality that reflects consumer demands (section 52A(1)(b)).
- A15 We consider the practical test of whether incentives are working is whether suppliers are responding to those incentives. We therefore consider that interested persons can only assess whether these elements of the Part 4 purpose are being met by examining evidence of suppliers’ performance – historical, current and expected future performance.

*“Readily available”*

- A16 The form in which information is disclosed affects interested persons’ ability to use that information to assess performance. We consider that relevant factors in ensuring information is ‘readily available’ are the extent to which information is:
- A16.1 consistent;
  - A16.2 accessible; and
  - A16.3 comprehensible.
- A17 Consistent disclosure of data in a standardised form that can be compared over time and across regulated providers helps interested persons to compare regulated providers’ performance and identify potential trends in their performance.

---

<sup>255</sup> For example, default/customised price-quality regulation has its own distinct purpose under s 53K of the Act.

- A18 A lack of consistency in data may mean that it is not “readily available”. We therefore require most of the disclosures to be provided in a standardised format.<sup>256</sup> Without requirements ensuring consistency, the disclosed data may not be useful for gaining valuable insights, or time-consuming processes may be needed to provide consistency and comparability of data.
- A19 Accessibility of information refers to the ease with which the information can be accessed (for example, on a website) and the format in which it is available (for example, in a PDF report or a spreadsheet).
- A20 Comprehensibility refers to the ease with which an interested person can navigate quantitative or qualitative information in order to access the key insights relevant to them.

### **Our role in regulating electricity distribution businesses under information disclosure regulation**

A21 Our role under ID is to:

- A21.1 decide what information a supplier must disclose to the public, and the form in which it must disclose it. We do this by setting ID requirements;<sup>257</sup>
- A21.2 publish a summary and analysis of any information a supplier publicly discloses under our ID requirements; and
- A21.3 from time to time, assess how effective our ID requirements are in promoting the purpose of Part 4. If we assess that our ID requirements are not effective, we may decide different requirements (or changes to existing requirements) are necessary.

### **We decide what information electricity distribution businesses must disclose, and how they must disclose it**

A22 As discussed above, the effect of EDBs being subject to ID regulation is that they must publicly disclose information in accordance with any ID requirements that apply to it. ‘Publicly disclose’ means to disclose information to the public in the manner required by an ID determination.<sup>258</sup>

---

<sup>256</sup> For example, in a standardised spreadsheet template or online disclosure system.

<sup>257</sup> Section 52C(1). Refer to paragraphs A22-A24 in Attachment A.

<sup>258</sup> The definition of “publicly disclose” is provided in section 52C of the Act, which states “publicly disclose, in relation to information required to be disclosed under information disclosure regulation, means to disclose information to the public in the manner required by a section 52P determination”. The determination itself defines “publicly disclose” at clause 1.4.3.

*Information that must be included in our information disclosure determination*

A23 Section 53C governs the content of any ID determination we make. Section 53C(1) provides that the ID determination must specify the following:<sup>259</sup>

A23.1 the goods or services to which it applies;<sup>260</sup>

A23.2 the suppliers to which it applies;<sup>261</sup>

A23.3 the information to be disclosed;<sup>262</sup>

A23.4 the manner in which the information is to be disclosed;<sup>263</sup>

A23.5 the form of disclosure;<sup>264</sup>

A23.6 when, and for how long, information must be disclosed;<sup>265</sup>

A23.7 the input methodologies that apply;<sup>266</sup> and

A23.8 any other methodologies that are required in the preparation or compilation of the information.<sup>267</sup>

A24 The requirement to specify the ‘manner’ and ‘form’ by which information is disclosed means we can specify in an ID determination how a regulated supplier will be required to disclose information to the public. This can be important in circumstances where we consider certain information should be expressed in a particular way to ensure interested persons can understand it and access the key insights relevant to them.

---

<sup>259</sup> Section 53C(1)(a)-(h) of the Commerce Act 1986 sets out a list of things a section 52P determination must specify.

<sup>260</sup> Commerce Act 1986, section 53C(1)(a).

<sup>261</sup> Commerce Act 1986, section 53C(1)(b).

<sup>262</sup> Commerce Act 1986, section 53C(1)(c).

<sup>263</sup> Commerce Act 1986, section 53C(1)(d).

<sup>264</sup> Commerce Act 1986, section 53C(1)(e).

<sup>265</sup> Commerce Act 1986, section 53C(1)(f).

<sup>266</sup> Commerce Act 1986, section 53C(1)(g).

<sup>267</sup> Commerce Act 1986, section 53C(1)(h).

A25 For example, if we set an ID requirement that required a supplier to publicly disclose all of its current prices, we could require that the disclosed pricing information must be expressed in a manner that enables consumers to determine which of those prices will impact them.<sup>268</sup> Similarly, we could require that the supplier publicly discloses that pricing information by publishing it on their website, publishing it in the newspaper, making copies of the information available, providing written notice to each affected consumer, or providing the information to its consumers in a public forum.

*Information that may be required to be disclosed*

A26 We have a wide discretion in determining the types of information that must be disclosed by regulated suppliers under ID requirements. Section 53C(2) provides that an ID determination may specify (without limitation) one or more of the following:<sup>269</sup>

- A26.1 financial statements (including projected financial statements);
- A26.2 asset values and valuation reports;
- A26.3 prices, terms and conditions related to prices, and pricing methodologies;
- A26.4 contracts;
- A26.5 transactions with related parties;
- A26.6 financial and non-financial performance measures;
- A26.7 plans and forecasts, including (without limitation) plans and forecasts about demand, investments, prices, revenues, quality and service levels, capacity and spare capacity, and efficiency improvements;
- A26.8 asset management plans;
- A26.9 quality performance measures and statistics;
- A26.10 assumptions, policies, and methodologies used or applied in these or other areas; and
- A26.11 consolidated information that includes information about unregulated goods or services.

---

<sup>268</sup> For example, the price is broken down by a category of consumer.

<sup>269</sup> Section 53C(2)(a)-(k).



A27 In exercising the discretion under section 53(2), we must promote the purpose of ID regulation under the Act. Accordingly, any information we require EDBs to disclose under an ID requirement must be for the purposes of ensuring that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 is being met.

*Other things an information disclosure determination may do*

A28 Section 53C(3) provides that the ID determination may do one or more of the following:<sup>270</sup>

A28.1 require disclosed information, or information from which disclosed information is derived (in whole or in part), to be verified by statutory declaration;

A28.2 require independent audits of disclosed information;

A28.3 require the retention of data on which disclosed information is based, and associated documentation;

A28.4 exempt any person or class of persons, or provide for exemptions, from any requirements of the determination, and provide for the revocation of exemptions; and

A28.5 provide for transitional provisions.

A29 Section 53C(3)(f) means that we can set any other requirement in an ID determination that we consider is “necessary or desirable” to ensure that sufficient information is readily available to interested persons to assess whether the Part 4 purpose is being met. For example, we may consider it is necessary or desirable for the purposes of ID to require a supplier to do ‘a particular thing’ in relation to the information it is disclosing, which may be to provide us (and other interested persons) with assurances relating to that information (as an independent audit or statutory declaration would do under section 53C(3)(a) and (b)).

A30 In setting ID requirements, section 54Q of the Act also requires us to promote incentives, and avoid imposing disincentives, for suppliers to invest in energy efficiency and demand side management, and to reduce energy losses.

---

<sup>270</sup> See section 53C(3)(a)-(f) for a full list of things a section 52P determination may do.

A31 Any ID determination we make under section 52P must “specify the suppliers to which it applies”<sup>271</sup> and “set out the requirements that apply to each regulated supplier”.<sup>272</sup> This means that any ID determination we make must specify who (ie, which regulated suppliers) must comply with each ID requirement in that determination. For example, we may specify that all the ID requirements in an ID determination apply to every regulated supplier subject to that determination, or we may specify that certain ID requirements only apply to one regulated supplier (or a sub-set of the regulated suppliers) subject to that determination.

### **Commission-only disclosures and exemptions from information disclosure requirements**

A32 As set out in paragraph A28.4A28.4, we have wide powers to exempt any person or class of persons from any requirements of the determination, or to provide for exemptions under section 53C(3)(d).

A33 We consider that the general power to provide for exemptions in section 53C(3)(d) includes the power to set ID requirements that only require disclosure of information to the Commission.

A34 In addition to our general power to exempt persons from any ID requirements, or to provide for exemptions when making an ID determination, section 53ZG of the Act gives us the specific power to exempt the disclosure of commercially sensitive information from public disclosure as part of the requirements of ID or PQ regulation on application by a regulated provider.<sup>273</sup> We consider that this provision does not limit our power to set Commission-only ID requirements under section 53C(3)(d), or to include provisions allowing for exemptions generally. Rather, it is a complementary provision that enables regulated providers to seek exemptions from public disclosure over and above those that are already included or provided for in the ID determination.

A35 We will follow the mandated process set out in section 53ZG if, after we have made the ID determination, regulated providers seek exemptions on the grounds that information they are required to disclose is commercially sensitive.<sup>274</sup>

---

<sup>271</sup> Commerce Act 1986, section 53C(1)(b).

<sup>272</sup> Commerce Act 1986, section 52P(3)(a).

<sup>273</sup> This exemption power would exist even if we did not provide for exemptions under s 53C(3)(d).

<sup>274</sup> We must give public notice of the exemption and the reasons for our decision if we decide to grant the exemption.

**We summarise and analyse the information electricity distribution businesses disclose**

- A36 We are required to publish summary and analysis of the disclosed information to promote greater understanding of supplier performance.<sup>275</sup>
- A37 This requirement confers an ongoing, active role on us in respect of the information disclosure regime after the ID requirements have been set. We must analyse the information regulated suppliers publicly disclose and then publish that analysis for the public (along with a summary of the disclosed information). As information is disclosed and analysed over the years, it provides an ongoing source of information so that performance trends can be identified and monitored over time.
- A38 The summary and analysis we produce assists interested persons in assessing whether the purpose of Part 4 is being met by helping people to better understand the information publicly disclosed by the regulated supplier.
- A39 Our analysis role under ID is not simply to explain the information disclosed under ID, but to promote greater understanding of a supplier's performance. This means the scope of the analysis we undertake of information that a supplier discloses can be broad. For example, if we are analysing the information EDBs have publicly disclosed under ID, part of our analysis may extend to considering what factors are impacting EDBs' performance.

**We may ask a supplier for more information**

- A40 The active nature of our role under ID is also supported by section 53B(2)(a) of the Act, which allows us to "monitor and analyse" all information that a supplier discloses under our ID requirements.
- A41 If we have questions regarding the information a supplier has publicly disclosed, or if our analysis of the information a supplier has publicly disclosed raises concerns regarding that supplier's compliance with a section 52P determination (ie, in this context, information disclosure requirements), we may decide we need to engage with that supplier further to gather more information.
- A42 Part of that further engagement may involve us issuing a regulated supplier with a notice under section 53B(1)(c) to supply us with further information (eg, further statements, reports, agreements or particulars), for the purpose of monitoring that supplier's compliance with our ID requirements.

---

<sup>275</sup> Commerce Act 1986, s 53B(2)(b).

### **We may analyse if our information disclosure requirements are working effectively...**

- A43 When we analyse the information that a supplier has disclosed, we may, as part of that analysis, assess whether the existing ID requirements imposed on that supplier are working effectively to promote the purpose of ID, and the overall purpose of Part 4.
- A44 The more effective our ID requirements are in promoting the purpose of ID, the more likely it is that those requirements are promoting the overall purpose of Part 4.
- A45 Under section 53B(3), we may choose to publish this analysis for the public.  
Section 53B(3) states:

To avoid doubt, the Commission may, as part of a summary and analysis, include an analysis of how effective the information disclosure requirements imposed on the goods or services are in promoting the purpose of this Part.

### **...and if they are not working effectively, we may seek to impose different requirements on the supplier**

- A46 If we assess that our ID requirements are not working effectively to promote the purpose of Part 4, we may decide different ID requirements (or changes to existing ID requirements) are necessary. We may amend an ID determination at any time to set new ID requirements or revise existing ID requirements, provided we consult with interested parties on material changes first.<sup>276</sup>

### **Section 53ZD – broader powers of the Commission under Part 4**

- A47 The Act provides that in carrying out its functions and exercising its powers under Part 4 of the Act, we may exercise certain information gathering powers under section 53ZD of the Act. Section 53ZD sets out powers for the Commission “for the purpose of carrying out its functions and exercising its powers” under Part 4 of the Act more broadly (for example, investigating compliance with the Act).
- A48 For example, if our ID analysis raised concerns that a supplier was not complying with the ID requirements, we may investigate further,<sup>277</sup> and may under s 53ZD require the supplier to:

A48.1 prepare and produce forecasts, forward plans, or other information;<sup>278</sup>

---

<sup>276</sup> Under section 52Q(1) of the Commerce Act 1986, we must consult with interested parties before we make a material amendment to an ID determination. We may amend an ID determination in a non-material way without prior consultation.

<sup>277</sup> Under section 53ZD(1)(b)(i) of the Commerce Act 1986, for the purposes of carrying out our functions and exercising our powers under Part 4, we may investigate how effectively and efficiently any supplier of the goods or services is supplying the goods or services.

<sup>278</sup> Commerce Act 1986, section 53ZD(1)(d)(i).

- A48.2 apply any methodology specified by us in the preparation of forecasts, forward plans, or other information;<sup>279</sup>
- A48.3 in circumstances where we are conducting an investigation, audit, or inquiry, produce “documents and information in relation to the goods or services, or the prices or operations of the person in respect of the goods or services”, and “to answer any questions about any matter that the Commission has reason to believe may be relevant to the investigation, audit, or inquiry”;<sup>280</sup>
- A48.4 provide us with an expert opinion in relation to that matter.<sup>281</sup>

---

<sup>279</sup> Commerce Act 1986, section 53ZD(1)(d)(ii).

<sup>280</sup> Commerce Act 1986, section 53ZD(1)(e).

<sup>281</sup> Commerce Act 1986, section 53ZD(1)(f).

## Enforcement

### We may take enforcement action against contraventions of information disclosure requirements

- A49 Under Part 6 of the Act, we may take enforcement action in response to any contraventions of information disclosure requirements:
- A49.1 section 86B(1)(a) establishes an offence where a person “knowing that particular goods or services are subject to information disclosure regulation, intentionally contravenes any information disclosure requirement relating to those goods or services”;<sup>282</sup> and
  - A49.2 section 86 provides that we can apply to the court for a pecuniary penalty against any person who has contravened (or attempted to contravene) any information disclosure requirement.<sup>283</sup>
- A50 Contravention of an ID requirement includes failing to disclose information required to be disclosed, failing to disclose information in the form or within the time specified, or disclosing information under an information disclosure requirement that is false or misleading.<sup>284</sup>
- A51 The maximum fine for a conviction under section 86B(1) for an individual is \$200,000 and for any other case \$1 million.<sup>285</sup> The maximum pecuniary penalty under section 86 for an individual is \$500,000 and for any other case is \$5 million.<sup>286</sup>
- A52 Section 79B(1) provides that once criminal proceedings against a person for an offence under section 86B are determined, the High Court may not order the person to pay a pecuniary penalty in respect of the conduct, events, transactions, or other matters that were the subject of the criminal proceedings. Similarly, once civil proceedings against a person for a pecuniary penalty are determined, the person may not be convicted of an offence in respect of the conduct, events, transactions, or other matters that were the subject of the criminal proceedings (section 79B(2)).

---

<sup>282</sup> A person also commits an offence if the person is subject to an order from the court to comply with an information disclosure requirement and fails to comply with that order by the time specified (section 86B(1)(b)).

<sup>283</sup> Commerce Act 1986, section 86(1)(a)-(b). Section 86(1)(c)-(f) sets out a range of other conduct for which a Court may (on application by the Commission) order a pecuniary penalty. These include (c) where the Court is satisfied a person has aided, abetted, counselled, or procured any other person to contravene an ID requirement, or (d) has induced, or attempted to induce, any other person, whether by threats or promises or otherwise, to contravene any such requirement; or (e) has been in any way, directly or indirectly, knowingly concerned in, or party to, the contravention by any other person of any such requirement; or (f) has conspired with any other person to contravene any such requirement.

<sup>284</sup> Commerce Act 1986, section 86(2).

<sup>285</sup> Commerce Act 1986, section 86B(2).

<sup>286</sup> Commerce Act 1986, section 86(3).

### **Our decision-making criteria for setting information disclosure requirements**

- A53 Our key consideration in setting ID requirements (or amendments to ID requirements) must be what information is helpful to ensure that interested persons have sufficient information readily available to assess whether the Part 4 purpose is being met (consistent with the purpose of ID regulation).<sup>287</sup>
- A54 In other words, we must consider what information is helpful to determine whether the performance of a regulated supplier is consistent with the performance outcomes one would expect to find in a workably competitive market (the outcomes listed in the purpose of Part 4, section 52A(1)(a)-(d)). In particular, what information would be sufficient to answer certain key questions related to regulated suppliers' historical, current and future performance, for example:
- A54.1 is the supplier operating and investing in their assets efficiently? (section 52A(1)(a)-(b));
  - A54.2 is the supplier innovating where appropriate? (section 52A(1)(a));
  - A54.3 is the supplier providing services at a quality that reflects consumer demands? (section 52A(1)(b));
  - A54.4 is the supplier sharing the benefits of efficiency gains with consumers, including through lower prices? (section 52A(1)(c));
  - A54.5 do the prices set by the supplier promote efficiency? (section 52A(1)(a)-(b)); and
  - A54.6 is the supplier earning an appropriate economic return over time? (section 52A(1)(d)).
- A55 Our view is that in order to answer these key performance questions, interested persons need a package of different types of information (both quantitative and qualitative) – including how the network is being (or plans to be) managed, especially given changes in the environment the network is operating in, expenditure on different activities (both historic and forecast), quality outcomes and pricing.<sup>288</sup>

---

<sup>287</sup> We discuss our decision-making framework in our final reasons paper for the EDB ID requirements we set in the original EDB ID Determination in 2012 (Commerce Commission *Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper* (1 October 2012)).

<sup>288</sup> The range of information that interested persons need is discussed in more detail at paragraphs 2.46-2.58 of our paper: [Commerce Commission "Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper" \(1 October 2012\)](#).

A56 In terms of how we decide what is “sufficient information”, as mentioned at A11 A11 above, having ‘sufficient’ information requires interested persons having both quantitative and qualitative information, with certain information sufficiently disaggregated to allow them to understand what is driving the supplier’s performance.

**Our approach to ensuring information disclosure requirements are cost-effective**

A57 In setting ID requirements that enable stakeholders to assess EDBs’ performance we are required to give effect to the purpose of ID in section 53A. In particular, we must determine ID requirements to ensure that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 in section 52A is being met.

A58 We recognise however that the information we require EDBs to disclose comes at a cost to EDBs, some of which is ultimately borne by consumers.<sup>289</sup>

A59 We have therefore sought to balance the benefits from greater transparency that more comprehensive and detailed ID requirements would provide against the costs of complying with the requirements. In particular, we intend to:<sup>290</sup>

- A59.1 take account of suppliers’ existing practices and capability;
- A59.2 introduce new requirements, or require disaggregated information only where we consider it valuable to meeting the ID purpose in section 53A;
- A59.3 align ID with other parts of the Part 4 regime;
- A59.4 seek technical input from the electricity sector stakeholders; and
- A59.5 consider relevant obligations imposed on EDBs by other agencies.

---

<sup>289</sup> This was a matter that a number of submitters pointed out in submissions, for example [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 1; [Vector “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), para 10-11; [Wellington Electricity “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 2; [Powerco “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 1.

<sup>290</sup> We had regard to similar criteria when determining the EDB ID requirements in 2012. Refer to [Commerce Commission “Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper” \(1 October 2012\)](#), para 2.17-2.23; see also Attachment A of this paper.



## Addressing overlap between the role of the Commission and that of the Electricity Authority

A60 EDBs are subject to various statutory obligations, for example those imposed by the Electricity Authority. While the obligations imposed by different agencies on the same matters can be complementary, we acknowledge the concern from submitters that where there is duplication this can lead to increased compliance costs or result in conflicting obligations.<sup>291</sup>

A61 The relevant legislation explicitly sets out an overlap of responsibility for EDB pricing between the EA and the Commission (section 32(2)(b) of the Electricity Industry Act 2010). As far as any duplication that may arise as a result of overlaps between our role and that of the EA, we coordinate with the EA to avoid poor outcomes.

A62 Under section 54V(4) of Part 4, we must take into account a number of matters made under the Electricity Industry Act 2010 before exercising any powers or performing functions under Part 4. These matters include provisions of the Electricity Industry Participation Code 2010 (the Code) that relate to pricing methodologies, decisions of the EA under that Code, or relevant EA guidelines of which we receive advice.<sup>292</sup>

A63 We and the EA regularly and proactively coordinate our respective work programmes to ensure that our workstreams are aligned, maximise opportunities for complementary activities and to avoid inefficient duplication. This is consistent with the purpose and intent of the Memorandum of Understanding (MOU) signed by the Commission and the EA in December 2010.<sup>293</sup>

---

<sup>291</sup> [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 16; [The Lines Company "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 7; [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), at [89], [160].

<sup>292</sup> See s 54V(4)(c)-(d) of the Act.

<sup>293</sup> Among other things this MOU outlines the respective responsibilities of the Commission and the EA, for the electricity sector, and obliges the two parties to work together to take account of the activities and responsibilities of the other party when developing regulatory requirements for the electricity sector. See [Memorandum of Understanding between the Electricity Authority and the Commerce Commission, December 2010](#).

## Attachment B      Issues we may consider in Tranche 2

B1      This table lists issues that we may consider in Tranche 2 that have already been identified. This list is not exhaustive, and we may change or expand it when we commence work on Tranche 2.

### Issues we may consider in Tranche 2

<i>Issue number</i>	<i>Category</i>	<i>Description of issue</i>
Q1B	Quality	Proposed new requirement for quantitative information on notice of planned outages.
Q3B	Quality	Proposed new requirement for quantitative information on time taken for new connections.
Q6	Quality	Proposed changes to expand ID requirements on response time to interruptions.
Q7	Quality	Proposed changes to AMP requirements on how EDBs will continue to perform for consumers, eg, commitments to develop the network for future technology.
Q8	Quality	Proposed change to add an ID requirement on the Momentary Average Interruption Frequency Index (MAIFI) to capture momentary interruptions that can be hidden or misrepresented by existing SAIDI and SAIFI requirements.
Q9	Quality	Proposed changes to add ID requirements regarding those customers worst served on the network in terms of reliability.
Q10	Quality	Proposed changes to expand ID requirements to include disaggregated SAIDI and SAIFI by network category (eg, urban, rural) and region.
Q12	Quality	Proposed changes to refine ID requirements or add guidance on assigning interruptions to cause categories.
Q14	Quality	Proposed changes to expand ID requirements to include some raw interruption data, which is currently only provided to us by non-exempt EDBs in advance of price-quality path resets.

## Issues we may consider in Tranche 2

<i>Issue number</i>	<i>Category</i>	<i>Description of issue</i>
D1	Decarbonisation	Proposed changes to add ID requirements for EDBs to provide more information about their LV networks, such as those on capacity and power quality, location and capacity of installed DERs, and/or their plans to develop and improve their LV network.
D3	Decarbonisation	Proposed changes to add ID requirements for EDBs to provide information on current and expected network constraints, eg, heat maps.
D5	Decarbonisation	Proposed changes to expand ID requirements for EDBs to include information on EDB investigations undertaken and investment into flexibility resources
D6	Decarbonisation	Proposed changes to refine ID requirements by providing standardised price components and/or price categories that EDBs can record revenue against in addition to a free field for revenue that does not fit one of the standardised categories or components.
AM1	Asset Management	Proposed changes to expand ID requirements enabling EDBs to provide better asset age data.
AM2	Asset Management	Proposed changes to refine ID requirements for EDB expenditure categories such as to include Capex and Opex unit cost information.
AM3	Asset Management	Proposed changes to refine ID requirements for EDBs to keep AMPs fit for purpose and ensure information is accessible to stakeholders.
AM4	Asset Management	Proposed changes to refine ID requirements for EDB reporting on resilience and contingency planning to include the risks posed by the effects of climate change on weather and sea levels (and possibly) other factors such as vegetation growth rates.
AM5	Asset Management	Proposed changes to expand ID requirements to include a summary report by EDBs for significant storm events impacting their networks.

---

**Issues we may consider in Tranche 2**

<i>Issue number</i>	<i>Category</i>	<i>Description of issue</i>
AM6	Asset Management	Proposed changes to amend the definition of 'overhead circuit requiring vegetation management'
AM11	Asset Management	Proposed changes to expand ID requirements to better assess EDB expenditure proposals, enabling the related ID metrics to support capex forecasts.
AM12	Asset Management	Proposed changes to align AMP content requirements with work on the Electricity Networks Association's Network Transformation Roadmap. <sup>294</sup>
AM14	Asset Management	Potential changes to the "cycle" of AMPs and AMP updates
A2	Alignment	Proposed change to amend the definition of "Assets with changes to depreciation".

---

<sup>294</sup> New potential change to ID requested by EDBs in their submissions on the Process and Issues Paper.

