

10 May 2021

Andy Burgess
Head of Energy, Airports and Dairy
Commerce Commission
(via feedbackauroraplan@comcom.govt.nz)

Dear Andy,

Submission on Aurora Energy's information disclosure requirements

Thank you for the opportunity to provide this submission on the draft decision on Aurora Energy's information disclosure requirements (draft decision) published on 31 March 2021. The draft decision demonstrates that the Commerce Commission listened attentively to views of consumers and as a result has rightfully placed significant importance on provision of transparent information to consumers and other stakeholders.

The Electricity Networks Association (ENA) supports the provision of transparent information on the performance of Aurora Energy (Aurora) and the performance of electricity distribution businesses (EDBs) more broadly to consumers and stakeholders. As such, in this submission the ENA does not seek to pass comment on the merits of the individual disclosure requirements set out in the draft decision. It instead focuses on issues where the ENA believes the Commerce Commission has departed from good regulatory practice.

The ENA is of the view that the draft decision does not represent regulatory good practice in its:

- implementation via amendments to the Electricity Distribution Services Information Disclosure determination 2012 (EDB ID determination);
- failure to recognise unintended consequences from the Commerce Commission's re-interpretation of the term "sub-network";
- implementation of voltage quality requirements that are impractical to measure without significant investment and which are disproportionate to consumer impacts;
- effective mandating of Aurora's voluntary customer charter and compensation scheme; and
- de-coupling of safety related capital expenditure from other capital expenditure.

Implementation via amendments to the EDB ID determination

The Commerce Commission has proposed to implement Aurora's additional information disclosure requirements via amendments to the EDB ID determination. The EDB ID determination is the foundation document of the entire information disclosure regime and applies to all EDBs.

The inclusion of disclosure measures that apply solely to Aurora, for the term of its customised price-quality path (CPP), in the EDB ID determination undermines its universality. If the proposal proceeds in its current form the EDB ID determination will also require future amendments to roll back Aurora's CPP specific disclosure requirements.

The ENA is of the view that where a CPP gives rise to additional disclosure requirements, these disclosures should be set out in a standalone supplementary determination, not the EDB ID determination.

Definition of sub-network

In section 5.69 of the draft determination, the Commerce Commission has proposed to use the existing definition of "sub-network" contained in section 1.4.3 of the EDB ID determination. Subsequently, the draft determination re-interprets the definition of "sub-network" to incorporate a pricing dimension to the test of "geographical separation".

The ENA is of the opinion that if the Commerce Commission decides to apply this re-interpretation of "sub-network", it may have unintended consequences where implementation of EDB cost reflective pricing results in a significant increase in information disclosure or is a disincentive to appropriate disaggregation of pricing.

Voltage quality reporting is impractical without additional funding for LV monitoring.

While Aurora and other EDBs have a strong interest in improving the visibility of the performance of their LV networks, without real-time smart meter data, the cost of obtaining LV voltage data is disproportionate to the customer impact of LV voltage issues.

Mandating of Aurora's customer charter and compensation scheme

Aurora's customer charter and compensation scheme (charter) is an entirely voluntary measure which forms part of Aurora's commitment to customer safety, service, and satisfaction.

The Commerce Commission has noted that it views this as being "good practice". Yet, it requires that Aurora report on its efforts to improve consumer awareness of its charter and its consultation with consumers on the charter. The effect of this is the de facto mandating of the voluntary charter.

The ENA is of the view that the Commerce Commission's should be wary of imposing regulatory requirements on customer-focused initiatives voluntarily put in place by EDBs'.

Compartmentalisation of safety capital expenditure

Ensuring the safe operation of electricity networks is at the heart of every action undertaken by EDBs. No capital expenditure is undertaken by Aurora or any other EDB without safety being a primary consideration.

Expenditure on safety tends to be mutually inclusive with other types of drivers particularly reliability. It is difficult to extract consistently and without significant judgement what component of expenditure would be specific to safety. The proposal by the Commerce Commission to require Aurora to separately report on safety-related expenditure risks undermining the primacy of safety in all categories of capital expenditure and should be reconsidered.

Please get in touch with the ENA if you would like to discuss this submission, we would be happy to meet with the Commerce Commission to discuss some of these issues in more depth. If you require anything further from ENA, please contact Keith Hutchinson (keith@electricity.org.nz, 04 555 0074) in the first instance.

Yours sincerely,



Keith Hutchinson
Regulatory Manager
Electricity Networks Association