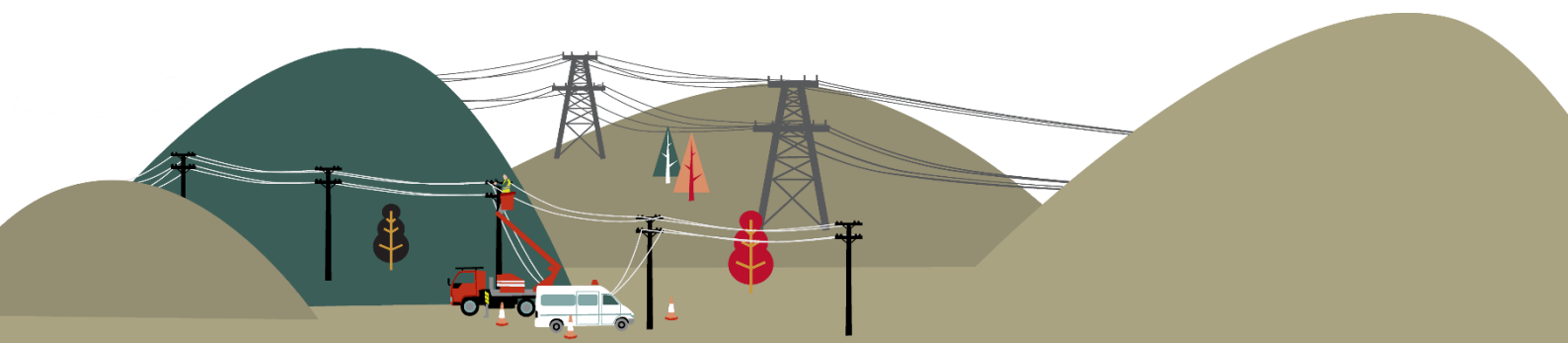


Targeted Information Disclosure Review – Electricity Distribution Businesses

Draft decisions paper – Tranche 1

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Associated documents

Publication date	Reference	Title
1 October 2012	N/A	NZCC 22/2012 Electricity Distribution Information Disclosure determination
1 October 2012	ISBN 978-1-869452-09-4	Information disclosure for EDBs and GPBs – Final Reasons Paper
24 March 2015	ISSN 1178-2560	[2015] NZCC 6 Amendment to the Electricity Distribution Information Disclosure Determination 2012
24 March 2015	ISBN 978-1-869454-42-5	Amendments to information disclosure determinations for electricity distribution and gas pipeline services – Final reasons paper
21 December 2017	ISSN 1178-2560	[2017] NZCC 33 Electricity distribution information disclosure amendments determination 2017
21 December 2017	ISBN 978-1-869456-21-4	Amendments to information disclosure determinations for airport services, electricity distributions services, and gas pipeline services – Companion paper
20 May 2019	N/A	Partna Consulting Group – Expert report – AMP review of EDB risk preparedness
29 April 2021	N/A	Open letter – Ensuring our energy and airports regulation is fit for purpose
26 July 2021	ISBN: 978-1-869459-04-8	Reporting of asset management practices by EDVs – a targeted review of potential improvements
31 August 2021	ISBN 978-1-869458-75-1	Electricity Distribution Information Disclosure (Aurora Energy Limited) – Amendment Determination
31 August 2021	ISBN 978-1-8694591-24-6	Aurora Energy Limited – Additional Information Disclosure Requirements – Reasons paper
12 October 2021	N/A	Open letter on priorities for Energy and Airports – Summary of key themes from submissions
18 November 2021	ISBN: 978-1-869459-48-2	Review of Electricity Distribution Businesses' 2021 Asset Management Plans in relation to decarbonisation
7 December 2021	N/A	Summary and feedback on workshop on the impact of decarbonisation on electricity lines services
9 December 2021	ISBN 978-1-869459-59-8	Electricity Distribution Information Disclosure Determination 2012 – Consolidated version
3 August 2022	ISBN 978-1-99-101220-3	[Draft] Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022

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Glossary

Acronyms	
ADR	Annual Delivery Report
AMP	Asset Management Plan
Aurora	Aurora Energy Limited
CBARM	Condition Based Asset Risk Management
CPP	Customised price-quality path
DPP	Default price-quality path
DDA	Default Distributor Agreement
DER	Distributed Energy Resource
DG	Distributed Generation
EA	Electricity Authority
EDB IMs	Electricity Distribution Businesses Input Methodologies
EDBs	Electricity Distribution Businesses
ENA	Electricity Networks Association
EV	Electric Vehicles
ID	Information Disclosure
ID Review	Targeted Information Disclosure Review
IMs	Part 4 input methodologies
IM Review	Input Methodologies Review
IPAG	Innovation and Participation Advisory Group
LV	Low voltage (in reference to network types) ¹
MAIFI	Momentary Average Interruption Frequency Index ²
MBIE	Ministry of Business, Innovation and Employment
MEUG	Major Electricity Users' Group
Part 4	Part 4 of the Commerce Act 1986
PIP	Process and Issues Paper
Repex	Asset replacement and renewal expenditure
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
The Act	Commerce Act 1986
UDL	Utility Disputes Limited

¹ 'Low voltage' is defined in the 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.

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

Executive summary

We propose changes to our requirements for electricity distribution businesses to disclose information and we want to hear your views

- X1 We are reviewing the information disclosure (ID) requirements for electricity distribution businesses (EDBs) to ensure that sufficient information is available for stakeholders to assess EDBs' performance and continue to do so in a changing environment.
- X2 In this draft decision, we propose a package of changes to improve public information on EDBs' quality of service, asset management and preparation for future changes in the sector driven by decarbonisation. This is our draft decision for the first of two tranches within this review.
- X3 We want to hear your views on our draft decisions. Your feedback will inform our final decision. You can submit your views to us by 31 August 2022. We intend to publish our final decision in November 2022.

Our draft decision is designed to improve the quality of disclosed information and prepare for the future

- X4 The key aspects of our draft decision are:
 - X4.1 *Quality of service*: Refine reporting requirements on quality of service to improve the accuracy of disclosed information and expand requirements to capture different dimensions of quality.
 - X4.2 *Decarbonisation*: Expand reporting requirements to capture more information on innovation and managing new network loads.
 - X4.3 *Asset management*: Refine reporting requirements on asset management to capture more fulsome and consistent information on EDB practices and capability.
- X5 We have tailored the proposed timing and format of our draft decision to ensure sufficient information on EDB performance is available to stakeholders, while accounting for EDB circumstances and uncertainty in the sector.

We are reviewing ID requirements for EDBs to ensure they remain fit for purpose as the external context changes

Electricity distribution businesses face a changing environment

X6 The energy sector is in a period of change, particularly in relation to decarbonisation and other impacts of climate change, and the challenges and opportunities posed by new technology. We undertook this targeted review of ID requirements for EDBs because they 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 2022.³ 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 draft decision reflects feedback from stakeholders and our analysis

X7 We have identified several ways 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 and seen trends emerge for key metrics. We have also undertaken several pieces of analysis using ID data.⁴

X8 Our draft decision is also heavily informed by feedback from stakeholders, including feedback we received in our resets of EDB price-quality paths and in response to our open letter of April 2021.^{5 6}

X9 In March 2022, we published our Process and Issues Paper (PIP) which 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 sought feedback. We received submissions and cross-submissions on the PIP from a wide group of stakeholders, including EDBs, retailers, consumer groups, and third parties in the sector (including providers of non-network solutions).

X10 We valued the clarity, comprehensiveness, and depth of engagement in the submissions we received.

X11 Our draft decisions have several changes from what we discussed in the PIP, in response to feedback in submissions. Key changes include:

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

⁴ Our public pieces of performance analysis using ID data are available on our website [here](#).

⁵ [Commerce Commission, “Ensuring our energy and airports regulation is fit for purpose” \(29 April 2021\)](#)

⁶ 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.

- X11.1 deferring multiple issues to be considered in Tranche 2 instead of Tranche 1, to allow time to consider design and implementation of requirements;
- X11.2 proposing requirements for narrative information on several issues where more detailed requirements may not be appropriate at this stage;
- X11.3 changing some details of our proposed requirements, including definitions and format of requirements; and
- X11.4 prioritising some “tidy-ups” for consideration in Tranche 2.

We set information disclosure requirements to enable stakeholders to assess the performance of EDBs

- X12 We set requirements for EDBs to publicly disclose information regularly about how they are performing, including how they are responding to changing consumer demands and planning for the future.⁷ The types of information that EDBs must disclose include data on prices, measures of quality, financial information and forward-looking information on managing and investing in the network (including expenditure forecasts).
- 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.⁸ To help meet this purpose, we produce summary and analysis of this information to make it more accessible and understandable, especially for consumers.

This proposal is the first of at least two tranches of changes we are considering making

- X14 This is our draft decision for Tranche 1 of a targeted review of ID requirements for EDBs. We intend to publish our Tranche 1 final decision in November with the proposed changes coming into effect in a staggered approach over 2023 and 2024.
- X15 We have a list of issues that we propose to consider in Tranche 2 of this review in 2023. We have listed them for reference in Attachment A of this paper.
- X16 We intend to include some “tidy-up” changes in Tranche 2 after stakeholders asked us to prioritise them in submissions on the PIP. “Tidy-ups” include correcting errors, adding guidance, and removing redundant existing requirements where appropriate. We have not listed all the tidy-ups we may consider in Tranche 2 in Attachment A because there are a large number of changes.
- X17 We will engage further with stakeholders on Tranche 2 after we have published our Tranche 1 final decision in November, potentially including through workshops.

⁷ We regulate electricity distribution businesses under Part 4 of the Commerce Act 1986.

⁸ Commerce Act 1986, s 53A; 52A.

Chapter 1 Introduction

We propose changes to improve public information on EDBs' performance

We propose a first tranche of changes to information disclosure requirements for electricity distribution businesses, and we want to hear your views

- 1.1 We propose 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 This proposal is for the first of at least two tranches of changes we are considering. We will engage further with stakeholders on Tranche 2 once we have made our final decision on Tranche 1.
- 1.3 We are seeking your views on our draft decision, which will inform our final decision. Submissions are due by 31 August 2022 and cross-submissions are due by 16 September 2022.

We set information disclosure requirements to enable stakeholders to assess the performance of EDBs

- 1.4 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.
- 1.5 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.⁹ We then analyse and summarise that information into a form that is helpful for consumers and other stakeholders to understand.
- 1.6 An effective information disclosure regime provides transparency to stakeholders on the performance of regulated suppliers. Information is disclosed regularly over years, to provide an ongoing source of information so that multi-year trends can be identified and monitored over time. This is designed to allow stakeholders to assess whether, in relation to a regulated supplier, outcomes are broadly consistent with what is expected in a competitive market.

⁹ 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 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.
- 1.8 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 require them to deliver services at a quality that consumers would expect.
- 1.9 EDBs that are consumer-owned (currently 13 of 29) 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.¹⁰ 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 ID requirements to ensure our regulation remains fit for purpose as the external context changes

- 1.10 We are undertaking this ‘targeted’ review of ID requirements that apply to EDBs to ensure sufficient information is available for stakeholders 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.¹¹
- 1.11 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 the first Emissions Reduction Plan.¹² The plan lays out some major actions over the next few years, including:
- 1.11.1 developing a gas transition plan to manage the phasing-out of fossil gas, and developing a national energy strategy;

¹⁰ ‘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 to under Part 4.

¹¹ [Commerce Commission “Ensuring our energy and airports regulation remains fit for purpose” \(2022\).](#)

¹² [Ministry for the Environment Manatū Mō te Taiao “Aotearoa New Zealand’s First Emissions Reduction Plan” \(2022\)](#)

- 1.11.2 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;
 - 1.11.3 increasing access to electric vehicles (EVs), beginning the process of decarbonising heavy transport and freight and helping more people to walk, cycle and take public transport;
 - 1.11.4 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
 - 1.11.5 banning new low- and medium-temperature coal boilers and phasing out existing ones.
- 1.12 Climate change will also pose other challenges to EDBs in the medium to long term, including for network resilience to weather events.
- 1.13 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*.¹³

Our draft decisions reflect past stakeholder feedback and our increased experience of regulation

- 1.14 We have identified several ways 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 and seen trends emerge for key metrics. We have also undertaken several pieces of analysis using ID data.¹⁴
- 1.15 Our draft decisions are also heavily informed by our past engagement with stakeholders and the detailed and useful feedback they have provided us. Before we began this review, we considered issues and areas for improvement that had already been identified in the following:
- 1.15.1 feedback from EDBs on their experience in producing information to meet our requirements;¹⁵

¹³ The Electricity Authority's consultation and the resulting submissions are available on its website [here](#).

¹⁴ Our public pieces of performance analysis using ID data are available on our website [here](#).

¹⁵ A register of issues raised in the past on EDB and gas pipelines ID requirements is available on our website [here](#).

- 1.15.2 our analysis of trends in EDB performance;¹⁶
 - 1.15.3 our 2020 reset of EDB price-quality paths;^{17 18}
 - 1.15.4 feedback on our open letter of 29 April 2021;¹⁹
 - 1.15.5 recommendations on our regime by the Electricity Authority’s Innovation and Participation Advisory Group (IPAG);²⁰
 - 1.15.6 our recent review of EDB asset management practices and the Partna review of EDB risk preparedness which we commissioned;²¹ and
 - 1.15.7 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.²²
- 1.16 In March 2022, we published our Process and Issues Paper (PIP) which detailed the process we plan to follow (including undertaking the review in two tranches), the scope of the review, and specific areas on which we wanted feedback. We received submissions and cross-submissions from a wide group of stakeholders, including EDBs, retailers, third parties in the sector and consumer groups. We valued the clarity, comprehensiveness, and depth of engagement in these submissions. The high quality of submissions and range of views captured were very useful to us in forming our draft decision.
- 1.17 Our draft decision is informed by the submissions we received (alongside past feedback and our analysis). In response to points made in submissions, our draft decision is different to the proposal we suggested in the PIP. Key differences include:

¹⁶ [Commerce Commission “Trends in local lines company performance” \(2020\).](#)

¹⁷ [Commerce Commission “Default price-quality paths for electricity distribution businesses – Final decision” \(2019\).](#)

¹⁸ [ENA Working Group on Quality of Service Regulation “Interim Report to the Commerce Commission” \(2018\).](#)

¹⁹ [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” \(12 October 2021\).](#)

²⁰ [IPAG “Equal Access” \(2019\), IPAG “Access to input services draft advice” \(2019\), IPAG “Transpower DR programme review” \(2021\).](#)

²¹ [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” \(May 2019\).](#)

²² [Commerce Commission “Workshop on the impact of decarbonisation on electricity lines services” \(summary of stakeholder views, February 2022\).](#)

- 1.17.1 deferring multiple issues to be considered in Tranche 2 (rather than in Tranche 1 as was proposed in the PIP). This was in response to points raised by submitters regarding complexity and implementation;
- 1.17.2 proposing low prescription draft requirements for qualitative information on a number of issues, with a plan to consider refined or quantitative requirements on those issues in the medium to long term; and
- 1.17.3 prioritising some “tidy-ups” for consideration in Tranche 2.

We propose to refine existing requirements and add new ones to improve information on quality of service and to prepare for future changes in the sector

- 1.18 This review relates to ID requirements for EDBs in particular because of the increasing pace of change and potentially significant challenges EDBs face, and will face, from decarbonisation and new technology. We are seeing signals of this in the Government’s first Emissions Reduction Plan published in May 2022.²³ 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.
- 1.19 This review is focused on four categories:
 - 1.19.1 quality of service;
 - 1.19.2 decarbonisation;
 - 1.19.3 asset management; and
 - 1.19.4 aligning ID with other regulatory rules.
- 1.20 Our Tranche 1 draft decisions have a targeted scope to allow us to prioritise higher-impact changes and to conduct an efficient process. This paper does not cover an exhaustive list of ID changes we may consider making in future.
- 1.21 Our Tranche 1 draft decisions cover some issues that we will continue to focus on in the longer term. For example, EDB innovation is touched on in our Tranche 1 draft decisions but will continue to be a focus for us in the future, including beyond 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 further in the future.

²³ [Ministry for the Environment Manatū Mō te Taiao “Aotearoa New Zealand’s First Emissions Reduction Plan” \(2022\)](#)

- 1.22 We intend to publish our Tranche 1 final decision in November and propose the changes come into effect in a staggered approach over 2023 and 2024. We will consider delaying these timeframes if necessary and welcome your feedback on them. Chapter 2 contains further detail on the package of Tranche 1 draft decisions, including our proposed timeframes.
- 1.23 We received valuable feedback on Tranche 2 issues in submissions on the PIP, and we will engage further with stakeholders on Tranche 2 in due course (including potentially holding a workshop in advance of forming our Tranche 2 draft decisions). Attachment A contains a list of the Tranche 2 issues, but in this paper we do not generally discuss Tranche 2 issues. We are doing work on a broader range of issues as part of our wider work programme.
- 1.24 We plan to undertake “tidy-ups” of our ID requirements on a regular basis, including correcting errors, adding guidance and removing redundant existing requirements where appropriate. We heard in submissions on the PIP that stakeholders see significant value in this work, especially removing any redundant requirements, and want us to undertake this work sooner. We will assess potential “tidy-ups” —including potentially removing any redundant requirements— and prioritise some such changes for consideration in this review. We will provide more detail on any proposed “tidy-up” changes in due course.

You can provide your views on these draft decisions and help inform our final decisions

- 1.25 Submissions close on 31 August 2022, and cross-submissions close on 16 September 2022. We will publish our final decisions in November. Refer to Chapter 5 for more information on how you can provide your views, including how to make a confidential submission.

Chapter 2 Summary of our draft decisions

This chapter summarises our draft decisions

- 2.1 This chapter provides a summary of our draft decision including:
 - 2.1.1 a description of the key elements of our draft decisions;
 - 2.1.2 a table of all proposals in our draft decisions;
 - 2.1.3 a timeline of when EDBs would start being required to comply with our proposed requirements; and
 - 2.1.4 a brief discussion on how we have considered complexity and cost of compliance.

We propose to refine and expand existing requirements

- 2.2 The key elements of our draft decisions are:
 - 2.2.1 changes to existing requirements for backwards-looking information (schedules 1-10);
 - 2.2.2 changes to existing requirements for forwards-looking information (asset management plans and schedules 11-15); and
 - 2.2.3 new requirements for narrative information on EDB practices and capability on a range of issues.
- 2.3 Our Tranche 1 draft 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 draft decisions but will continue to be a focus for us in the future, including beyond ID. For certain issues touched on in Tranche 1, we have signalled we intend to follow up in Tranche 2 or further in the future.

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.

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Our draft decision is to require EDBs to disclose the following information in a new Schedule 10(vi) of the electricity distribution information disclosures:</p> <ul style="list-style-type: none"> the number of planned interruptions that were cancelled with short notice, ie, including those cancelled without notice; and the number of unplanned interruptions that the EDB intentionally initiated to carry out work on its network that did not directly relate to a fault, eg, planned interruptions that are recorded as unplanned because they are not properly notified. <p>We propose the following disclosures to be included in a new Schedule 10(vii) of the electricity distribution information disclosures:</p> <ul style="list-style-type: none"> the proportion of planned interruptions proceeding on date notified and completed within the notified interruption window. <p>We also propose a requirement for EDBs to describe how it provides notice and communicates planned and unplanned interruptions, including any plans for changes.²⁴</p>	<ul style="list-style-type: none"> EDBs are first required to disclose the quantitative information by 31 August 2024 for the disclosure year ending 31 March 2024 in new Schedules 10(vi) and 10(vii). Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.²⁵

²⁴ We discussed our proposed flexible reporting options, which cover this proposed requirement, later in this Chapter.

²⁵ AMPs are required to be disclosed by 31 March each year. We propose an EDB may choose to include this information, for the first time, in its AMP by 31 March 2023 or disclose it in a separate document by 30 June 2023.

Amendment Q2 – add ID requirements on power quality.

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Our draft decision is to add a requirement for EDBs to describe their practices for monitoring voltage quality (including any plans for improvements) including:²⁶</p> <ul style="list-style-type: none"> • what the EDB is doing to develop and improve practices for monitoring voltage quality on its LV network; • work it is doing on their LV network to address any non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010; • how it is responding to voltage quality issues when they are identified; and • communicating the work it is doing on voltage quality on its LV network to affected consumers. 	<ul style="list-style-type: none"> • Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.²⁷

²⁶ We discussed our proposed flexible reporting options, which cover this proposed requirement, later in this Chapter.

²⁷ AMPs are required to be disclosed by 31 March. We propose an EDB may choose to include this information, for the first time, in its AMP by 31 March 2023 or disclose it in a separate document by 30 June 2023.

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

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Our draft decision is to require EDBs to disclose the following information in Schedule 9e(i) of the electricity distribution information disclosures:</p> <ul style="list-style-type: none"> • average time taken to give a quote for a new ICP; • average time taken to make a new ICP; • average time taken to give a quote for alterations to be made to an existing ICP; and • average time taken to make alterations to an existing ICP. <p>We propose that EDBs are required to break down this information by the consumer classes it defines, aggregated to a maximum of 10 where applicable.</p> <p>We also propose to require EDBs to describe their customer connection practices, including:</p> <ul style="list-style-type: none"> • the EDB’s approach to planning and management of new or altered connections (load and injection connections); • how the EDB is seeking to minimise the cost of new or altered connections for consumers; and • the EDB’s approach to planning and managing communication with consumers about new or altered connections. ²⁸ 	<ul style="list-style-type: none"> • EDBs are first required to disclose the quantitative information by 31 August 2023 for disclosure year 2023 in Schedule 9e(i). • Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.²⁹

²⁸ We discussed our proposed flexible reporting options, which cover this proposed requirement, later in this chapter.

²⁹ AMPs are required to be disclosed by 31 March. We propose an EDB may choose to include this information, for the first time, in its AMP by 31 March 2023 or disclose it in a separate document by 30 June 2023.

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

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Our draft decision is to add a requirement for EDBs to describe their current customer service practices including:³⁰</p> <ul style="list-style-type: none"> • the EDB’s customer engagement protocols and customer service measures – including customer satisfaction with the EDB’s supply of electricity distribution services; and • the EDB’s approach to planning and managing customer complaint resolution; <p>We propose to define the term ‘complaint’ consistently with the definition we used for Aurora’s customised ID requirements, where a complaint means: ‘an expression of dissatisfaction received by an EDB about an aspect of that EDB’s supply of electricity distribution services’.</p>	<ul style="list-style-type: none"> • Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.³¹

³⁰ We discuss our proposed flexible reporting options, which cover this proposed requirement, later in this chapter.

³¹ AMPs are required to be disclosed by 31 March. We propose an EDB may choose to include this information, for the first time, in its AMP by 31 March 2023 or disclose it in a separate document by 30 June 2023.

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

Objective

Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.

Draft decision

Our draft decision is to require that EDBs maintain up to date copies of the following on their website:

- the EDB’s existing customer charters including guaranteed service levels, if any; and
- information about existing customer compensation schemes (if any) that it has in place.

EDBs must also provide this information to the Commission as an annual disclosure.

Proposed timing and form of first disclosure

- EDBs are required to disclose this information on their website continuously starting from 31 March 2023.
-

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

Objective

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.

Draft decision

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

We are also introducing a transitional reporting requirement in Schedule 10(i), for the 2023 and 2024 disclosure years, where EDBs that do not currently record their SAIFI and SAIDI values using the ‘multi-count’ approach continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2022.

Proposed timing and form of first disclosure

- EDBs are first required to disclose SAIFI and SAIDI values consistent with this definition by 31 August 2023 for disclosure year 2023.
-

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.

Objective

The usefulness of disclosed information is maximised by targeting the requirements where appropriate.

Draft decision

Our draft 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:

- ‘Dig-In’: means any unintended damage to any underground network asset caused by a third party.
- Overhead Contact: means any form of unintended damage to any above ground network asset caused by contact that is not related to vegetation, animals, or ground vehicles.
- Vandalism: means any unintended destruction of, or damage to, any network asset
- Vehicle Damage: means any unintended damage to any network asset caused by a ground vehicle.
- Other

Proposed timing and form of first disclosure

- EDBs are first required to disclose this information by 31 August 2023 for disclosure year 2023 in Schedule 10(ii).
-

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

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Stakeholders better understand how EDBs are planning and preparing for decarbonisation.</p>	<p>Our draft decision is to require EDBs to disclose a description of:³²</p> <ul style="list-style-type: none"> • how the EDB assesses the impact that new network loads will have on its network, including: <ul style="list-style-type: none"> ○ how the EDB measures the scale and impact of new network loads; ○ how the EDB takes the timing and uncertainty of new network loads into account; and ○ how the EDB takes other factors into account, eg the network location of new loads; and • how the EDB assesses and manages the risk posed by uncertainty regarding new network loads.³³ 	<ul style="list-style-type: none"> • Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.³⁴

³² We discuss our proposed flexible reporting options, which cover this proposed requirement, later in this chapter.

³³ This proposed requirement focuses on the EDB’s capability and risk management regarding know and potential new network loads that the EDB considers are likely to have a significant impact on its network operations or asset management priorities. This may vary between EDBs based on their characteristics.

³⁴ AMPs are required to be disclosed by 31 March. We propose an EDB may choose to include this information, for the first time, in its AMP by 31 March 2023 or disclose it in a separate document by 30 June 2023.

Amendment D4 – add reporting requirements on EDBs’ innovation practices

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</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 draft decision is to require EDBs to describe their innovation practices, including:³⁵</p> <ul style="list-style-type: none"> • innovation practices the EDB has planned or undertaken since the last AMP was published, including case studies and trials; • the basis on which the EDB makes decisions regarding innovation practices, including how the EDB decides to commence, adopt commercially and continue these practices; • 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 • the types of information the EDB has to inform or enable innovation practices, and their approach to seeking that information. <p>In providing its responses to the above, EDBs are not required to disclose any commercially sensitive or confidential information.</p> <p>We propose to define ‘innovation practice’ as follows:</p> <p style="padding-left: 40px;">in respect of the provision of electricity lines services in New Zealand means an activity or practice 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.</p>	<ul style="list-style-type: none"> • Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.³⁶

³⁵ We discuss our proposed flexible reporting options, which cover this proposed requirement, later in this Chapter.

³⁶ AMPs are required to be disclosed by 31 March. We propose an EDB may choose to include this information, for the first time, in its AMP by 31 March 2023 or disclose it in a separate document by 30 June 2023.

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

Objective

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.

Draft decision

Our draft decision is to define 'overhead circuit requiring vegetation management', as those circuits around which vegetation falls within the 'notice zone' as defined in the Electricity (Hazards from Trees) Regulations 2003.

The amendment would be dependent on the definition from these regulations, meaning if the "notice zone" distance definition changed, then the distance within which vegetation is deemed to be affecting overhead circuits in this amendment would also automatically change to align with the new 'notice zone' definition.

Proposed timing and form of first disclosure

- EDBs are first required to disclose information consistent with this definition by 31 August 2024 for the disclosure year 2024 in Schedule 9(c).
-

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

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Improved confidence in forecasts disclosures:</p> <ul style="list-style-type: none"> • 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. 	<p>AM7 was proposed as a single amendment in the PIP. Our draft decision is to proceed with two separate amendments: AM7A and AM7B.</p> <p>AM7A</p> <p>Information on vegetation management-related maintenance; and summary discussion of the modelling approaches used, assumptions used to inform the model used, and economic justifications that underpin the model used</p> <p>AM7B</p> <p>The modelling approach, and rationale used to inform capital expenditure forecasts for their assets.</p>	<ul style="list-style-type: none"> • EDBs are first required to disclose this information by 31 March 2024 in their AMPs.³⁷

³⁷ Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. Our draft decision on this issue may affect EDBs who disclose AMP updates in 2024.

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

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Improved confidence in forecasts disclosures:</p> <ul style="list-style-type: none"> • 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. 	<p>AM8 was proposed as a single amendment in the PIP. Our draft decision is to proceed with two separate amendments: AM8A and AM8B.</p> <p>AM8A For AM8A we propose amending clause 3.11 of Attachment A to require EDBs to provide a description of:</p> <ul style="list-style-type: none"> • how asset management data informs the models that an EDB develops and uses to assess asset health; and • how the outputs of these models are used in developing capital expenditure projections. <p>AM8B For AM8B we propose 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, which must include:</p> <ul style="list-style-type: none"> • the modelling of non-network solutions the EDB used to inform these expenditure projections; and • the assumptions used to inform the modelling of non-network solutions. 	<ul style="list-style-type: none"> • EDBs are first required to disclose this information by 31 March 2024 in their AMPs.³⁸

³⁸ Under some circumstances, EDBs may disclose an “AMP update” instead of an AMP. Our draft decision on this issue may affect EDBs who disclose AMP updates in 2024.

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

Objective

Improved confidence in forecasts disclosures:

- 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.

Draft decision

Our draft decision is to retain the requirement for EDBs to release single point forecast estimates and create a place in Schedule 11a(i) and 11(b) for EDBs to voluntarily describe the options and considerations made in their assessment of forecasting scenarios.

Proposed timing and form of first disclosure

- EDBs may first voluntarily disclose this information in their disclosures that are due by 31 March 2023.
-

Amendment AM10 – disconnections data

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Improved confidence in forecasts disclosures:</p> <ul style="list-style-type: none"> • 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. 	<p>Our draft decision is to include disconnections data in the information EDBs are required to disclose. Under current requirements, EDBs disclose actual and forecast new connections on their networks but not disconnections.</p> <p>We propose to require EDBs to disclose forecast and actual disconnections (in Schedules 9e(1) and 12C(1) of the electricity distribution information disclosures, respectively) for both individual connection points (ICPs) and distributed generation³⁹ (DG), consistent with their disclosures on new connections.</p>	<ul style="list-style-type: none"> • EDBs are first required to disclose actual disconnections by 31 August 2023 in Schedule 9e(1). • EDBs are first required to disclose forecast disconnections by 31 March 2024 in Schedule 12C(1).

³⁹ Distributed Generation refers to technologies that generate electricity and are connected to the local distribution network, such as solar PV panels.

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

Objective
Improved confidence in EDB disclosures:
Draft decision

Our draft decision is to require EDBs to disclose to the Commission their actual and forecast cybersecurity operational expenditure in Schedule 6b(ii) and Schedule 11b respectively.

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.

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

Proposed timing and form of first disclosure

- EDBs are first required to disclose actual cybersecurity costs by 31 August 2023 in Schedule 6b(ii).
 - EDBs are first required to disclose forecast cybersecurity costs by 31 March 2024 in Schedule 11b
-

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

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>ID is aligned with our other regulatory rules.</p>	<p>We propose the following updates to definitions:</p> <ul style="list-style-type: none"> • ‘pass-through cost’ shall have the meaning as specified in clause 3.1.2(1) of the electricity distribution input methodologies (EDB IMs);⁴⁰ • ‘recoverable cost’ shall have the meaning as specified in clause 3.1.3(1) of the EDB IMs. 	<ul style="list-style-type: none"> • EDBs are first required to disclose information consistent with these definitions by 31 August 2023.

⁴⁰ [Commerce Commission, Electricity Distribution Services Input Methodologies Determination 2012 \(consolidated\) \[2020\]](#).

We have tailored our proposed enforcement timing for practicality

2.4 In the table below, we have laid out our proposed timing for when EDBs must first comply with the draft requirements. We tailored our proposed timing to the different elements of our draft decisions package after considering feasibility and alignment with existing ID requirements. We welcome feedback on our proposed timing.

Time	What is happening?	How?
31 March 2023	Ongoing disclosure of charters and consumer schemes required (<i>Q5</i>)	Published on EDBs' websites
30 June 2023	Narrative information is required to be disclosed for the first time (<i>Q1, Q2, Q3, Q4, D2, D4</i>)	Asset management plans or in a separate document(s) available on the EDB's website* *EDBs may include this information in their AMPs but are required to disclose AMPs earlier by 31 March.
31 August 2023	Backward-looking information is first required to be disclosed consistent with changed requirements* (<i>Q3, Q11, Q13, AM10, AM13, A1</i>) *Some backward looking information is only required from 2024 as below.	Schedules 1-10 of the electricity distribution information disclosures
31 March 2024	Additional lifecycle asset management information, and additional information on data and models is first required to be disclosed (<i>AM7, AM8</i>)	Asset management plans
	Forward-looking information is first required to be disclosed consistent with changed requirements (<i>AM10, AM13</i>)	Schedules 11-15 of the electricity distribution information disclosures
	Narrative information is required to be disclosed for the second time (<i>Q1, Q2, Q3, Q4, D2, D4</i>)	Asset management plans or in a separate document(s) available on the EDB's website
31 August 2024	Quantitative information on notice of planned interruptions first required to be disclosed (<i>Q1</i>)	Schedule 10 of the electricity distribution information disclosures
	Information on overhead circuit requiring vegetation management must comply with new definition (<i>AM6</i>)	Schedule 9 of the electricity distribution information disclosures

- 2.5 All of the information that we propose must be publicly disclosed must also be provided to us no later than five working days after it is required to be publicly disclosed.
- 2.6 When we consider Tranche 2, we will consider changing the cycle of AMP updates and “full” AMPs. As shown in the table above, our draft decision is that some of the new sets of information are disclosed for the first time in the 31 March 2024 AMP. Most EDBs will be able to disclose an AMP update rather than a full AMP in 2024. A full AMP may be a more appropriate form in which to disclose this new information, along with the second round of disclosures of narrative information.
- 2.7 A secondary advantage of a full AMP disclosure in March 2024 is that it would be immediately prior to the next reset of price-quality paths and would help inform that process. As EDBs have indicated to us, in the future, past expenditure may not be a good indicator of future expenditure so having recent fulsome AMP plans and associated forecasts available may assist in the reset.

Our draft decision is to add some narrative requirements, with flexibility in how EDBs report the information

- 2.8 We propose narrative requirements on multiple issues where current requirements do not provide sufficient information to allow stakeholders to assess EDBs’ performance but it is not appropriate to set more detailed requirements (including for quantitative information) at this stage. For these issues, we propose high-level requirements for narrative information about EDB capability and practices to help stakeholders understand whether EDBs operate and invest in its assets efficiently and will continue to do so in future.⁴¹
- 2.9 We plan to review these requirements and the disclosed information in the future. We may find it is most appropriate to keep the requirements as they are, or to consider changing them. We will consult further with stakeholders before making any such changes.

We propose to allow EDBs flexibility in how they report this narrative information

- 2.10 We propose that an EDB may disclose this narrative information using one of three options:
- 2.10.1 in its AMP;
 - 2.10.2 in a different document(s) on its website; or

⁴¹ Commerce Act 1986, s 52A(1)(a)-(b)

- 2.10.3 in a combination of its AMP and a different document(s) on its website.⁴²
- 2.11 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).
- 2.12 We propose that this narrative information must be disclosed by 30 June 2023 and 31 March in years after that. This means in 2023 the AMP is required to be disclosed before the narrative information. We propose an EDB may choose to disclose this information by 31 March 2023 and include or reference the information in its 2023 AMP, or it may disclose the information in a separate document(s) by 30 June 2023 without being required to reference that document(s) in the 2023 AMP.
- 2.13 We propose this flexibility will apply to our proposed narrative requirements for:
- 2.13.1 Q1 Notice of planned interruptions;
 - 2.13.2 Q2 Power quality;
 - 2.13.3 Q3 Time taken for new connections;
 - 2.13.4 Q4 Customer service and complaints;
 - 2.13.5 D2 new network loads; and
 - 2.13.6 D4 Innovation practices.
- 2.14 This proposed flexibility is our response to the following points made in submissions on the PIP:
- 2.14.1 AMPs can be very large documents and there is value in splitting out disclosed information to limit the size of the document;
 - 2.14.2 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
 - 2.14.3 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.

⁴² 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.

- 2.15 We do not want to inappropriately 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 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.

We have considered cost and complexity in designing our draft decisions

- 2.16 ID regulation is a statutory requirement, meaning 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.
- 2.17 We recognise however that the information we require EDBs to disclose comes at a cost—a cost to EDBs, some of which is ultimately borne by consumers.⁴³ In designing our draft decision, we have therefore considered the potential costs of new disclosure requirements for EDBs and ultimately for consumers.
- 2.18 We have 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 our draft decision, we:
- 2.18.1 consider 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);
 - 2.18.2 propose new or expanded requirements only where we consider it valuable to meeting the ID purpose in s 53A;
 - 2.18.3 align ID with other parts of the Part 4 regime;
 - 2.18.4 seek technical input from electricity sector stakeholders on the design and implementation of our proposed requirements;
 - 2.18.5 consider relevant obligations imposed on EDBs by other agencies; and
 - 2.18.6 defer the timeframe for EDBs to comply with some significant proposed requirements (eg, lifecycle asset management requirements) to 2024.

⁴³ We acknowledge this point, made by various submitters, including: Electricity Networks Association "Submission on Targeted ID review – Electricity Distribution Businesses" (20 April 2022), p 1; Wellington Electricity Lines Limited "Targeted Information Disclosure Review – Electricity Distribution Businesses – Process and Issues paper (20 April 2022), p 2; Powerco (20 April 2022), p. 1.

- 2.19 If you want to make a submission on any concerns regarding the costs of compliance associated with our draft decisions, please provide specific information regarding your assessment of such costs. We would also find it useful if you can provide alternative proposals that would enable stakeholders to understand the relevant area of performance.

Our draft decisions minimise additional complexity for Aurora, which is subject to customised ID requirements

- 2.20 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.
- 2.21 In 2021 we set additional ID requirements for one EDB, Aurora, after it was moved to a customised price-quality path.⁴⁴ 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 decision for some issues.
- 2.22 To reduce the degree of overlap that Aurora will face we propose excluding Aurora from reporting on those narrative requirements on issues/topics that Aurora already has to report on in its Annual Delivery Report (ADR). Specifically, Aurora would be excluded from reporting on the following narrative requirements:
- 2.22.1 Q1 – Notice of planned interruptions;
 - 2.22.2 Q2 – Reporting on power quality; and
 - 2.22.3 Q4 – Customer service.
- 2.23 We propose Aurora is excluded from these narrative requirements for as long as it is required to disclose similar information in its ADR.
- 2.24 We propose to require all EDBs to disclose quantitative information on notice of planned interruptions as part of Schedules 1-10 of the electricity distribution information disclosures. Aurora is already required to disclose similar quantitative information in its Annual Delivery Report. To comply with our proposed requirement, Aurora must disclose both sets of information in the two different documents. This involves some duplication, which is minimised by the information being similar and disclosed by the same date.

⁴⁴ 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](#).

- 2.25 We have also simplified and clarified the definition of consumer in the Determination by proposing to delete paragraph (b) of the definition of 'consumer' (ie, in respect of the ID obligations relating to Aurora's customer charter and consumer compensation arrangement). The effect of this proposed amendment is not to change any obligations on Aurora.

Chapter 3 Framework for our draft decisions

Purpose of this chapter

- 3.1 This chapter summarises the legal framework we have applied in reaching our draft decisions on setting amended ID requirements that will apply to EDBs. It explains:
- 3.1.1 the function of ID regulation;
 - 3.1.2 the purpose of ID regulation;
 - 3.1.3 our role in regulating EDBs under ID regulation; and
 - 3.1.4 the decision-making criteria we apply when determining whether to set ID requirements for EDBs.

The function of ID regulation

- 3.2 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).⁴⁵ 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.⁴⁶ 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 determination).
- 3.3 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).⁴⁷
- 3.4 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

⁴⁵ Commerce Act 1986, section 52.

⁴⁶ Commerce Act 1986, section 52B(2)(a).

⁴⁷ 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.

3.5 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).^{48,49}

The purpose of information disclosure regulation

3.6 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 of the Act (Part 4) is being met: s 53A.

3.7 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.

3.8 The purpose of Part 4 is set out in s 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.

⁴⁸ A copy of the current EDB ID determination is accessible via our website [here](#).

⁴⁹ 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 ID purpose under s 53A

“Interested persons”

- 3.9 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.
- 3.10 We therefore consider interested persons to include (though not be limited to):
- 3.10.1 regulated suppliers;
 - 3.10.2 consumers and consumer groups;
 - 3.10.3 energy retailers and their representative groups;
 - 3.10.4 providers of flexibility services;
 - 3.10.5 central government and regional authorities;
 - 3.10.6 other regulatory agencies (such as the Electricity Authority and the Gas Industry Company Ltd);
 - 3.10.7 any other stakeholder of the regulated supplier, including investors; and their advisers (such as equity analysts and other professional advisors);
 - 3.10.8 owners of regulated suppliers; and
 - 3.10.9 the Commission.⁵⁰

“Sufficient information”

- 3.11 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 the actual performance of suppliers. Having ‘sufficient’ information will encompass both quantitative and qualitative information, with information being sufficiently disaggregated to allow interested persons to understand what is driving the supplier’s performance.⁵¹

⁵⁰ See Commerce Commission, “Information disclosure for EDBs and GPBs – Final Reasons Paper” (1 October 2012), p 17.

⁵¹ We discuss the meaning of “sufficient information” at paragraph 2.17 – 2.22 of our final reasons paper for the EDB ID requirements we set in the original EDB ID Determination in 2012 (Commerce Commission

- 3.12 ID regulation is a specific form of regulation under Part 4, with its own clearly defined purpose in s 53A, independent of other regulatory instruments.⁵² 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 PQ regulation. In response to the PIP, some submitters suggested that ID requirements for exempt EDBs should be distinguished from those for non-exempt EDBs.⁵³ We do not agree with this assessment. The s 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.
- 3.13 The purpose of Part 4 in s 52A highlights the importance of incentives:
- 3.13.1 incentives to innovate and to invest (section 52A(1)(a)); and
- 3.13.2 incentives to improve efficiency and provide services at a quality that reflects consumer demands (section 52A(1)(b)).
- 3.14 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 their performance – historical, current and expected future performance.

“Readily available”

- 3.15 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:
- 3.15.1 consistent;
- 3.15.2 accessible; and

Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper (1 October 2012)). A copy of this paper is accessible via our website here:

https://comcom.govt.nz/_data/assets/pdf_file/0025/59641/Information-Disclosure-for-EDBs-and-GPBs-Final-Reasons-Paper.PDF

⁵² For example, default/customised price-quality regulation has its own distinct purpose under s 53K of the Act.

⁵³ For example, one concern raised in submissions was that certain of our proposed changes to ID are ‘tantamount to quality regulation, which is not the intention of Part 4’ and will result in ‘pseudo-price-quality-regulation’ of exempt EDBs. See Electra’s *submission to the Commerce Commission on the Targeted Information Disclosure Review – Electricity Distribution Businesses, Process and Issues Paper, 23 March 2022, 20 April 2022, pp 1-2.*

- 3.15.3 comprehensible.
- 3.16 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.
- 3.17 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.⁵⁴ 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.
- 3.18 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).
- 3.19 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 EDBs under ID regulation

- 3.20 Our role under ID is to:
- 3.20.1 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.⁵⁵
- 3.20.2 publish a summary and analysis of any information a supplier publicly discloses under our ID requirements.
- 3.20.3 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.

⁵⁴ For example, in a standardised spreadsheet template or online disclosure system.

⁵⁵ Section 52C(1). Refer to paragraphs 3.22-3.24 below.

We decide what information EDBs must disclose, and how they must disclose it

3.21 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.⁵⁶

Information that must be included in our ID determination

3.22 Section 53C governs the content of any ID determination we make. Section 53C(1) provides that the ID determination must specify the following:⁵⁷

3.22.1 the goods or services to which it applies;⁵⁸

3.22.2 the suppliers to which it applies;⁵⁹

3.22.3 the information to be disclosed;⁶⁰

3.22.4 the manner in which the information is to be disclosed;⁶¹

3.22.5 the form of disclosure;⁶²

3.22.6 when, and for how long, information must be disclosed;⁶³

3.22.7 the input methodologies that apply;⁶⁴ and

3.22.8 any other methodologies that are required in the preparation or compilation of the information.⁶⁵

⁵⁶ 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”.

⁵⁷ Section 53C(1)(a)-(h) of the Commerce Act 1986 sets out a list of things a section 52P determination must specify.

⁵⁸ Commerce Act 1986, section 53C(1)(a).

⁵⁹ Commerce Act 1986, section 53C(1)(b).

⁶⁰ Commerce Act 1986, section 53C(1)(c).

⁶¹ Commerce Act 1986, section 53C(1)(d).

⁶² Commerce Act 1986, section 53C(1)(e).

⁶³ Commerce Act 1986, section 53C(1)(f).

⁶⁴ Commerce Act 1986, section 53C(1)(g).

⁶⁵ Commerce Act 1986, section 53C(1)(h).

- 3.23 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.
- 3.24 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.⁶⁶ 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

- 3.25 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:⁶⁷
- 3.25.1 financial statements (including projected financial statements);
 - 3.25.2 asset values and valuation reports;
 - 3.25.3 prices, terms and conditions related to prices, and pricing methodologies;
 - 3.25.4 contracts;
 - 3.25.5 transactions with related parties;
 - 3.25.6 financial and non-financial performance measures;
 - 3.25.7 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;
 - 3.25.8 asset management plans;
 - 3.25.9 quality performance measures and statistics;

⁶⁶ For example, the price is broken down by a category of consumer.

⁶⁷ Section 53C(2)(a)-(k).

- 3.25.10 assumptions, policies, and methodologies used or applied in these or other areas; and
 - 3.25.11 consolidated information that includes information about unregulated goods or services.
- 3.26 In exercising the discretion under s 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 ID determination may do

- 3.27 Section 53C(3) provides that the ID determination may do one or more of the following.⁶⁸
- 3.27.1 require disclosed information, or information from which disclosed information is derived (in whole or in part), to be verified by statutory declaration;
 - 3.27.2 require independent audits of disclosed information;
 - 3.27.3 require the retention of data on which disclosed information is based, and associated documentation;
 - 3.27.4 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
 - 3.27.5 provide for transitional provisions.
- 3.28 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)).

⁶⁸ See section 53C(3)(a)-(f) for a full list of things a section 52P determination may do.

- 3.29 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.
- 3.30 Any ID determination we make under section 52P must “specify the suppliers to which it applies”⁶⁹ and “set out...the requirements that apply to each regulated supplier”.⁷⁰ This means that any ID determination we make must specify who (ie, which regulated suppliers) has to 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 of those ID requirements only apply to one regulated supplier (or a sub-set of the regulated suppliers) subject to that determination.

We summarise and analyse the information EDBs disclose

- 3.31 We are required to publish summary and analysis of the disclosed information to promote greater understanding of supplier performance.⁷¹
- 3.32 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.
- 3.33 Our summary and analysis assists interested persons in assessing whether the Purpose of Part 4 is being met because the summary and analysis we produce helps people to better understand the information that was publicly disclosed by the regulated supplier.
- 3.34 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.

⁶⁹ Commerce Act 1986, section 53C(1)(b).

⁷⁰ Commerce Act 1986, section 52P(3)(a).

⁷¹ Commerce Act 1986, s 53B(2)(b).

We may ask a supplier for more information

- 3.35 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.
- 3.36 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 s 52P determination (ie, in this context, information disclosure requirements), we may decide we need to engage with that supplier further to gather more information.
- 3.37 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.

We may analyse if our ID requirements are working effectively...

- 3.38 When we analyse the information 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.
- 3.39 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.
- 3.40 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

- 3.41 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.⁷²

⁷² 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.

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

- 3.42 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).
- 3.43 For example, if our ID analysis raised concerns that a supplier was not complying with the ID requirements, we may investigate further⁷³ and may under s 53ZD require the supplier to:
- 3.43.1 prepare and produce forecasts, forward plans, or other information;⁷⁴
 - 3.43.2 apply any methodology specified by us in the preparation of forecasts, forward plans, or other information;⁷⁵
 - 3.43.3 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”;⁷⁶
 - 3.43.4 provide us with an expert opinion in relation to that matter.⁷⁷

⁷³ 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.

⁷⁴ Commerce Act 1986, section 53ZD(1)(d)(i).

⁷⁵ Commerce Act 1986, section 53ZD(1)(d)(ii).

⁷⁶ Commerce Act 1986, section 53ZD(1)(e).

⁷⁷ Commerce Act 1986, section 53ZD(1)(f).

Enforcement

We may take enforcement action against contraventions of ID requirements

- 3.44 Under Part 6 of the Act, we may take enforcement action in response to any contraventions of information disclosure requirements:
- 3.44.1 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”;⁷⁸ and
 - 3.44.2 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.⁷⁹
- 3.45 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.⁸⁰
- 3.46 The maximum fine for a conviction under section 86B(1) for an individual is \$200,000 and for any other case \$1 million.⁸¹ The maximum pecuniary penalty under section 86 for an individual is \$500,000 and for any other case is \$5 million.⁸²

⁷⁸ 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)).

⁷⁹ 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.

⁸⁰ Commerce Act 1986, section 86(2).

⁸¹ Commerce Act 1986, section 86B(2).

⁸² Commerce Act 1986, section 86(3).

- 3.47 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 (s 79B(2)).

Our decision-making criteria for setting ID requirements

- 3.48 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).⁸³
- 3.49 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:
- 3.49.1 is the supplier operating and investing in their assets efficiently? (section 52A(1)(a)-(b));
 - 3.49.2 is the supplier innovating where appropriate? (section 52A(1)(a));
 - 3.49.3 is the supplier providing services at a quality that reflects consumer demands? (section 52A(1)(b));
 - 3.49.4 is the supplier sharing the benefits of efficiency gains with consumers, including through lower prices? (section 52A(1)(c));
 - 3.49.5 do the prices set by the supplier promote efficiency? (section 52A(1)(a)-(b)); and
 - 3.49.6 is the supplier earning an appropriate economic return over time? (section 52A(1)(d)).

⁸³ 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)).

- 3.50 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.⁸⁴
- 3.51 In terms of how we decide what is “sufficient information”, as mentioned at 3.11 above, having ‘sufficient’ information requires interested persons having both quantitative and qualitative information, with certain information sufficiently disaggregated to allow interested persons to understand what is driving the supplier’s performance.

Our approach to ensuring ID requirements are cost-effective

- 3.52 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. 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 s 52A is being met.
- 3.53 We recognise however that the information we require EDBs to disclose comes at a cost—a cost to EDBs, some of which is ultimately borne by consumers.⁸⁵
- 3.54 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:⁸⁶
- 3.54.1 take account of suppliers’ existing practices and capability;
 - 3.54.2 introduce new requirements, or require disaggregated information only where we consider it valuable to meeting the ID purpose in s 53A;
 - 3.54.3 align ID with other parts of the Part 4 regime;

⁸⁴ 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” \(1 October 2012\)](#).

⁸⁵ This was a matter that a number of submitters pointed out in submissions, for example Electricity Networks Association “Submission on Targeted ID review – Electricity Distribution Businesses” (20 April 2022), p. 1; Vector “EDB Targeted ID Review” (20 April 2022) at [10]-[11]; [Wellington Electricity “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 2; Powerco (20 April 2022), p. 1.

⁸⁶ 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.

- 3.54.4 seek technical input from the electricity sector stakeholders; and
- 3.54.5 consider relevant obligations imposed on EDBs by other agencies.

Addressing overlap between the role of the Commission and that of the Electricity Authority

- 3.55 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.⁸⁷
- 3.56 The relevant legislation explicitly sets out an overlap of responsibility for EDB pricing between the EA and the Commission (s 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, there are protections against this happening.
- 3.57 Under s 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.⁸⁸
- 3.58 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 2010.⁸⁹

⁸⁷ Electricity Networks Association “Submission on Targeted ID review – Electricity Distribution Businesses” (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].

⁸⁸ See s 54V(4)(c)-(d) of the Act.

⁸⁹ 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](#).

Chapter 4 Reasons for our draft decisions

This chapter discusses our reasons for our draft decisions, including how we have responded to submissions made on our Process and Issues paper

- 4.1 The purpose of this chapter is to explain our draft decisions to change ID requirements for EDBs. We have set out our draft decisions for each issue in the four categories of this review:
 - 4.1.1 quality of service;
 - 4.1.2 decarbonisation;
 - 4.1.3 asset management; and
 - 4.1.4 alignment with other regulatory rules.

- 4.2 In this chapter, we summarise for each issue:
 - 4.2.1 the nature of the issue;
 - 4.2.2 the purpose of our proposal;
 - 4.2.3 stakeholders' views on our proposal based on submissions on the PIP;
 - 4.2.4 our draft decision; and
 - 4.2.5 how our draft decision addresses the issue.

Quality of service

- 4.3 Quality of service (quality) is a major focus of our regulation of EDBs.⁹⁰ In terms of improving our ID requirements in this area, our two priorities are:
- 4.3.1 expanding ID requirements to capture more dimensions of quality, to better reflect consumers' overall experience of quality; and
 - 4.3.2 refining ID requirements to ensure that information on quality is more useful for assessing or understanding performance.
- 4.4 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.⁹¹ We propose to expand ID requirements to capture these dimensions.
- 4.5 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.
- 4.6 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 vary on this issue. We propose to refine some ID requirements to make the disclosed information more useful, and will add high-level requirements in cases where there may be significant challenges collecting detailed information.
- 4.7 We received a range of submissions on the quality issues that we described in the PIP, and submitters also made a number of more general points regarding the whole package of quality issues. The main general points were:
- 4.7.1 quality data can be volatile and difficult to interpret;
 - 4.7.2 there would be implementation challenges in collecting new data; and
 - 4.7.3 more detailed proposals are required for fulsome consultation.

⁹⁰ Commerce Act 1986, s 52A(1)(a)-(b)

⁹¹ The availability of options to meet consumer demands is an important part of the quality of an EDB's service. For example, a consumer at the end of a long line who plans to increase their electricity use may face significant costs of a network upgrade, but they may have their needs better met by solar panels supported by battery storage or diesel generation.

- 4.8 Multiple submitters raised concerns about issues inherent in quality data that could lead to misinterpretation by us or other stakeholders.⁹² For example, some submitters 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.
- 4.9 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.
- 4.10 This is something for us to be 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.
- 4.11 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 intend to do this when undertaking performance analysis of any new data, as we do with existing ID data.
- 4.12 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 propose to do this by setting multiple high-level requirements for narrative information on EDB capability and practices. Our proposed high-level requirements are designed to ensure the disclosed information is useful in light of these factors and will also help us understand how we may set more refined requirements for the longer term.

⁹² [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

Q1— Notice of planned interruptions

We propose EDBs disclose additional information about notice of planned interruptions

- 4.13 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. We propose to add disclosure requirements regarding the notice of planned interruptions that EDBs provide to consumers.
- 4.14 The purpose of this proposed amendment is to expand the reporting requirements in relation to the notice that EDBs provide consumers regarding planned interruptions, which should enable stakeholders to make a broader assessment of quality. 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

- 4.15 Seven submitters responded specifically in relation to Q1. Most of these submitters – non-EDBs as well as EDBs – agreed that lack of sufficient and timely information relating to planned interruptions is a significant source of frustration for consumers:
- 4.15.1 The Electricity Networks Association (ENA) noted that “from a customer perspective, outages and outage communication is [sic] the single most important indicator of service quality.”⁹³
- 4.15.2 Wellington Electricity said “Providing this information [communication regarding planned outages] enables consumers to plan and potentially reduce the impacts they experience as the result of a planned outage. This also applies to when planned outages are cancelled or delayed, the disruption to consumers can be just as impactful.”⁹⁴
- 4.15.3 UDL supported the proposal for reporting on notice of planned interruptions, identifying it as a continuous source of complaints by consumers.⁹⁵
- 4.16 Other submitters wanted more information on details of the proposed amendment before they confirmed their support.

⁹³ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8

⁹⁴ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

⁹⁵ [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2

- 4.16.1 The Lines Company acknowledged that clear communication with customers on planned interruptions is a key customer service measure, however, they need more detail regarding the proposal.⁹⁶
- 4.16.2 PowerNet were unclear on the purpose of the measure, citing “inconsistency with timing and information shared by retailers” and noting that some instances of increased disruption and displeasure expressed by parties is caused by customers forgetting about issued notices.⁹⁷
- 4.17 Furthermore, there were concerns raised by submitters that the high-level nature of this disclosure may lose context. One such example given was for interruptions which do not go ahead, which could be for a number of reasons such as:
- 4.17.1 weather;
- 4.17.2 customer requirements;
- 4.17.3 staff absences due to sickness (particularly in the current COVID environment); or
- 4.17.4 other operational reasons.⁹⁸

Our draft decision proposes an amendment for EDBs to annually report on notice of planned interruptions given to consumers

- 4.18 We propose that the following disclosures are included in a new requirement under Schedule 10 (ie what will be ‘Schedule 10(vi)’) of the Electricity Distribution Information Disclosures:⁹⁹
- 4.18.1 the number of planned interruptions that were cancelled on short notice, ie including those cancelled without notice; and
- 4.18.2 the number of unplanned interruptions that the EDB intentionally initiated to carry out work on its network that did not directly relate to a fault, eg planned interruptions that are recorded as unplanned because they are not properly notified.

⁹⁶ [The Lines Company "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2

⁹⁷ [PowerNet Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 1

⁹⁸ [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3

⁹⁹ [Commerce Commission "Electricity Distribution Information Disclosure Determination 2012 – Consolidated version" \(9 December 2021\)](#)

4.19 We propose that the following disclosures are included in a new requirement under Schedule 10 (ie what will be 'Schedule 10(vii)) of the Electricity Distribution Information Disclosures:¹⁰⁰

4.19.1 the proportion of planned interruptions proceeding on date notified and completed within the notified interruption window.

4.20 We also propose a requirement for EDBs to describe how it provides notice and communicates planned and unplanned interruptions, including any plans for changes.¹⁰¹

Our draft decision helps us to learn more about the current situation following the approach adopted for Aurora's additional ID requirements

4.21 In the PIP we proposed that EDBs report on planned interruptions similar to some of the additional ID requirements we set for Aurora.

4.22 Some submitters were concerned with the lack of detail presented in the PIP on the proposed amendment. The detail provided in our draft decision should provide the level of information they require to make their assessment.

4.23 Some submitters were also concerned that the high-level nature of this disclosure may provide insufficient context, affecting stakeholders' perceptions of the quality of an EDB's network. We agree that having insufficient context could be a problem if a set or subset of ID data is reviewed in isolation. However, that concern in itself does not negate the benefits of releasing the information. Furthermore, EDBs will have the option to provide additional context via their narrative reporting.

4.24 Some submitters were of the view that this amendment did not have a clear purpose and mentioned that at times, consumers themselves are responsible for problems arising in relation to planned interruptions. 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 – ie to increase consumer experience of quality.

¹⁰⁰ [Commerce Commission "Electricity Distribution Information Disclosure Determination 2012 – Consolidated version" \(9 December 2021\)](#)

¹⁰¹ We discussed our proposed flexible reporting options, which cover this proposed requirement, in Chapter 2 of this paper.

- 4.25 Furthermore, this reporting will enable stakeholders – including us – to make more meaningful assessments surrounding notice of planned interruptions, and to track their efforts to improve communication with consumers regarding interruptions. We propose to review the disclosed information, and then to consider in future whether to consult on more refined requirements (which could include quantitative requirements) on this issue.

Q2— Reporting on power quality

We propose an amendment for EDBs to include additional information about the consumer experience of power quality

- 4.26 There is limited visibility of power quality on EDB networks both in terms of monitoring and reporting. In our view, greater visibility of the management of power quality is important for consumers – especially when it comes to the increasing uptake of distributed energy resources (DERs) and electric vehicles on the network.¹⁰²
- 4.27 In the PIP we proposed that EDBs report on power quality in a similar way to some of the additional ID requirements we set for Aurora – specifically, reporting on voltage quality. In our draft decision we propose that EDBs describe their practices for monitoring voltage quality, including any plans for improvements.
- 4.28 Voltage is an important aspect of quality for consumers. Fluctuations in voltage levels outside of the normal operating limits can lead to equipment maloperation or failure, and electrical safety risks. The purpose of this proposed 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 and providing electrical supply at a quality that reflects consumer demands.

Submitters generally supported the introduction of this amendment

- 4.29 Ten submitters responded specifically in relation to Q2. The majority of submitters – non-EDBs as well as EDBs – supported the addition of ID requirements on power quality. EDB support was mostly ‘in-principle’ with their submissions requesting the Commission focus on a customer experience-based disclosure. The ENA noted “disclosures should focus on EDB performance in addressing power quality issues where customers report adverse impacts.”¹⁰³
- 4.30 Submitters also noted that presently there are limitations regarding the ability of EDBs to track power quality. Powerco addressed this in its submission:

The introduction of power quality reporting would be helpful. Unfortunately, our understanding is that most EDBs cannot systematically assess power quality on their distribution or sub-transmission networks. So, measuring and reporting power quality is impractical right now.¹⁰⁴

¹⁰² DER are small-scale, distribution connected assets that either reduce load or export more power (eg, solar panels, storage (like batteries) or load management devices).

¹⁰³ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8.

¹⁰⁴ [PowerCo "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2

- 4.31 Furthermore, despite supporting the amendment, some submitters raised concerns that this amendment should be deferred and considered later in Tranche 2 because they had concerns regarding their ability to report against a power quality metric. Network Waitaki submitted:

Network Waitaki agrees that power quality affects customers' experience of the service they receive, however in practice being able to provide meaningful reporting through ID would be challenging in the short to medium term.¹⁰⁵

Our draft decision is to require EDBs to describe their practices for monitoring voltage quality, including any plans for improvements

- 4.32 We propose to require EDBs to describe their practices for monitoring voltage quality, including any plans for improvements, including:
- 4.32.1 Steps the EDB is taking to develop and improve practices for monitoring voltage quality on their LV networks;
 - 4.32.2 work it is doing on their LV network to address any non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010;
 - 4.32.3 how it is responding to voltage quality issues when it identifies them (the EDB may provide reference to performance over the previous period to give the forward plan context); and
 - 4.32.4 communicating the work it is doing on voltage quality on its LV network to affected consumers.¹⁰⁶

Our draft decision focuses on voltage quality and helps us to learn more about the current situation before setting any specific requirements for power quality

- 4.33 Voltage quality is an important component of power quality. The consumer experience of power quality is generally synonymous with voltage quality.¹⁰⁷ With this in mind, we have reframed the issue from a focus on 'power quality' to a focus on 'voltage quality'. Voltage fluctuations outside of the normal operating limits can cause equipment and appliance maloperation or failure and create electrical safety risks for consumers.

¹⁰⁵ [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3

¹⁰⁶ We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

¹⁰⁷ 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.

- 4.34 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 quality, especially voltage quality, such as where:
- 4.34.1 high penetration of PV may lead to consumers experiencing voltage levels exceeding upper voltage limits during light load conditions;¹⁰⁸ and
 - 4.34.2 consumers experiencing voltage levels dropping below lower voltage limits due to increasing electrification of processes and EV uptake.¹⁰⁹
- 4.35 We propose that in their AMPs, EDBs tell stakeholders about the work they are doing to improve monitoring and management of voltage quality for consumers. This helps stakeholders to learn more about the state of voltage quality on EDBs' networks and will provide a suitably low cost and effort means of achieving this disclosure. We propose to review the disclosed information, then in future consider whether to consult on more refined requirements (which could include quantitative requirements).
- 4.36 We acknowledge that EDBs have varying access to power quality information on customer sites and that wide-scale network solutions to voltage quality issues may not be feasible or appropriate for EDBs to implement at this stage. Our draft decision accounts for this by requiring EDBs to provide a qualitative description of practices and plans, rather than extensive data that may not be available. We continue to receive a lot of feedback from EDBs that they face significant data access issues, and we welcome further feedback and suggestions on this.
- 4.37 Some submitters asked us to defer this issue to Tranche 2. We have included it in our Tranche 1 draft decision as we consider that the proposed qualitative nature of the information EDBs are required to provide means that the requirement will be relatively straightforward to comply with. 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.

¹⁰⁸ [Sapere "Low Voltage Monitoring - Primer and Guideline" \(October 2020\)](#), p. 6

¹⁰⁹ [Sapere "Low Voltage Monitoring - Primer and Guideline" \(October 2020\)](#), p. 8

Q3— Time taken for new connections

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

4.38 Currently, there is no requirement for EDBs to disclose the time taken to connect consumers to the network.¹¹⁰ 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 amending Schedule 9E of the Electricity Distribution Information Disclosures.¹¹¹ This will provide further information to stakeholders to understand whether EDBs are providing cost-effective and timely consumer connections.

Submitters generally supported the introduction of this amendment

4.39 Ten submitters responded specifically in relation to Q3. Non-EDBs were unanimous in their support for reporting on the time taken to set up new connections. Feedback received from EDBs was mixed.

4.40 UDL supported the proposed amendment. In its submission it noted that: "There is little guidance or standardisation of reasonable timeframes for connection of power supplies which in the interests of consumers should be efficient, effective and as reliable as possible."¹¹²

4.41 EDB support was mostly 'in-principle', with their submissions requesting that the Commission take into account that there are often external causes which influence the ability for EDBs to complete a new connection on time. Wellington Electricity's examples of causes included:

4.41.1 connections range in complexity; and

4.41.2 delays due to third parties.¹¹³

¹¹⁰ Connecting a customer to the network involves establishing a load connection (eg, residential customer) or injection connection (eg, DER).

¹¹¹ [Commerce Commission "Electricity Distribution Information Disclosure Determination 2012 – Consolidated version" \(9 December 2021\)](#)

¹¹² [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p 3

¹¹³ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

- 4.42 The ENA had similar concerns to Wellington Electricity, raising the issue that a time-based metric would be difficult to implement due to connections ranging in complexity, cost, scale, and noting that many different parties have input into the connection process. Rather, the ENA recommended: “new connection disclosure to focus on customer satisfaction with EDBs’ processes.”¹¹⁴
- 4.43 EDBs encouraged the Commission to take more time and engage with stakeholders to develop a ‘time to set up new connection’ measure that:
- 4.43.1 has a clear definition of when ‘the clock starts and stops’;^{115,116}
 - 4.43.2 takes account of variances in customer type;^{117,118} and
 - 4.43.3 considers the wide variety of connection growth across all EDBs.¹¹⁹

Our draft decision is to require EDBs to report on time taken for consumer connections and describe their customer connection practices

- 4.44 We propose the following disclosure requirements are added to Schedule 9e(i) of the Electricity Distribution Information Disclosures:
- 4.44.1 average time taken to give a quote for a new ICP;
 - 4.44.2 average time taken to make a new ICP;
 - 4.44.3 average time taken to give a quote for alterations made to an existing ICP; and
 - 4.44.4 average time taken to make alterations to an existing ICP.
- 4.45 We propose to require the above reporting broken down by consumer classes defined by the EDB.
- 4.46 We also propose to require EDBs to describe their customer connection practices, including:

¹¹⁴ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8

¹¹⁵ [Unison and Centralines "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

¹¹⁶ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8

¹¹⁷ [Unison and Centralines "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

¹¹⁸ [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

¹¹⁹ [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8

- 4.46.1 the EDB’s approach to planning and management of new and altered connections (load and injection connections), including overcoming commonly encountered issues;
- 4.46.2 how the EDB is seeking to minimise the cost of new or altered connections for consumers; and
- 4.46.3 the EDB’s approach to planning and managing communication with consumers about new or altered connections.¹²⁰

Our draft decision supports us to learn more about the current consumer experience of time taken for new connections and alterations to their existing connections

- 4.47 Currently, there is no requirement for EDBs to disclose the time taken to connect consumers to the network. In the PIP we proposed that EDBs report on the time taken to set up new connections, and that this amendment would be included within Tranche 1.
- 4.48 The ENA has previously supported the introduction of reporting on average time taken to quote new connections.¹²¹ Other submitters raised concerns regarding connections ranging in complexity, cost, scale, and third-party involvement.
- 4.49 Although these factors may result in variation in the time to connect a customer, we consider this information is nonetheless of value to stakeholders. In our view, EDBs should be able to provide this information considering they are ultimately responsible for the process from start to finish.
- 4.50 We recognise the importance of a clear definition of when ‘the clock starts and stops. We have proposed the following definitions in Schedule 16:
 - 4.50.1 Time taken to quote new connections and alterations to existing connections - means the time taken for an EDB to provide a quote for the physical works for a new connection or an alternation to an existing connection, beginning with the EDB’s receipt of the customer request and ending with the customer’s receipt of the EDB’s quote; and

¹²⁰ We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

¹²¹ [Electricity Networks Association “Submission on EDB DPP reset issues paper – Part two: Regulating quality” \(20 December 2018\).](#)

- 4.50.2 Time taken to install new connections and alterations to existing connections - means the time taken for an EDB to install a new ICP or alter an existing ICP beginning with the later of the customer's agreement to the proposed design and quote, payment of any required upfront payment by the customer, and readying of the site by the customer, and ending with the receipt of the certificate of compliance for new connections or power restoration to the customer's ICP for alterations.
- 4.51 We have proposed in our draft decision that EDB reporting will extend to all consumer connections. We note that as the electrification of fossil fuelled load – brought about by decarbonisation requirements and new technologies – and uptake of DERs increases, consumer focus will be on how EDBs are delivering services to meet consumer demand, eg, the timeliness and efficiency of quoting and carrying out alterations to existing connections as well as new connections.
- 4.52 We are not considering requiring EDBs to apply a consistent definition of consumer types as part of this amendment. Schedule 9e disclosures currently allow EDBs to report according to their own defined consumer types. We propose for this disclosure that, where applicable, EDBs aggregate into a maximum of ten customer types.

Q4— Customer service

Our draft decision is to require EDBs to provide additional information on customer service

- 4.53 EDBs are not currently required to disclose information on customer service metrics, including customer complaints. We propose including a requirement for 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

- 4.54 Eight submitters responded specifically in relation to Q4. UDL supported the proposal, suggesting that:

this should also include information on complaint outcomes. Maintaining robust complaint resolution processes is an essential part of good customer service. Requiring EDBs to disclose this type of information will encourage EDBs to continue to build on the good work they are already doing to address complaints.¹²²

- 4.55 UDL also identified in its submission the variance in self-reported EDB data, highlighting the importance of a consistent definition regarding a ‘complaint’.¹²³

- 4.56 Wellington Electricity’s submission paralleled UDL’s, whereby it agreed that:

A measure which captures and reports on the types of complaints would be useful to understand the issues which are of most importance to consumers. Or a measure such as the provision of a written response to a written complaint within a defined threshold would support understanding how well the customer complaints process is managed by EDBs.¹²⁴

- 4.57 Other EDBs provided ‘in-principle’ support for this change, but they noted that:

4.57.1 to enable comparison across EDBs the same method of assessing customer service outcomes needs to be universally adopted;¹²⁵ and

4.57.2 high-level information that EDBs provide regarding customer complaints, the EDB response, and complaint resolution times may miss out the context.¹²⁶

¹²² [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3

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

¹²⁴ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

¹²⁵ [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 5

¹²⁶ [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

- 4.58 Submitters that did not support the amendment primarily focused on a perceived overlap with existing reporting via UDL and a subsequent duplication of effort required by EDBs.^{127,128}

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

- 4.59 We propose to require EDBs to describe their current customer service practices, such as:

4.59.1 a description of the EDB's customer service practices, including:

4.59.2 the EDB's customer engagement protocols and customer service measures – including customer satisfaction with the EDB's supply of electricity distribution services; and

4.59.2.1 the EDB's approach to planning and managing customer complaint resolution;¹²⁹

- 4.60 We propose to define complaint consistently with the definition we used for Aurora's customised ID requirements, where a complaint means: an expression of dissatisfaction received by an EDB about an aspect of that EDB's supply of electricity distribution services.

Our draft decision for reporting on current customer service scales back the proposed requirement from the Process and Issues paper

- 4.61 In the PIP, we proposed adding ID requirements regarding customer service in line with consumer engagement and complaint initiatives in our additional ID requirements for Aurora.¹³⁰
- 4.62 Aurora is required to release information in their ADR which demonstrates how Aurora has sought views from consumers and other stakeholders and how Aurora is using any feedback they have provided to improve future engagements. Aurora is also required to provide information which enables consumers and other stakeholders to understand the volume and nature of complaints and how complaint information is being used to improve consumer satisfaction.

¹²⁷ [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

¹²⁸ [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9

¹²⁹ We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

¹³⁰ [Commerce Commission "Aurora-Energy Limited Additional Information Disclosure Requirements - Final reasons paper" \(31 August 2021\)](#), pp. 98-99

- 4.63 The more prescriptive requirements were determined necessary for Aurora’s particular situation, but they may not be needed generally for all EDBs. After considering submissions we have proposed that EDBs describe their customer service practices, including any plans for improvements, the work they are doing to improve customer service and outcomes. We consider that this disclosure will be suitably low effort to achieve, yet enables comparison across EDBs.
- 4.64 Submitters were concerned that the high-level nature of this disclosure may mean that valuable context is missing, which may negatively impact stakeholders’ perceptions of an EDB’s customer service. We consider however that requiring EDBs to report a narrative which describes their efforts, rather than releasing quantitative information, will ensure that EDBs are able to provide sufficient context for stakeholders to understand an EDB’s customer service practices.
- 4.65 We acknowledge the existing reporting channel that EDBs have via Utilities Disputes Limited (UDL). The UDL scheme rules allow UDL to ask for information from their providers. Every year UDL requires their providers to complete a self-review of compliance, this self-review serves two purposes:
- 4.65.1 checking compliance with UDL scheme rules; and
 - 4.65.2 reminding providers of their compliance obligations.
- 4.66 However, we note from UDL’s submission that this is self-reported information which varies greatly between EDBs.¹³¹ 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.^{132,133}
- 4.67 The definition we propose aligns with previous decisions made by us, including for Aurora and is narrower than the definition used by UDL. We acknowledge that there is a minor reporting overlap where we are proposing to adopt the definition of ‘complaint’ as determined during the Aurora ID review, rather than the definition used by UDL.

¹³¹ [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3

¹³² [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3

¹³³ UDL defines a complaint to mean an expression of dissatisfaction made to or about a Provider where a response or a resolution is explicitly or implicitly expected.

- 4.68 In our view, there is no unreasonable overlap with the existing EDB reporting via UDL and this new proposed disclosure. We are not proposing to require EDBs to report on the number and type/category of consumer complaints received, because this is covered in self-reporting questions to UDL. We note that the self-reporting via UDL does not directly consider customer service. This amendment will provide stakeholders with greater visibility regarding EDBs' customer service practices, including any plans for improvements, and management of customer complaints.
- 4.69 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 draft decision is to require EDBs to provide information on customer charters and compensation schemes

4.70 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. We propose 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

4.71 Ten submitters responded specifically in relation to Q5. There was majority support in submissions – from both EDBs and non-EDBs – for the inclusion of customer charter information in disclosures.

4.72 MEUG recommended amendment Q5 as a top priority for Tranche 1 citing its previous cross-submission on the last reset of price-quality paths.¹³⁴ MEUG submitted that the Commission should further investigate guaranteed service level schemes “to consider if, how and when distributors might change from a one-size-fits-all to a more targeted approach for similar types of customers that links service levels with the value those customers place on that service.”¹³⁵

4.73 UDL supported amendment Q5. UDL noted that it is aware of EDBs offering compensation in line with a standardised compensation scheme. It therefore considers it would be “useful for both consumers and UDL to understand what is offered in similar circumstances across the industry.”¹³⁶

4.74 The ENA supported a simple disclosure based on the existence and availability of customer charters. It noted that “many EDBs have voluntarily established customer charters to document and explicitly communicate to customers what they can expect from their EDB.”¹³⁷

¹³⁴ [Major Electricity Users' Group "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2

¹³⁵ [Major Electricity Users' Group "Cross-submission on EDB DPP reset issues paper" \(31 January 2019\)](#), p. 2

¹³⁶ [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4

¹³⁷ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9

- 4.75 However, EDBs were divided regarding disclosing information about guaranteed service levels and including information about customer compensation schemes. Some submissions raised the issue that guaranteed service levels are subject to direct regulatory oversight by the Electricity Authority via the Default Distributor Agreement (DDA).^{138, 139, 140, 141}

Our draft decision is to require EDBs to publish their existing customer charters and any information about existing customer compensation schemes (guaranteed service levels) on their website

- 4.76 We propose introducing a requirement that on their websites EDBs must maintain up to date copies of:
- 4.76.1 the EDB’s existing customer charters – including guaranteed service levels, if any; and
 - 4.76.2 information about existing customer compensation schemes that it has in place (if any).
- 4.77 EDBs must also provide the above information to the Commission as an annual disclosure.

Our draft decision for reporting on customer charters and compensation schemes scales back the proposed requirement from the Process and Issues paper

- 4.78 In the PIP, we suggested proposed changes to ID which expanded the reporting requirements for EDBs to disclose information about customer charters and guaranteed service level (customer compensation) schemes. Examples included information about existing schemes, such as information that could be relevant to such schemes in the future. This proposal was in line with previous stakeholder feedback received during consultations on the last reset of price-quality paths.¹⁴²
- 4.79 Submitters largely supported simple disclosures on the existence and availability of customer charters. As Electra noted in its submission:

¹³⁸ [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 9

¹³⁹ [Orion Group “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 5

¹⁴⁰ [Network Waitaki “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 5

¹⁴¹ [Electra Limited “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 4

¹⁴² [Vector Limited “Submission on EDB DPP3 reset draft decisions paper” \(18 July 2019\)](#), p. 7

We support this potential ID change in principle and on the basis that:

- i) retailers are required to release information on customer charters as a function of the Consumer Care Guidelines, and under the DDA, EDBs are obligated to support retailers to meet their requirements; and
- ii) for those EDBs with guaranteed service levels releasing information about the scheme is sensible.¹⁴³

- 4.80 Submitters pointed out that guaranteed service levels may be subject to direct regulatory oversight by 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 available to the public via EDB websites – noting in some cases that EDBs may have done this already.¹⁴⁴ We do not consider that this reporting is inconsistent with the Authority’s requirements as we propose disclosure of existing information and documents.
- 4.81 After considering submissions we propose that EDBs publish on their websites existing customer charters and any information about existing customer compensation schemes. We propose to review the disclosed information, then consider more refined requirements on this issue. We will consult on any such refined requirements before we set them.

¹⁴³ [Electra Limited “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 4

¹⁴⁴ [Aurora Energy “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 10

Q11— Successive interruptions

Our draft decision is to amend the definition of ‘successive interruptions’ so EDBs must report successive interruptions using the ‘multi-count approach’

- 4.82 There is currently variance in the way that EDBs record interruptions. Some EDBs are recording successive interruptions and associated SAIFI and SAIDI values when the conveyance of electricity to consumers is restored for more than a 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.¹⁴⁵
- 4.83 We therefore propose 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’. To achieve this we have proposed adding a new definition of “customer interruption minutes” which has been taken from the equivalent definition in the current price-quality path.
- 4.84 We also propose introducing a transitional reporting requirement in Schedule 10(i), for the 2023 and 2024 disclosure years, where EDBs that do not currently record their SAIFI and SAIDI values using the ‘multi-count’ approach as described, continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2022. This will enable us to assess any impact as a result of the change in reporting methodology incorporating successive interruptions.
- 4.85 The purpose of our proposed requirement is to address the 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.

Submitters generally supported the introduction of this amendment

- 4.86 Eight submitters – all EDBs – responded specifically in relation to Q11, with most of those submitters expressing support for the introduction of this amendment. Submitters agreed that restating and defining successive interruptions will achieve consistency in reporting, and the Commission should be making this change to bring alignment between DPP and ID data.^{146,147}

¹⁴⁵ [Commerce Commission "EDB DPP3 Recording of successive interruptions for SAIFI - Consultation paper" \(7 October 2019\)](#)

¹⁴⁶ [PowerNet Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2

¹⁴⁷ [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), pp. 13-14

- 4.87 Wellington Electricity raised a 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’. Wellington Electricity submitted that feedback from its customers on the Wellington network is that “if the power goes off, get it back on quickly” and so the priority should be minimisation of SAIDI rather than SAIFI.¹⁴⁸
- 4.88 Some submitters expressed concerns as to whether all EDBs currently have systems to record successive interruptions,^{149,150} and their ability to restate past performance using historic data.^{151,152}

Our draft decision will provide information regarding successive interruptions by utilising the ‘multi-count’ approach previously agreed to by EDBs

- 4.89 The multi-count approach has value in that it is a uniform assessment approach, which can be assessed consistently across all EDBs during the regulatory period.¹⁵³ We recognise that EDBs may need to make changes to the way they currently report successive interruptions as a result of this amendment. Network Waitaki noted this in its submission:

Network Waitaki will need to implement system enhancements to record where customers have experienced multiple interruptions as part of the restoration sequence. Currently we do not recognise successive interruptions as part of fault finding and restoration following an initial outage as the disclosed SAIFI statistics only take into consideration the total unique ICPs affected by an outage.¹⁵⁴

- 4.90 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.¹⁵⁵ Aurora shared this position in its submission:

In Aurora’s view, the issue of how successive interruptions are to be recorded was clarified in 2019, and EDBs have had had sufficient time to implement procedural changes so that successive interruptions are recorded correctly. We do not see any reason why successive interruptions cannot be correctly reported in ID.¹⁵⁶

¹⁴⁸ [Wellington Electricity “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 5

¹⁴⁹ [Network Waitaki “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 8

¹⁵⁰ [Wellington Electricity “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 5

¹⁵¹ [Vector Limited “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 6

¹⁵² [Wellington Electricity “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 5

¹⁵³ [Commerce Commission “EDB DPP3 Recording of successive interruptions for SAIFI - Consultation paper” \(7 October 2019\)](#), p. 11

¹⁵⁴ [Network Waitaki “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 8

¹⁵⁵ [Electricity Networks Association “SAIFI Position Statement” \(30 August 2019\)](#), p. 2

¹⁵⁶ [Aurora Energy “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 13

4.91 During consultation on the last reset of price-quality paths, the ENA noted the potential 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.¹⁵⁷

4.92 We recognise the concern raised by submitters regarding restatement of past performance. We propose that there is no requirement for EDBs to restate interruption information by applying the amended definition to historic information.

¹⁵⁷ [Electricity Networks Association "SAIFI Position Statement" \(30 August 2019\)](#)

Q13— Third party interruption causes

Our draft decision is to require EDBs to provide more detailed information on third party interference interruptions by breaking down into more specific categories

- 4.93 EDBs are currently only required to provide general information in a single reporting category for power interruptions caused by third-party interference.¹⁵⁸ We propose to provide further granularity to this reporting category by requiring EDBs to report on commonly occurring third party interruptions.
- 4.94 In particular, we propose to break down the reporting category for power 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:
- 4.94.1 ‘Dig-In’: any unintended damage to any underground network asset caused by a third party.
- 4.94.2 Overhead Contact: any form of unintended damage to any above ground network asset caused by contact that is not related to vegetation, animals, or ground vehicles.
- 4.94.3 Vandalism: any unintended destruction of, or damage to, any network asset.
- 4.94.4 Vehicle Damage: any unintended damage to any network asset caused by a ground vehicle.
- 4.95 The purpose of this proposed amendment is to allow stakeholders to identify important trends or underlying factors in third party interference interruptions. This will provide further information to stakeholders 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.¹⁵⁹

¹⁵⁸ [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.

¹⁵⁹ Commerce Act 1986, s 52A(1)(a)-(b)

Submitters generally supported the introduction of this amendment

- 4.96 Eight submitters responded specifically in relation to Q13. Most of these submitters – non-EDBs as well as EDBs – supported collecting more granular data by breaking down third party interruptions into specific cause categories. UDL noted that the additional detail will assist in its complaint investigations.¹⁶⁰ EDBs noted that in many cases they collect this information already for the purpose of identifying issues and trends.^{161,162,163}
- 4.97 Electra agreed that more information about third-party interference would help EDBs determine appropriate budgets. It also considered that this information will provide a basis for measuring improvement in areas where the benefits are difficult to quantify.¹⁶⁴
- 4.98 There were concerns raised by a few submitters such as:
- 4.98.1 whether there is value in publicly reporting at a disaggregated level.^{165,166}
- 4.98.2 whether funding can be provided to enable improved asset management practices.¹⁶⁷

Our draft decision supports better stakeholder understanding of the cause of interruptions resulting from commonly occurring third party interruptions

- 4.99 In our view requiring EDBs to provide this information (if they are not doing so already), is best practice.
- 4.100 The majority of submitters agreed with this amendment. We acknowledge the concern some submitters have regarding cost, however, we do not consider that the proposal would result in excessive additional costs to EDBs outweighing the benefits to stakeholders of improved reporting.¹⁶⁸

¹⁶⁰ [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 5

¹⁶¹ [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 6

¹⁶² [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), pp. 14-15

¹⁶³ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 11

¹⁶⁴ [Electra Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), pp. 6-7

¹⁶⁵ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 11

¹⁶⁶ [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8

¹⁶⁷ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 5

¹⁶⁸ We discussed how we have balanced the benefit of ID against compliance cost in Chapter 2 of this paper.

4.101 We consider that there may be merit in further disaggregating other cause categories. For instance, in its submission, Aurora raised the example of vegetation.¹⁶⁹ Defective equipment also remains as the most significant cause of unplanned interruption in terms of both duration and frequency. We would appreciate additional feedback in this area.

¹⁶⁹ [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 15

Decarbonisation

- 4.102 EDBs face an increasing pace of change and potentially significant challenges from decarbonisation, for example:
 - 4.102.1 increased load on the network caused by phasing out fossil fuels across the economy; and
 - 4.102.2 challenges posed by new technology (eg, non-network solutions, distributed generation).
- 4.103 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:
 - 4.103.1 assets are maintained and replaced, as appropriate;
 - 4.103.2 it innovates and invests in cost-efficient solutions;
 - 4.103.3 it is prepared to manage potential future changes in demand; and
 - 4.103.4 its ongoing operations enable it to deliver service of the quality demanded by consumers.
- 4.104 Submitters on the PIP made some general points about ID requirements on decarbonisation:
 - 4.104.1 broad engagement and coordination are required;
 - 4.104.2 ID requirements should integrate and complement our regulation through price-quality paths;
 - 4.104.3 workshops would be a valuable method of engagement; and
 - 4.104.4 there are several challenges to data access which is relevant to EDBs preparedness for decarbonisation.

- 4.105 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.¹⁷⁰ Decarbonisation continues to be a key area of our work and consultation in our current projects, including beyond ID.
- 4.106 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.¹⁷¹
- 4.107 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.
- 4.108 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.¹⁷²
- 4.109 We heard strong calls from submitters for us to facilitate workshops on decarbonisation issues. We consider workshops are an effective way to engage with stakeholders on multiple decarbonisation issues (especially issues like mapping network constraints) and we may hold workshops during our work on Tranche 2 of this review. We will provide further detail closer to the time.
- 4.110 In response to the PIP, several EDBs described significant and varying data access challenges that EDBs face. We have designed our proposed requirements to ensure that EDBs could 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.

¹⁷⁰ [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" \(summary of stakeholder views, February 2022\)](#).

¹⁷¹ The EA's work on updating regulatory settings for distribution networks can be found [here](#).

¹⁷² Commerce Act, s 52A; s 53A.

- 4.111 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:
- 4.111.1 is the supplier operating and investing in their assets efficiently? (section 52A(1)(a)-(b));
 - 4.111.2 is the supplier innovating where appropriate? (section 52A(1)(a));
 - 4.111.3 is the supplier providing services at a quality that reflects consumer demands? (section 52A(1)(b)).
- 4.112 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—Large network loads driven by decarbonisation

Our draft decision is to require EDBs to disclose information on significant network loads in the context of decarbonisation

- 4.113 Decarbonisation can drive significant new loads on the network that may present challenges for EDBs. For example, if rapid uptake of electric vehicles is not easily supported by the existing network, then EDBs may face challenges balancing the cost of network upgrades with consumer demands. Under the current ID requirements, EDB reporting on potential material new loads varies. The purpose of this proposal is to ensure EDBs consistently disclose information on the challenges they may face from significant new loads on the network driven by decarbonisation, and how they are managing and preparing for these challenges.
- 4.114 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 the proposal in principle but raised some concerns

- 4.115 Some submitters said that EDBs have limited and varying access to relevant information about new loads on the network. PowerNet, who did not support the proposal, said:

This requirement is not supported. How do we access such information? The fossil fuel load may not even be a current EDB customer. Experience in the Southland region in recent times has been that new loads have come to light due to GIDI subsidies. These new loads had not been indicated or considered until recently due to customers not engaging with the EDB – making it impossible to forecast and report in advance.¹⁷³

- 4.116 Multiple submitters said there are different ways to measure a significant new load for quantitative reporting. solarZero said, referring to investigations done by Wellington Electricity:

The work by Wellington Electricity shows the significant impact that a very large number of small loads, eg, conversion of gas heating to electricity and EV charging, can have on the network. It is not just changes to large loads that will impact the electricity system – changes to a vast number of small loads will have a significant impact on the LV system. The scale of that change needs to be identified, as Wellington Electricity is doing, and the information used to develop appropriate responses.¹⁷⁴

- 4.117 Given these concerns, multiple submitters suggested that more time was required to consider this issue than was provided for by the proposed Tranche 1 prioritisation in the PIP.

¹⁷³ [PowerNet Limited “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 3

¹⁷⁴ [solarZero “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 3

Our draft decision is to require EDBs to disclose information on significant new network loads in the context of decarbonisation

4.118 Our draft decision is to require EDBs to disclose a description of:

4.118.1 how the EDB assesses the impact that new loads will have on the EDB's network (especially in the context of decarbonisation), including:

4.118.1.1 how the EDB measures the scale and impact of new network loads;

4.118.1.2 how the EDB takes the timing and uncertainty of new network loads into account; and

4.118.1.3 how the EDB takes other factors into account, eg, the network location of new loads; and

4.118.2 how the EDB assesses and manages the risk posed by uncertainty regarding new loads on the network.¹⁷⁵

4.119 This proposed requirement focuses on the EDB's capability and risk management regarding new loads. New loads covers known and potential new network loads that the EDB considers are likely to have a significant impact on its network operations or asset management priorities. This may vary between EDBs based on their different characteristics.

4.120 "Known loads" are known planned loads where there is some degree of certainty as to their timing. 'Potential loads' refers to facilities located an EDB's network's footprint that could convert its energy supply from fossil fuels to electricity. This may vary between EDBs based on the different characteristics of their networks.

Our draft decision helps us to learn more about the current situation before we set any specific requirements

4.121 Multiple EDBs submitted that they have limited ability to report meaningful information on this issue because they do not have access to all of the relevant information. The approach we have taken reflects this limitation and supports us and other stakeholders learning more about such limitations. We will review the disclosed information and then consider more refined requirements on this issue in future.

¹⁷⁵ We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

- 4.122 Multiple submitters said that there are different ways of measuring what is a material or significant new load on the network. Our draft decision includes a requirement to disclose information on how EDBs currently approach this task. This will be valuable information which will help stakeholders understand how EDBs are responding to the challenges they face. This information will also support us to consider how we would measure significant new loads when we consider more refined requirements for the longer term.
- 4.123 Multiple submitters asked us to allow more time to consult on this issue before setting any requirements. We see value in proposing a requirement for Tranche 1 but acknowledge that a prescriptive or quantitative requirement would call for further consultation. In response, we designed the proposed requirement to be qualitative and relatively low-cost for EDBs to comply with. We will engage further with stakeholders before setting any more refined requirements for the longer term.

D4—Innovation practices

Our draft decision is to require EDBs to disclose more information on their innovation practices

- 4.124 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”.¹⁷⁶
- 4.125 Under current 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 propose to require EDBs to report on innovation in one place with more fulsome coverage than what is currently required. This includes requiring EDBs to report on the challenges they face.
- 4.126 The purpose of this proposal is to ensure EDBs report on innovation in a more fulsome, consistent, and easily accessible way.

Submitters generally supported this proposal but asked us to provide more clarity and engage further with EDBs

- 4.127 Submitters generally supported this proposal, especially on information about innovation trials. For example, Trustpower said:

We agree with the Commission that to achieve New Zealand’s decarbonisation goals distributors will have to implement innovative technologies into their network. The implementation of these new technologies will require distributors to undertake trials at times. We note that there have recently been a number of similar EV charging trials undertaken by distributors such as Vector, PowerCo and Wellington Electricity and question whether this duplication of effort is in the long-term interests of consumers. As new technologies are developed for distribution networks, the duplication of these types of trials by up to potentially 29 distributors will potentially create unnecessary costs for consumers. As a result, we strongly support the Commission developing arrangements that would result in key learnings of any trials funded under part 4 allowances being publicly shared.¹⁷⁷

- 4.128 Some submitters had concerns about defining innovation and the confidentiality of relevant information. Unison and Centralines said:

Definitional clarity would be required to ensure that the scope of any disclosures relating to innovation do not lead to excessive reporting requirements. Some innovation projects are also likely to be considered confidential to an EDB pending evaluation of commercialisation opportunities, so there would need to be some scope to exclude projects from disclosure to allow EDBs to protect their IP.¹⁷⁸

¹⁷⁶ Commerce Act 1986, s 52A(a).

¹⁷⁷ [Trustpower – Submission on EDB targeted ID review process and issues paper – 20 April 2022](#), p. 3

¹⁷⁸ [Unison and Centralines “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 7

- 4.129 The ENA asked us to defer this issue to allow more time for engagement with stakeholders.

The ENA is supportive of its members reporting on their innovative practices. As noted above, there needs to be an ongoing discussion with the Commission on the best form, venue and timing of this reporting. As such, the ENA recommends any reporting requirements not be considered in tranche 1. A general definition of what is considered ‘innovative’ could also be problematic.¹⁷⁹

Our draft decision is to require EDBs to report on their innovation practices and capability at a high level

- 4.130 Our draft decision is to require EDBs to describe their innovation practices, including:¹⁸⁰

4.130.1 innovation practices the EDB has planned or undertaken since the last AMP, including but not limited to case studies and trials;

4.130.2 the basis on which the EDB makes decisions regarding innovation practices, including how the EDB decides to commence, adopt commercially and continue these practices;

4.130.3 how the EDB’s decision-making and innovation practices are dependent on the work of other companies, including other EDBs and providers of non-network solutions; and

4.130.4 what types of information do they have available to them to inform or enable innovation practices, and what is their approach to seeking that information.

- 4.131 In providing its responses to 4.130.1 to 4.130.4 above, EDBs are not required to disclose any commercially sensitive or confidential information.

- 4.132 We propose to define ‘innovation practice’ as follows:

in respect of the provision of electricity lines services in New Zealand means an activity or practice 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.

¹⁷⁹ [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 15

¹⁸⁰ We discussed our proposed narrative requirements and flexible reporting options in Chapter 2 of this paper.

Our draft decision addresses stakeholder concerns and casts a wide net as a starting point

- 4.133 Multiple submitters asked us to define innovation and provide more clarity on this requirement. We propose to define ‘innovation’ in line with the IMs. We propose to cast a wide net for information on innovation to avoid over-prescribing or excluding relevant information, and to enable us to review the disclosed information and consider more refined requirements in future.
- 4.134 Multiple submitters asked us to support EDBs to collaborate with one another, especially to reduce duplication of trials. The primary purpose of our proposal is to fulfil the purpose of ID: to enable stakeholders to assess EDB performance, in particular, whether EDBs have incentives to innovate and invest. The proposal may have secondary benefits in encouraging good practice amongst EDBs.

Asset management

- 4.135 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.
- 4.136 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.
- 4.137 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.¹⁸¹
- 4.138 Several submitters on the PIP 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 more flexibly, as discussed in Chapter 2 of this paper.
- 4.139 We acknowledge submitters' comment that external factors, variability, and inherent differences between EDBs affect the interpretation of ID data. However, we consider that the data is still important, valuable, and supports the purpose of Part 4. We discussed this earlier in this chapter in the context of quality data. For asset management data, this is disclosed in the context of asset management plans, so we consider EDBs are able to provide context in the document where they consider it useful. We also consider context when interpreting data in our performance analysis of ID data.
- 4.140 We understand that some of the issues and potential amendments discussed in the process and issues paper were not described in sufficient detail to enable fulsome responses in submissions. We expect that our proposed amendments are now sufficiently explained (including specification in a draft determination) to allow more detailed consideration by stakeholders and response in submissions.

¹⁸¹ [Commerce Commission, "Ensuring our energy and airports regulation is fit for purpose" \(29 April 2021\)](#)

AM6—definition of overhead circuit requiring vegetation management

Our draft decision is to amend the definition of ‘overhead circuit requiring vegetation management’

- 4.141 We heard from submitters that the lack of a precise definition has resulted in EDBs adopting a range of reporting approaches. We propose to amend the definition of ‘overhead circuits requiring vegetation management’ in Schedule 16 to be those locations where vegetation falls within the ‘notice zone’ of the affected overhead circuits, as defined in the Electricity (Hazards from Trees) Regulations 2003. The amendment would be dependent on this definition, meaning if the “notice zone” distance definition changed, then the distance within which vegetation is deemed to be affecting overhead circuits in this amendment would also automatically change to align with the new ‘notice zone’ definition.
- 4.142 The purpose of this proposed amendment is to clarify the definition to ensure consistency of reporting related to the metric. This will assist stakeholders to understand the efficiency and effectiveness of EDBs’ vegetation management practices.

We received mixed feedback from the submissions regarding the introduction of this amendment

- 4.143 Seven submitters responded specifically in relation to AM6. Some submitters supported this amendment, or part of it.
- 4.144 The majority of submitters supported amending the definition, with the ENA noting that the lack of a precise definition has resulted in EDBs adopting a range of reporting approaches, preventing any sort of comparative analysis.
- 4.145 However, some submitters did not support the suggested use of the distance between vegetation and an overhead circuit as being the appropriate metric because as trees grow, the distance would become quickly out of date and would require extensive surveying and associated costs to ensure vegetation circumstances have not changed.^{182,183}

¹⁸² [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 20.

¹⁸³ [Wellington Electricity “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 9.

- 4.146 Some submitters considered that other measures in the Electricity (Hazards from Trees) Regulations 2003 are a better basis for setting the appropriate metric,¹⁸⁴ and that once MBIE has reviewed these it will be a good time to review the ID relating to vegetation management.¹⁸⁵

Our draft decision is to define ‘overhead circuit requiring vegetation management’ with reference to the “notice zone” definition

- 4.147 We propose to align this ID metric with related, existing compliance obligations. In doing so, we can mitigate the concerns raised in some submissions that this proposal may require EDBs to monitor vegetation growth on their network beyond what is already required of them. Monitoring vegetation growth is an operational asset management task that EDBs should be doing anyway as part of their routine vegetation management.
- 4.148 We welcome further views from stakeholders on the appropriateness of using the ‘notice zone’ as opposed to other zones defined in the Electricity (Hazards from Trees) Regulations 2003. We propose using the distance represented by the ‘notice zone’¹⁸⁶ because it is representative of the overhead circuit length that requires long term, ongoing vegetation management by EDBs ie, all the vegetation which EDBs would intend to cut as part of their multi-year rotation cycle across their whole network. This is what this ID metric (overhead lines requiring vegetation management) is intended to reflect.
- 4.149 Furthermore, ‘notice zone’ is the largest zone distance defined in the Electricity (Hazards from Trees) Regulations 2003, and so allows for the broadest definition of what vegetation can be deemed to affect overhead lines. In contrast, the other zones such as the ‘growth limit zone’ or ‘dispensation zone’ represent a smaller subset of vegetation that is in closer proximity to overhead circuits and thus requiring more immediate maintenance.

¹⁸⁴ [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 7.

¹⁸⁵ [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9.

¹⁸⁶ Defined as “in relation to the growth limit zone, means the space that extends no more than 1 metre beyond the growth limit zone”, refer to <https://www.legislation.govt.nz/regulation/public/2003/0375/latest/DLM233411.html>

AM7 - information on vegetation management-related maintenance and policies and practices for projected capital expenditure in lifecycle asset management plans

Our draft decision is to require EDBs to disclose information on vegetation management-related maintenance in their lifecycle asset management plans (AM7A)

- 4.150 Current reporting requirements on lifecycle asset management do not cover vegetation management-related maintenance. We propose adding a requirement for EDBs to report on this matter: to provide a summary of the assumptions made, modelling approaches used, and economic justifications that inform an EDB's approach to vegetation management.
- 4.151 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.

Our draft decision is to require EDBs to disclose more information on their policies and practices for projected capital expenditure in their lifecycle asset management plans (AM7B)

- 4.152 Current reporting requirements for lifecycle asset management lack detail on an EDB's justification for capital expenditure forecasts. We propose adding a requirement for EDBs to provide the rationale for the modelling approach and supporting assumptions used to inform capital expenditure forecasts for their assets.
- 4.153 In particular, EDBs will be required to provide:
- 4.153.1 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
 - 4.153.2 an explanation of why the particular model is appropriate for each asset class.
- 4.154 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.

We received mixed feedback from submissions regarding proposed amendment AM7

- 4.155 In the PIP, proposed amendments AM7A and AM7B were combined and proposed as a single amendment.

- 4.156 Six submitters responded specifically in relation to AM7. The submission points variously dealt with the vegetation management and the capital expenditure forecast components of the proposal. There were some submissions in support of Electra’s view that these measures are “a natural extension of current practices”.¹⁸⁷ The submitters that addressed both components of the proposal were generally opposed to both components because they considered them too intrusive and requiring discussion in AMPs: a departure from what they see as a “light handed” ID framework.^{188, 189, 190}

Vegetation management component (AM7A)

- 4.157 Some submitters supported requiring EDBs to provide additional information on vegetation management practices. For example, WELL supported the inclusion of life-cycle management practices relating to vegetation management in the AMP. WELL noted that this information would provide stakeholders with the supporting information which underpins the practices an EDB employs to manage their network.”¹⁹¹
- 4.158 Aurora did not support EDBs being required to publish specific evidence, including lifecycle models, in support of its vegetation forecasts.¹⁹² However, Aurora did support amending Clause 12 of Attachment A to specifically include vegetation management as a lifecycle activity; and require summary discussion of the material assumptions made, modelling approaches used, and economic justifications that inform vegetation lifecycle management and associated forecasts.

¹⁸⁷ [Electra Limited “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 13

¹⁸⁸ [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 21

¹⁸⁹ [Network Waitaki “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 17.

¹⁹⁰ [The Lines Company “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 10.

¹⁹¹ [Wellington Electricity “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 9.

¹⁹² [Aurora Energy “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p.21

Capital expenditure forecast component (AM7B)

4.159 Most submitters were opposed to requiring EDBs to provide additional information on capital expenditure forecasts. The main concern was 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.¹⁹³ The concerns about detail and extensive reporting related largely to the requirement to provide the information for each asset class and providing information on the economic justification/options analysis.

Our draft decision is to include amendment AM7A in Tranche 1

4.160 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.

4.161 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.

4.162 As we indicated in our 2021 review of "Reporting of asset management practices by electricity distributors", vegetation management practices can strongly influence vegetation related interruptions:¹⁹⁴

4.162.1 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.

4.163 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 these areas from burning vegetation.¹⁹⁵

¹⁹³ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 21.

¹⁹⁴ Commerce Commission [Reporting-of-Asset-Management-Practices-by-EDBs.pdf](#), 2021, p. 33

¹⁹⁵ 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".

- 4.164 For these 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. We agree with WELL's submission that this information would provide stakeholders with the supporting information which underpins the practices an EDB employs to manage its network.
- 4.165 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).

Our draft decision on amendment AM7B scales back the requirement proposed in the PIP

- 4.166 In the PIP, we suggested proposed changes to ID to require EDBs to include sufficient detail on the assumptions, modelling and economic justifications underpinning the relevant policies, programmes, actions and expenditure projections of each asset category.
- 4.167 Some submitters raised concerns regarding the considerable level of discussion that would need to be included in AMPs to cover these requirements. Having considered these submissions, we have recast this proposed amendment.
- 4.168 Unlike the proposal in the PIP, EDBs will not have to provide the economic justification/options analysis for each asset class.
- 4.169 Making information available on the rationale for the modelling approach and supporting assumptions used to inform capital expenditure forecasts will enhance the ability of stakeholders to assess whether EDBs are operating and investing in their assets efficiently. This is particularly so, because in the future using historical data as the basis for forecasting asset replacement and renewal may be unsatisfactory, as recognised by many EDBs.

Our proposed requirement integrates with EDBs' ability to disclose AMP updates instead of AMPs

- 4.170 EDBs may disclose "AMP updates" instead of AMPs in some circumstances.¹⁹⁶ The AMP update must identify any material changes to the lifecycle asset management (maintenance and renewal) plans disclosed in the last AMP.
- 4.171 We propose that EDBs must disclose the information laid out in AM7A and AM7B for the first time in full whether they are disclosing an AMP or an AMP update. After that, EDBs would continue to be required to identify any material changes to the plans, which now include the additional information laid out in AM7A and AM7B.

¹⁹⁶ Clause 2.6.3 of [NZCC 22/2012 Electricity Distribution Information Disclosure determination](#)

AM8 - additional information on how asset management data informs asset health models and information on consideration of non-network solutions

Our draft decision is to require EDBs to include additional information on how asset management data informs asset health models and the link to expenditure forecasts (AM8A)

- 4.172 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.
- 4.173 Our draft 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 will add a requirement to clause 3.11 of Attachment A (Asset Management Plans) requiring EDBs to describe how asset management data informs systematic and appropriate asset health models and how these model outputs link to expenditure forecasts.
- 4.174 The purpose of this amendment is to enable stakeholders to better understand how EDBs' expenditure forecasts are informed by asset management data. In turn, this will allow an assessment of how EDBs are operating and investing in their assets.

Our draft decision is to require EDBs to include additional information on their consideration of non-network solutions (AM8B)

- 4.175 Non-network solutions—also termed flexibility services— offer the potential to defer or avoid the need for asset replacement within the ambit of asset lifecycle management considerations and 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.
- 4.176 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.
- 4.177 Non-network solutions could be deployed as an alternative to asset replacement within the ambit of asset lifecycle management consideration.
- 4.178 Our draft decision is therefore to amend clause 12 of Attachment A to require EDBs to provide the assumptions, modelling, and consideration of non-network solutions underpinning the methodology they use to determine the forecast expenditure within the AMP planning period.

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

We received mixed feedback from the submissions of EDBs regarding the introduction of amendment AM8

- 4.181 In the PIP, we proposed a single amendment (AM8) made up of AM8A and AM8B. We received mixed feedback from submissions regarding proposed amendments AM8A and AM8B.
- 4.182 Eight submitters responded specifically on AM8, with submitters covering both components of the amendment – (1) information on data processes and systems; and (2) information on non-network solutions as part of lifestyle asset management planning practices.
- 4.183 A number were supportive of the amendment. Certain submitters were opposed to AM8, as they considered the proposed amendment was not consistent with what they described as the 'light-handed ID framework'.¹⁹⁷

Data processes and systems component (AM8A)

- 4.184 Some submitters supported the data processes and systems component of the amendment. The main point raised in support was that this amendment would provide stakeholders with important supporting information which underpins the practices an EDB employs to manage its network.¹⁹⁸ Other EDBs who supported the proposal noted that they already did this to a degree "with CBARM [Condition Based Asset Risk Management]– describing tools and details around age and risk of asset population".¹⁹⁹

¹⁹⁷ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#) p. 21, [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#) p. 17.

¹⁹⁸ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9.

¹⁹⁹ [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#) p. 9.

- 4.185 Aurora considered it appropriate that EDBs should describe how critical asset management data is created. It suggested however that the Commission consider whether the provision is made more general, rather than being restricted to lifecycle asset management planning provisions.²⁰⁰

Non-network solutions component (AM&B)

- 4.186 Some submitters supported the proposed amendment on the non-networks solutions component. In particular, they submitted that including additional reporting in AMPs on non-network solutions would support each EDB in its decarbonisation journey, and create a better understanding of the role EDBs play in delivering New Zealand's decarbonisation goals.²⁰¹ Vector noted this amendment would become increasingly important in particular when considering non-wire alternatives.²⁰²
- 4.187 Aurora provided provisional support for this proposed amendment. It suggested that the most appropriate location for discussion of non-network solutions is clause 11.9 (network development planning).²⁰³ Aurora's rationale was that non-network solutions are more likely to be deployed in managing network growth and development, than as an alternative to asset replacement within the ambit of asset lifecycle management.

Our draft decision clarifies the additional information EDBs must disclose regarding data systems and processes

- 4.188 In the PIP we canvassed a proposed change to the lifecycle asset management planning provisions. This change was to 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.
- 4.189 We have considered submissions on this proposed change and in particular, the existing provisions related to data reporting under clause 3.11 of Attachment A. Many of these existing requirements 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.

²⁰⁰ [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 22.

²⁰¹ [Electra Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#) p. 13.

²⁰² [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9.

²⁰³ [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 22 para 115.

- 4.190 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 help 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.
- 4.191 We consider that inserting this new disclosure requirement into clause 3.11 is preferable to adding it to clause 12 (lifecycle asset management) for two reasons. First, clause 3.11 already contains disclosure requirements around the processes and system used to manage data meaning it is logical for it to be placed in the same clause. Secondly, we agree with Aurora’s submission point that the provisions regarding data management processes are relevant to an EDB’s asset management planning generally (rather than being specific to lifecycle asset management planning provisions).²⁰⁴

Our proposed requirement integrates with EDBs’ ability to disclose “AMP updates” instead of AMPs

- 4.192 The existing ID requirements permit EDBs to disclose “AMP updates” instead of AMPs in some circumstances.²⁰⁵ The AMP update must identify any material changes to the lifecycle asset management (maintenance and renewal) plans disclosed in the last AMP.
- 4.193 Our draft decision is that EDBs must disclose the information laid out in AM8 for the first time in full whether they are disclosing an AMP or an AMP update. For each subsequent disclosure, EDBs are required to identify any material changes to the plan (which now include the additional information laid out in AM8).

²⁰⁴ [Aurora Energy “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#).

²⁰⁵ Clause 2.6.3 of [NZCC 22/2012 Electricity Distribution Information Disclosure determination](#)

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

We propose a new amendment to enable (but not require) EDBs to expand the existing forecasting schedules they disclose to describe future scenarios

- 4.194 EDBs are currently required to disclose ‘single point’ values in their forecasting schedules. We propose expanding the existing forecasting schedules to allow EDBs to further describe the options and considerations made in their assessment of forecasting scenarios.
- 4.195 The purpose of introducing this requirement is to provide greater transparency of the basis on which EDBs forecast the future requirements of their networks. This will provide further information to stakeholders 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).²⁰⁶

We received mixed feedback from the submissions of EDBs regarding the introduction of this amendment

- 4.196 Alongside the ENA, seven EDBs responded to the proposed introduction of AM9. These EDBs submitted that if this disclosure were to be introduced, they wanted us to consider:
- 4.196.1 issuing practice notes to clearly set out our expectations on the level of detail required in describing the options/scenarios that EDBs have identified and considered;²⁰⁷ and
- 4.196.2 a high-level description of investment under different growth scenarios may be an achievable disclosure for EDBs.²⁰⁸
- 4.197 Submitters raised the following concerns with regards to this amendment:
- 4.197.1 Submitters support a forward-looking approach but consider this is best placed with reporting along the lines of the ENA's Network Transformational Roadmap (NTR) – not in an ID requirement.²⁰⁹

²⁰⁶ Commerce Act 1986, s 52A(1)(a)-(b).

²⁰⁷ [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 23, para 117-120

²⁰⁸ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9

²⁰⁹ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 21, row 3

- 4.197.2 Submitters do not support the inclusion of future investment scenarios under different forecast scenarios as they consider this would be complex and time consuming.^{210,211}
- 4.197.3 Submitters do not see the value given the size of the task and corresponding AMP – businesses need to pick a single scenario to follow and base their financial projections on, making annual adjustments as required.^{212,213}
- 4.198 The amendment would mean that we retain the requirement for EDBs to release single point forecasts estimates. However, if the amendment were adopted, EDBs could also voluntarily describe in the forecasting schedules the options and considerations made in their assessment of forecasting scenarios.
- 4.199 We do not consider that this approach would add unnecessary resource burden to EDBs, as some submitted would be the case, because the requirement would be voluntary. Additionally, the voluntary reporting would only be at a high-level with EDBs being able to describe the options and considerations made in their assessment of the scenarios they explored regarding the future requirements of their networks.
- 4.200 Furthermore, we do not consider that this amendment will result in a duplication of the planning efforts by EDBs regarding the consideration of various growth and technology scenarios in their reporting against the ENA’s Network Transformation Roadmap (NTR). Rather, it will be complementary to EDBs’ practices in this regard, as the work that EDBs have done to inform the NTR will assist them, if they wish, to complete the new voluntary requirements.

²¹⁰ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9

²¹¹ [Unison and Centralines "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 10, row 3

²¹² [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9, row 6

²¹³ [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 18

AM10 - Disconnections data

Our draft decision is to require EDBs to disclose actual and forecast disconnections on their network

- 4.201 Under current requirements, EDBs disclose actual and forecast new connections on their networks for both individual connection points (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. In the PIP we proposed that EDBs also provide forecast ICP disconnections. After considering submissions however, we now propose that EDBs provide actual and forecast disconnection data on ICP and DG disconnections on their network. This will be disclosed alongside, but separately from the related connection data.
- 4.202 The purpose of this amendment is to give stakeholders greater confidence and a more complete understanding of an EDB's actual and forecast disconnection data. This helps enable stakeholders to better understand EDB performance.

We received mixed feedback from the submissions regarding the introduction of this amendment

- 4.203 Seven submitters responded specifically in relation to AM10. Some submitters supported this amendment, or part of it, with WELL noting that the current requirement to only disclose the gross increase creates an inflated future ICP number.²¹⁴
- 4.204 Other EDBs that supported the change did so more conditionally:
- 4.204.1 The ENA submitted the proposal should demonstratively meet the objectives of Part 4 and balance this against the resource burden it imposes;²¹⁵ and
- 4.204.2 PowerNet suggested further potential changes may be necessary such as including a table showing changes in connection data (by capacity and total) and including a similar table for connection data related to distributed generation.²¹⁶
- 4.205 A number of EDBs questioned the value of the information that would result from this change. For example:

²¹⁴ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 10

²¹⁵ [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 22

²¹⁶ [PowerNet Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 5

- 4.205.1 Electra Limited questioned the usefulness of reporting the number of new connections, irrespective of whether the reported figure is net of disconnections.²¹⁷
- 4.205.2 The Lines Company questioned the relevance and materiality of the amendment, noting that disconnections are considered for price-setting meaning it does not consider it a relevant requirement for ID.²¹⁸
- 4.205.3 Vector considered the amendment was not necessary and questioned which stakeholders would benefit from the amendment.²¹⁹
- 4.206 Aurora submitted that:
- 4.206.1 the information proposed is not necessary for stakeholders to assess whether the purpose of Part 4 of the Act is being met, and would be of very low quality and importance;
- 4.206.2 disconnections are difficult to forecast other than through an extrapolation of historic data; and
- 4.206.3 disconnections do not drive investment, and therefore do not impose additional costs on consumers.

Our draft decision is to include this amendment in Tranche 1

- 4.207 We propose to include the forecast and actual number of disconnections in a year for DG and ICPs (by consumer type) as a disclosure requirement in Schedules 9E(1) and 12C(1) of the Electricity Distribution ID Determination respectively.
- 4.208 We consider that including disconnection 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 (actual and forecast) new gross connections (and not net new connections).
- 4.209 We also consider that PowerNet's suggestion to include actual disconnection data for DG and ICPs has merit. This data will enable greater understanding of both EDBs' forecasting accuracy and the historical trends related to disconnections data for both ICP and DG connections. We therefore consider it does assist stakeholders to assess whether the purpose of Part 4 is being met (in particular, to understand whether the supplier is operating and investing in their assets efficiently).

²¹⁷ [Electra Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 14

²¹⁸ [The Lines Company "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 11

²¹⁹ [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9

- 4.210 We do not consider that this amendment will impose a significant resource burden on EDBs. EDBs should already be recording actual disconnection data. Forecast disconnection information could be informed by historical data on actual disconnections, along with any specific knowledge an EDB may have of upcoming disconnections on its network.
- 4.211 We note that the importance of forecast disconnection information will increase if the number of customers disconnecting in future becomes more significant. Greater numbers of disconnections in future could be driven by factors such as the increased adoption of off-grid technology, as small-scale, energy generation and storage technologies reduce in cost and become viable alternatives to grid electricity.
- 4.212 The effect of any increases in disconnections, especially in sparsely populated rural areas, may affect how an EDB chooses to serve some of its remaining connected consumers. For example, investment in a DER solution may become a viable option for an EDB to serve some consumers in such circumstances.

AM13 - Cybersecurity as an expenditure item

Our draft decision is to require EDBs to make a confidential disclosure of their actual and forecast cybersecurity expenditure

- 4.213 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.
- 4.214 We propose to add a confidential disclosure requirement for EDBs to report on their expenditure on cybersecurity.
- 4.215 The purpose of this amendment is to improve our understanding of EDBs' expenditure on cybersecurity, an area likely to be increasingly important for EDBs to manage to maintain quality of supply.
- 4.216 This amendment was recommended by the ENA in its submission and was not proposed in the PIP.

We received no cross-submissions on this proposal

- 4.217 Stakeholders had the opportunity to submit on this ENA proposal in cross-submissions. There were no cross-submissions made on this proposal.
- 4.218 Vector did note in its cross-submission that decarbonisation and digitalisation will lead to higher Opex costs that need to be accounted for in the next price-quality path, and that cybersecurity costs were not accounted for in the last reset of price-quality paths.²²⁰

Our draft decision is to include this amendment in Tranche 1

- 4.219 We propose that schedules 6 and 11 are amended to include a line item where EDBs can confidentially record cybersecurity expenditure on an actual and forecast basis.
- 4.220 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.

²²⁰ [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2

- 4.221 We propose to define ‘cybersecurity’ along the lines proposed by the ENA in its submission, which is the definition used by the National Security Cyber Centre: “The application of technologies, processes and controls to protect systems, networks, programmes, devices, and data .”²²¹
- 4.222 Please note this definition does not include other activities associated with cybersecurity such as reactively managing a business disruption that has arisen from a cybersecurity incident. In relation to Vector’s submission point (that decarbonisation and digitalisation will lead to higher opex costs), we consider that richer information on cybersecurity expenditure can support our forecasting of EDBs’ future expenditure requirements, which is an input into setting price-quality paths.

²²¹ Source: National Cyber Security Centre (NCSC). The NCSC role is to help New Zealand’s most significant public and private sector organisations to protect their information systems from advanced cyber-borne threats

Aligning ID with other rules and regulations

- 4.223 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 for them to comply with our requirements.
- 4.224 We propose making one change in Tranche 1 and will actively consider what further changes should be made in Tranche 2 (including considering suggestions made in submissions). This is an ongoing focus over the long term.
- 4.225 EDBs also asked us to prioritise “tidy-up” changes to ID, including correcting errors and removing any redundant requirements. In submissions we saw strong support for us doing this work more frequently, and sooner. We are actively considering which “tidy-ups” we can prioritise for completion during Tranche 2, especially changes that EDBs can comply with easily and quickly, with minimal work required on their part. We will consult on any such changes before making our final decision.

A1—Definition of recoverable and pass-through costs

Our draft decision is to align the ID definitions for “recoverable costs” and “pass through costs” consistent with those in the IMs

4.226 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 propose to update the relevant clauses to ensure consistency of definitions of “recoverable costs” and “pass through costs”. Specifically, we propose the following amendments to definitions:

4.226.1 ‘pass-through cost’ shall have the meaning as specified in clause 3.1.2(1) of the EDB IMs²²²

4.226.2 ‘recoverable cost’ shall have the meaning as specified in clause 3.1.3 of the EDB IMs.²²³

4.227 The purpose of this proposed 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.

All submitters agreed with the introduction of this amendment

4.228 Six submitters responded specifically in relation to A1. All submitters –EDBs as well as the ENA – supported the change to the definitions to achieve regulatory consistency.^{224,225}

4.229 Furthermore, submitters requested an earlier timing of this change. Aurora submitted that:

We disagree with the Commission’s prioritisation of this proposal, however. This is a housekeeping issue that should be undertaken as a tranche 1 change.²²⁶

Our draft decision is to bring forward the proposed timing and changes to Tranche 1

4.230 We agree with those submitters that said that this update could be included in Tranche 1. Accordingly, we propose implementing this update as part of Tranche 1 work – rather than Tranche 2 as per the Process and Issues Paper.

²²² [Commerce Commission "Electricity distribution services input methodologies determination 2012 - consolidated 20 May 2020" \(20 May 2020\)](#) , pp. 88-89

²²³ [Commerce Commission "Electricity distribution services input methodologies determination 2012 - consolidated 20 May 2020" \(20 May 2020\)](#) , p. 89

²²⁴ [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 23

²²⁵ [The Lines Company “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 11

²²⁶ [Aurora Energy “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 35

4.231 We note that as part of submissions on this amendment EDBs some provided further suggestions for alignment work. Wellington Electricity stated:

WELL supports changes to the definitions to achieve consistency of definitions across the regulatory determinations. There are other changes of this nature which should be made as part of Tranche 1, including the alignment of the ID requirements relating to unplanned normalisation and boundary values with that of the DPP Determination.²²⁷

4.232 Aurora also suggested: “A simple solution to disclosure of accelerated depreciation rates would be to expand ID Schedule 4 and require EDBs to disclose depreciation rates that are inconsistent with IM Schedule A.” We intend to consider these “tidy-up” changes as a priority set of changes that could be made under Tranche 2, potentially in advance of other Tranche 2 changes.

²²⁷ [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p.

Chapter 5 Next steps and how you can provide your views

5.1 Table 5.1 sets out the key dates of the ID Review process from here onwards:

Table 5.1 EDB ID Review key dates and milestones (milestones after 16 September 2022 are indicative)

Date	Key process or publication
3 August 2022	Draft decisions on Tranche 1 published
31 August 2022	Submissions on Tranche 1 draft decisions due
16 September 2022	Cross-submissions on Tranche 1 draft decisions due
November 2022	Final decision on Tranche 1 published
Mid 2023 (TBC)	Draft decisions on Tranche 2 published

We want to hear your views on our Tranche 1 draft decisions

5.2 As discussed in Chapter 1, the purpose of this draft decisions paper is to consult on the proposed ID amendments for EDBs.

5.3 The draft decisions include:

5.3.1 a reasons paper detailing the proposed Tranche 1 changes and the rationale for the Tranche 1 changes; and

5.3.2 a draft Determination reflecting the associated changes to ID necessary to implement the changes proposed.

5.4 We welcome your feedback on:

5.4.1 the changes proposed, including the Determination drafting to give effect to them;

5.4.2 any potential amendments to the proposed changes which would enable the disclosure outcome sought to be met more easily by EDBs; and

5.4.3 the proposed timing for when EDBs must first comply with the draft requirements for each change.

5.5 Details on the submission process are provided below.

5.6 We will publish our final decisions on the Tranche 1 changes in November 2022.

Our work on Tranche 2 is ongoing

- 5.7 Attachment A to this paper contains a list and short description of the issues we are considering in Tranche 2. We intend to release a draft decision on Tranche 2 of changes in the first half of calendar year 2023. We will give further consideration to the timing of the Tranche 2 changes after the final decision on the Tranche 1.
- 5.8 A number of submitters on the PIP requested us to engage further with stakeholders on specific issues before proposing ID amendments.²²⁸ Some suggested workshops, either facilitated by us or other parties, such as the ENA, would be an effective mechanism for further engagement.
- 5.9 We consider workshops are likely to be effective for further engagement and consideration of some of the Tranche 2 issues, eg, heat maps. We intend to consider the potential for workshops on specific Tranche 2 issues in the third quarter of this calendar year, after we have finalised the Tranche 1 issues.
- 5.10 We see great value in information being publicly available on existing and potential future congestion on electricity networks, for those considering connecting to the network and for flexibility providers and others. One form of this would be to develop heat maps which would provide accessible information on existing and potential network congestion. We want to engage further with the industry before including this in formal ID requirements, so this is not in Tranche 1. However, we encourage all EDBs (and indeed Transpower) to include information on this now ahead of any more formal obligations coming in. As we reminded stakeholders in the PIP there are existing disclosure requirements (clause 2.3.13) specific to EDB related party transactions which require affected EDBs to provide a map of their anticipated network expenditure and network constraints.
- 5.11 A number of submitters on the PIP requested us to prioritise a set of “tidy-up” ID changes.²²⁹ These “tidy-up” changes included correcting errors, adding guidance and removing redundant existing ID requirements where appropriate. Submitters provided specific examples of such changes.²³⁰ We intend to consider these “tidy-up” changes as a priority set of changes that could be made under Tranche 2, or potentially in advance of other Tranche 2 changes.

²²⁸ [solarZero “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 3; [Unison and Centralines “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 6.

²²⁹ [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#) p. 24, [Vector Limited “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 3.

²³⁰ [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), pp. 25 – 27, [PowerCo “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 2.

How you can provide your views

Submissions on this paper

5.12 We welcome your views on the matters raised in this paper within the timeframe below:

5.12.1 submissions by 5pm on **31 August 2022**; and

5.12.2 cross-submissions by 5pm on **16 September 2022**.

Address for submissions

5.13 Please email your submissions to:

5.13.1 infrastructure.regulation@comcom.govt.nz; and

5.13.2 include “EDB Targeted ID Review” in the subject line of your email.

5.14 We prefer submissions in formats suitable for data analysis and for publication on our website, such as a Microsoft Word or a PDF document.

Confidential submissions

5.15 We encourage public submissions so that all information can be tested in an open and transparent manner. We recognise that there may be cases where parties wish to provide information in confidence. We offer the following guidance:

5.15.1 if it is necessary to include confidential material in a submission, the information should be clearly marked, with reasons why that information is confidential;

5.15.2 where commercial sensitivity is asserted, submitters must explain why publication of the information would be likely to unreasonably prejudice their commercial position or that of another person who is the subject of the information;

5.15.3 both confidential and public versions of the submission should be provided and clearly labelled accordingly; and

5.15.4 the responsibility for ensuring that confidential information is not included in a public version of a submission rests entirely with the party making the submission.

5.16 Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we do not publish unless good reason existed under the Official Information Act 1982 to withhold it. We would normally consult with the party that provided the information before any disclosure is made.

Attachment A Tranche 2 issues

Tranche 2 Issues		
<i>Issue number</i>	<i>Category</i>	<i>Description of issue</i>
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.
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.

Tranche 2 Issues		
<i>Issue number</i>	<i>Category</i>	<i>Description of issue</i>
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 those 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.
AM11	Asset Management	Proposed changes to expand ID requirements to better assess EDB expenditure proposals, enabling the related ID metrics to support capex forecasts.

Tranche 2 Issues		
<i>Issue number</i>	<i>Category</i>	<i>Description of issue</i>
AM12	Asset Management	Proposed changes to align AMP content requirements with work on the Electricity Networks Association's Network Transformation Roadmap. ²³¹
A2	Alignment	Proposed change to amend the definition of "Assets with changes to depreciation".

²³¹ New potential change to ID requested by EDBs in their submissions on the Process and Issues Paper.