Submission

Commerce Commission Targeted Information Disclosure Review – Electricity Distribution Businesses

Draft Decisions Paper – Tranche 1

31 August 2022

Table of Contents

1. Introduction

1. Aurora Energy Limited (Aurora) welcomes the opportunity to submit its views on the Commerce Commission's (the Commission's):

   1.1. Targeted Information Disclosure Review – Electricity Distribution Businesses: Draft decisions paper – Tranche 1 – (the Draft Decision); and

   1.2. [Draft] Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022 (the Draft Determination).

2. No part of our submission is confidential.

3. Aurora supports the submission made by the Electricity Networks Association (ENA).

4. Aurora's summary views on the Commission's tranche 1 amendments are given in Table 1, below.

Table 1: Aurora's summary views on proposed tranche 1 amendments

ID	Description	View on amendment	View on timing
Q1	Notice of planned interruptions	Supports, subject to recommended amendments to definitions	Supports timing of first quantitative disclosure Opposes timing of first narrative disclosure Supports temporary exclusion for Aurora
Q2	Power quality	Supports	Opposes timing of first narrative disclosure Supports temporary exclusion for Aurora
Q3	New connection	Supports narrative disclosure Opposes quantitative disclosure	Opposes timing of first disclosure
Q4	Customer service	Supports	Opposes timing of first disclosure Supports temporary exclusion for Aurora
Q5	Customer charters	Supports	Supports timing of first disclosure
Q11	Successive interruptions	Supports	Supports timing of first disclosure
Q13	Third-party interference	Supports	Opposes timing of first disclosure
D2	Impact of new loads	Supports	Opposes timing of first disclosure

ID	Description	View on amendment	View on timing
D4	Innovation practices	Supports	Opposes timing of first disclosure
AM6	Definition of 'overhead circuit requiring vegetation management'	Supports, subject to recommended amendment to definitions	Supports timing of first disclosure
AM7A	Vegetation lifecycle management	Supports	Supports timing of first disclosure
AM7B	Modelling approach to inform capital expenditure	Supports	Supports timing of first disclosure
AM8A	Asset management data and models	Supports	Supports timing of first disclosure
AM8B	Consideration of non-network solutions	Supports	Supports timing of first disclosure
AM9	Investment scenarios	Supports	Supports timing of first disclosure
AM10	Disconnection data	Supports with recommended change to requirement	Supports timing of first disclosure
AM13	Cybersecurity expenditure	Supports Supports confidential disclosure	Opposes timing of first actual disclosure Supports timing of first forecast disclosure
A1	Definition of passthrough and recoverable costs	Supports	N/A

2. General

5. Aurora supports the purpose of information disclosure (ID) – ensuring that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 of the Commerce Act 1986 (the Act) is being met.[1] This is an important element in the checks and balances that underpin an effective regulatory regime.

6. That being said, Aurora is of the view each proposed new or amended ID requirement must be carefully considered. There is a significant cost to the collection and reporting of information disclosures, and expanding disclosure requirements may lead to increased costs in designing and implementing information capture, system changes, quality assurance processes and external audit assurance. For this reason, each proposals needs to be weighed to ensure that it is actually necessary to meet the ID purpose.

7. In deciding whether each ID proposal should be adopted, Aurora has weighed the following considerations:

   7.1. Does the proposed disclosure help interested persons understand whether the Part 4 purpose is being met?

   7.2. Is the disclosure likely to enhance the Commission's understanding of how EDBs are managed in practice?

   7.3. Is the disclosure likely to give the Commission greater confidence to rely on AMP forecasts, etc., during price-quality resets?

   7.4. Is the disclosure tightly defined? Could the disclosed information be mis-used or mis-interpreted?

   7.5. Could the proposed disclosure result in unanticipated outcomes?

   7.6. Does the disclosure cut across the work of other regulatory bodies?

   7.7. Is the proposed disclosure duplicative? Is the information available elsewhere?

   7.8. Is the proposed disclosure cost-effective? Does the benefit of the disclosure outweigh all of the costs of making it?

   7.9. Is the timing of the disclosure reasonable:

   - does it require retrospective information creation?
   - can data capture processes be designed in time?

   7.10. Are there any technical barriers to the proposed disclosure? Is the disclosure workable?

2.1. Proposed Commencement of Disclosures

8. Aurora notes that there are a range of implementation dates set for proposed amendments. In summary, Aurora:

   8.1. supports new AMP disclosures effective from 31 March 2024;

[1] Commerce Act 1986, section 53A.

8.2. opposes mid-period disclosures with an effective date of 30 June 2023; and

8.3. opposes quantitative disclosures with an effective date of 31 August 2023, where the proposed amendment would require new or revised data capture from 1 April 2022.

2.1.1. Mid-period disclosures with an effective date of 30 June 2023

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

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

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

2.1.2. Quantitative disclosures with an effective date of 31 August 2023

12. We note that the first quantitative disclosure for proposed amendments Q3, Q13, and AM13 is required by 31 August 2023 and means that EDBs must have commenced data capture from 1 April 2022. With the final decision due in November 2022, EDBs will be required to design and implement new data collection processes and back-cast data collection for a period of at least eight months. Aurora considers the creation and imposition of retrospective regulation to be unreasonable and inconsistent with good regulatory practice.

13. Further, the Commission has not explained the urgency of the new disclosure. Our expectation is that, to support implementation mid-way through a reporting period, the Commission should describe how its processes and deliberations are contingent on the disclosure, along with the material adverse impacts the Commission or other interested persons would experience if a more reasonable implementation deadline, that allowed some prospect of EDBs designing and implementing data capture processes in time to make an accurate disclosure, was established.

2.2. Proposed Temporary Exclusion for Aurora

14. The Commission has proposed that Aurora should be excluded from reporting on the following narrative requirements, for as long as it is required to report similar information in its Annual Delivery Report (ADR)[2]:

14.1. Draft Decision Q1 – notice of planned interruptions;

14.2. Draft decision Q2 – reporting on power quality; and

[2] Commerce Commission. (2021). Electricity Distribution Information Disclosure (Aurora Energy Limited) Amendment Determination 2021. Clause 2.5.5, p71.

14.3. Draft decision Q4 – reporting on aspects of customer service.

15. Aurora supports the proposed exclusion, should the draft decisions listed be confirmed, as it minimises the extent to which Aurora must make duplicative disclosures. We note that Aurora will still be required to make some duplicative disclosures within ID Schedules 1-10.

3. Tranche 1 Draft Decisions

3.1. Quality of Service

3.1.1. Amendment Q1 – Notice of planned interruptions

16. Aurora supports this proposed amendment, as it is likely to be consistent with the ID purpose, in that it may allow interested persons to assess whether appropriate incentives exist to provide services at a quality that reflects consumer demands.

17. We have reservations, however, that the proposed amendment may drive a perverse outcome, in that it is likely to incentivise EDBs to extend their notified outage windows to ensure a high degree of compliance. A better outcome for consumers would be to incentivise EDBs to minimise the duration of outages whilst delivering as close as possible to the committed start and end times.

18. Further, we also consider that the Commission has not adequately considered the regulated processes used by EDBs to notify planned interruptions, and that the amendment can be improved.

19. The Electricity Authority regulates the Electricity Information Exchange Protocols (EIEPs) used by electricity industry participants to exchange information. Among these is EIEP5A, a mandatory protocol that allows EDBs to provide planned service interruption information to electricity retailers to enable them to notify affected consumers (where electricity retailers are required to do so under the terms of the EDB's default distributor agreement (DDA)).

20. EIEP5A allows an EDB to nominate alternative days, which are incorporated into consumer notifications and would be used if circumstances precluded the use of the primary day. When an alternative day is nominated, all other notification parameters (start time, restore time, etc.) remain unchanged from the primary day. In most cases, the use of a notified alternative day is triggered by unfavourable environmental conditions on the primary day. The use of alternative days provides a more efficient approach to rescheduling works by allowing contractors to plan for contingencies and avoid having to re-notify a planned interruption (which, under the terms of most DDAs, would prevent the work from being undertaken for a minimum of 10 working days).

21. Aurora considers that using alternative days is efficient and consistent with good electricity distribution practice, as set down by the regulator for market design. Regard should be given to the fact that the alternative days and the circumstances that may give rise to their use are communicated to affected consumers.

22. Failure to permit the use of alternative days may result in unintended consequences. EDBs are sensitive to comparative statistics and the Commission should consider whether penalising EDBs for using alternative days may lead to inappropriate pressure on EDBs' contractors to proceed with interruptions under adverse environmental conditions.

23. Accordingly, Aurora recommends that amendments to two of the proposed definitions in Schedule 16 should occur, along with the addition of a consequential definition, in order to permit the use of alternative days. These are set out in Box 1, below.

24. Making these definitional changes would align information disclosure requirements with the requirements of the DPP determination[3] and Aurora's CPP determination[4].

Box 1: Definitions changes to support draft decision Q1

Planned interruption cancelled at short notice	A planned interruption cancelled with less than 24 hours' notice, but excluding substitution of an alternative day notified in accordance with EIEP5A and the EDB's default distributor agreement.
Planned interruption proceeding on time	Planned interruption proceeding on the date notified, or on the alternative day notified in accordance with EIEP5A and the EDB's default distributor agreement, and completed within the notified interruption window
EIEP5A	means Electricity Information Exchange Protocol 5A 'Planned Service Interruptions' available from the Electricity Authority website (www.ea.govt.nz).

25. Aurora supports the implementation timing for quantitative disclosure; however, we note the relatively short period that will be available to EDBs to make process and system changes to enable data capture from 1 April 2023. With the final decision expected in November 2022, this leaves a scant 4 months to make the necessary changes. It should be noted that this is a period that includes the Christmas/New Year break, and is a period where EDBs' regulatory teams are busy finalising year-beginning disclosures (asset management plans (AMPs), pricing methodologies, etc.). The burden is likely to fall heaviest on exempt EDBs, as non-exempt EDBs can be expected to be collecting this information for compliance and incentive purposes.

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

27. We support the Commission's proposal that Aurora should be excluded from making the narrative disclosure while it is making similar disclosures in its ADR.

3.1.2. Amendment Q2 – Power quality

28. In our submission to the Commission's process and issues paper, Aurora provisionally opposed this amendment. Our opposition stemmed from a concern that the proposal, at that time, was broad and vague.

29. With the greater clarity included in the Commission's Draft Decision, Aurora now supports this amendment. The amendment is likely to assist interested persons to assess whether appropriate incentives exist to provide services at a quality that reflects consumer demands.

30. Aurora considers that greater electrification, driven by decarbonisation, is likely to place pressures on EDBs' networks, which may affect voltage quality. It is reasonable to expect that EDBs already have processes in

[3] Commerce Commission. (2019). Electricity Distribution Services Default Price-Quality Path Determination 2020. Schedule 3.1, p60.

[4] Commerce Commission. (2021). Aurora Energy Limited Electricity Distribution Customised Price-Quality Path Determination 2021. Schedule 3.1, p58.

place to respond to voltage complaints, and have plans in place to develop voltage monitoring processes over time as, for example, advanced meter voltage information becomes more accessible.

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

32. We support the Commission's proposal that Aurora should be excluded from making the narrative disclosure while it is making similar disclosures in its ADR.

3.1.3. Amendment Q3 – New connections

33. In our submission to the Commission's process and issues paper, Aurora provisionally opposed this amendment. Our opposition stemmed from a concern that there were significant practical impediments to implementing the proposal that may result in reporting being somewhat meaningless.

34. The Draft Decision has allowed us to refine our views and Aurora:

    34.1. supports the requirement for EDBs to describe their customer connection practices, but considers that instead of the AMP, EDBs should have the choice of a standalone document or inclusion in its capital contributions policy (the subject aligns better to the capital contributions policy than AMP)[5];

    34.2. opposes the requirement to make quantitative disclosures in Schedule 9e; and

    34.3. opposes the timing of implementation for both quantitative and narrative disclosures.

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

36. Aurora opposes the requirement to make quantitative disclosures in Schedule 9e. Aurora considers that the disclosed information will not be meaningful and will not provide any value above being 'interesting'. The quantitative disclosure suffers from the following defects:

Ease of data capture is dependent on the contracting model employed by the EDB

    36.1. EDBs that operate in-house or wholly related-party contracting services can be expected to have little difficulty in complying with the quantitative disclosure; however, EDB's that contract with external contractors for connection services may have significant difficulty in obtaining accurate data.

    36.2. In Aurora's case, we considered that consumers interests were best served by implementing a contractor-led model that allowed consumers to 'shop around' multiple contractors to achieve the best possible price. The contractor-led model also restricts Aurora's involvement to necessary

[5] Inclusion in network connection standards would also be approriate; however, although most EDBs publish a network connection standard, or equivalent document, these are not regulated disclosures.

activities like checking compliance with contribution policies and connections standards; i.e., if Aurora's involvement does not add value, it stays out of the way.

36.3. A consequence of the model we employ is that, by the time Aurora is notified of a consumer's intention to connect to the network, the consumer is likely to have sought multiple quotes for the work, before selecting its preferred contractor, which then submits the connection application to Aurora. This makes identifying the 'correct' starting point onerous.

Lack of comparability

36.4. The quantitative disclosure will not permit comparability. The amendment requires EDBs to make the quantitative disclosure across the whole range of connections it may perform, irrespective of complexity (but excluding subdivisions – see paragraph 36.7 below); however, EDBs may categorise connections as they see fit. While flexibility in categorisation is normally appropriate, as a mandated approach it will invariably create a 'one-size-fits-none' framework, and will ensure that there is no ability to compare EDB performance.

Lack of baseline

36.5. The quantitative disclosure will be made without reference to a baseline that might guide interested persons to determine whether the average timeframes disclosed are reasonable or not; however, we also do not see how a baseline could be objectively set with any confidence. This engenders subjectivity in any assessment of reasonability, which will vary with each interested person's understanding of the complexities of distribution work.

Lack of definitional precision and practicality

36.6. Aurora is concerned that the language used in the definitions is imprecise and reflects a lack of understanding of electricity distribution network practice:

- EDBs cannot monitor when the consumer/customer receives a quote. Some consumers/customers still do not use email, and therefore the EDB can only monitor when the quote is sent.
- EDBs do not 'install' new connections. EDBs create a point of supply (or connection) to which the consumer/customer connects.
- EDBs cannot be expected to monitor when the consumer/customer has readied the site.
- EDBs do not generally issue a certificate of compliance, as they are only required for installations or parts of installations.[6] The consumer's electrical contractor will issue a certificate of compliance for the electrical installation, including the consumer's mains cable that is ultimately connected to the network at the point of supply (connection). At best, the EDB, or its livening agent, will sight the certificate of compliance when discharging its duties under regulation 73A of the Electricity (Safety) Regulations 2010.
- The definitions do not make any provision for 'stopping the clock' when actions lie with the consumer/customer.

[6] Regulation 65, Electricity (Safety) Regulations 2010.

36.7. Additionally, and we are not clear whether this is intentional or not, the quantitative disclosure will exclude the construction of subdivisions. Subdivisions do not involve connecting consumers/customers, but involve the creation of multiple points of supply (connection) to which consumers may connect in the future.

37. Aurora opposes the implementation timing for quantitative disclosure.

38. The first quantitative disclosure is required by 31 August 2023 and means that EDBs must have commenced data capture from 1 April 2022. With the final decision due in November 2022, EDBs will be required to design and implement new data collection processes and back-cast data collection for a period of eight months. Aurora considers the creation and imposition of retrospective regulation to be unreasonable and inconsistent with good regulatory practice.

39. Further, the Commission has not explained the urgency of the new disclosure. Our expectation is that, to support implementation mid-way through a reporting period, the Commission should describe how its processes and deliberations are contingent on the disclosure, along with the adverse impacts the Commission would experience if a more reasonable implementation deadline, that allowed some prospect of EDBs designing and implementing data capture processes in time to make an accurate disclosure, was established.

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

3.1.4. Amendment Q4 – Customer service

41. Subject to comments in section 3.1.5, below, Aurora supports the proposed amendment, noting that it is likely to be consistent with the ID purposes by assisting interested persons to determine whether EDBs have incentives to provide services at a quality reflective of consumer demands.

42. We remain concerned by the issue of regulatory overlap. While the overlap is not complete, we note that each EDB is already required, under regulations promulgated by Utilities Disputes Limited (UDL)[7,8], to provide information on its complaint resolution process and to promote the UDL scheme.

43. We note that the Commission's definition of complaint is intentionally narrow; however, the fact that it diverges from UDL's definition means that EDBs will potentially have to filte r their complaint data in order to make a complying disclosure to the Commission. In Aurora's view, proposing a different definition to that of another regulator, for the same disclosure topic, has the potential to introduce inefficiency into EDBs' reporting requirements and is not reflective of good regulatory practice.

44. Aurora opposes the proposed timing for disclosure. While the indicative timing of the Commission's final decision is unlikely to allow sufficient time for incorporation in EDBs' 2023 AMPs, we are not convinced that the disclosure is of such importance that it must be made and certified outside of the regular disclosure cycle

[7] As provider of the approved dispute resolution scheme specified in Schedule 4 of the Electricity Industry Act 2010.

[8] Utilities Disputes Limited. (2019). The General and Scheme rules for the Energy Complaints Scheme operated by Utilities Disputes Limited: Effective 1 April 2019. Clause 12, p3.

(i.e., June 2023). We recommend that implementation of the narrative disclosure be deferred until 31 March 2024.

45. We support the Commission's proposal that Aurora should be excluded from making the narrative disclosure while it is making similar disclosures in its ADR.

3.1.5. Amendment Q5 – Customer Charters

46. Subject to our comments on continuous disclosure in paragraphs 48 to 50, below, Aurora supports the proposed amendment, noting that it is likely to be consistent with the ID purposes by assisting interested persons to determine whether EDBs have incentives to provide services at a quality reflective of consumer demands.

47. In Aurora's view, the requirement to publish an existing customer charter is not onerous. We also note that, where customer compensation arrangements apply, these are are already published in EDBs' DDAs (Schedule 1). EDBs' are required to publish their DDAs on their websites[9].

48. In our submission to the Commission's process and issues paper, Aurora recommended that the Commission's proposal for disclosure of customer charters be amended to require each EDB to develop, certify and publish a customer charter.[10] Our submission identified a minimum set of topics that each EDB's charter should address.

49. We are disappointed that the Commission has elected not to take up our recommendation. We consider that this is a lost opportunity to make meaningful progress in customer service measures. EDBs would have been able to tailor customer service/quality of supply measures so that they are specific and relevant to the concerns of their consumers, by engaging with them to find out what they consider important and then putting responsive service measures in place.

50. The development and publication of customer charters can be separated from customer compensation arrangements/guaranteed service levels, which are more difficult to implement given the expectation, as witnessed in other jurisdictions and Aurora's CPP[11], that those arrangements would be funded. For non-exempt EDBs, funding of customer compensation arrangements/guaranteed service levels would need to be considered at the time price-quality paths are reset.

51. We note, at paragraph 4.77 of the Draft Decision (p71), that "*EDBs must also provide the above information to the Commission as an annual disclosure*". This is inconsistent with other continuous disclosures, like capital contributions policies, where disclosure needs only be made to the Commission when an update occurs and the policy is republished. In our view, having to make an annual disclosure directly to the Commission, even when the charter or customer compensation arrangement remains unchanged, is both unreasonable and inefficient. However, our reading of the draft decision material is that this proposed requirement has not been transferred to the Draft Determination which, for reasons stated, we consider is appropriate.

---

9 Electricity Authority. (2010). Electricity Industry Participation Code. Schedule 12A.4, clause 6(1).

10 Ibid. Paragraph 39, p10.

11 Commerce Commission. (2021). Decision on Aurora Energy's proposal for a customised price-quality path: Final Decision. Paragraph C150, p 202 and paragraphs E350-E351, p379.

52. Aurora supports the timing of the proposed disclosure, given that the disclosure relates only to existing charters and compensations schemes, and is therefore not challenging to make.

3.1.6. Amendment Q11 – Successive interruptions

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

54. Additionally, we identified that there was an inconsistency between the definition of 'interruption' contained in the ID determination and in the DPP determinations – see Box 2, below, and recommended alignment. Aurora considers that improving the clarity and consistency of definitions enhances the workability of the Part 4 regime, and assists efficient compliance by ensuring that non-exempt EDBs do not have to operate two reliability datasets.

55. We are disappointed that this relatively straightforward housekeeping issue has not been recognised and picked up in the tranche 1 amendments, or scheduled for action within the tranche 2 amendments. As the Commission noted in the Draft Decision – "*In the case of price-quality regulated EDBs, our ID requirements and price-quality path regulations should work together in a complementary way.*"[12] In Aurora's view, this cannot occur when requirements are disparate.

Box 2: Interruption definition comparison - ID (proposed) and DPP

Proposed Interruption Definition- ID	**Interruption Definition- DPP**
in relation to the supply of electricity lines services to a consumer by means of a prescribed voltage electric line, means the cessation of supply of electricity lines services to that consumer for a period of 1 minute or longer, including any temporary restoration of supply mid-cessation for less than one minute, other than by reason of disconnection of that consumer- (a) for breach of the contract under which the electricity lines services are provided; (b) as a result of a request from the consumer; or (c) as a result of a request from the consumer's electricity retailer; or for the purpose of isolating an unsafe installation	means, in relation to the conveyance of electricity to a consumer by means of a prescribed voltage electric line, the cessation of conveyance of electricity to that consumer for a period of 1 minute or longer, or disconnection of that consumer, other than— (a) in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves; or (b) as a result of an automatic under voltage, under frequency, or rolling outage scheme or similar arrangement required as part of the system operator services or other instruction from an authorised regulator; or (c) for breach of the contract under which the electricity is conveyed; or (d) as a result of a request from the consumer; or (e) as a result of a request by the consumer's electricity retailer; or

[12] Decision Paper. Paragraph 4.108, p80.

	(f) for the purpose of isolating an unsafe installation

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

3.1.7. Amendment Q13 – Third-party interference

57. Aurora supports this proposed amendment, as it is likely to be consistent with the ID purpose and permit interested persons to assess whether appropriate incentives exist to provide services at a quality that reflects consumer demands. Further disaggregation of third party interference interruptions should be useful to consumers, as it helps to expose the range of issues that EDBs cannot control (but may be able to weakly influence, in some circumstances).

58. Aurora opposes the proposed timing of implementation.

59. The first disclosure is required by 31 August 2023 and means that EDBs must have commenced data capture from 1 April 2022. With the final decision due in November 2022, EDBs will be required to design and implement new data collection processes and back-cast data collection for a period of eight months. Aurora considers the creation and imposition of retrospective regulation to be unreasonable and inconsistent with good regulatory practice.

60. Further, the Commission has not explained the urgency of the new disclosure. Our expectation is that, to support implementation mid-way through a reporting period, the Commission should describe how its processes and deliberations are contingent on the disclosure, along with the adverse impacts the Commission would experience if a more reasonable implementation deadline, that allowed some prospect of EDBs designing and implementing data capture processes in time to make an accurate disclosure, was established.

3.2. DECARBONISATION

3.2.1. Amendment D2 – Impact of new loads.

61. Aurora supports the proposed amendment. The amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have incentives to innovate and invest.

62. The proposed amendment will help to give stakeholders a better understanding of EDBs' approach to forecasting network growth and development, including the impending challenge of preparing for greater electrification of the economy.

63. We also consider that the proposed disclosure will assist the Commission to have greater confidence in EDBs' asset management planning and expenditure forecasts, which will be critical as EDBs support decarbonisation through electrification, and forecasts become more reflective of their investment needs than historic expenditure.

64. Aurora opposes the proposed timing of the amendment. While the indicative timing of the Commission's final decision is unlikely to allow sufficient time for incorporation in EDBs' 2023 AMPs, we are not convinced that

the disclosure is of such importance that it must be made and certified outside of the regular disclosure cycle (i.e., June 2023).

3.2.2. Amendment D4 – Innovation practices

65. Aurora supports the proposed amendment. The amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have incentives to innovate.

66. Our observation, however, is that innovation is something that occurs across our business, including within business support divisions, and is not limited to asset management practices only.

67. We have also noted that some stakeholders have recently expressed views regarding innovation practices during submissions on the Commission's input methodologies review process and issues paper.[13] For example:

> *"Meridian strongly believes that the regulatory framework should do more to encourage collaboration between EDBs, including collaboration on innovation and development of intellectual property regarding how best to utilise and dispatch flexibility services to manage network constraints."*[14]

In light of these and similar comments, the Commission may wish to consider further developing its proposed amendment to require EDBs to describe how efficiency in innovation is promoted.

68. Aurora opposes the proposed timing of the amendment. While the indicative timing of the Commission's final decision is unlikely to allow sufficient time for incorporation in EDBs' 2023 AMPs, we are not convinced that the disclosure is of such importance that it must be made and certified outside of the regular disclosure cycle (i.e., June 2023).

3.3. Asset Management

3.3.1. Amendment AM6 – Definition of 'overhead circuit requiring vegetation management'

69. Subject to a varied definition, as discussed in paragraphs 73-74, below, Aurora supports the proposed amendment. The proposed amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have incentives to improve efficiency.

70. The main benefit that we see from the proposed definition is that it enforces a standardised approach that makes it clear that only the segments of circuit that have the potential for vegetation conflicts are considered in the calculation (i.e., simpler, whole of feeder reporting will be prohibited).

71. However, the proposed definition may introduce some volatility in vegetation reporting as recent vegetation management activity causes vegetation to fall outside of the reporting criteria. Further, the definition may create an unintended consequence, in that more resource may be allocated to data capture for regulatory reporting purposes than is required for prudent vegetation management.

---

13 Commerce Commission. (2022). Part 4 Input Methodologies Review 2023: Process and Issues paper.

14 Meridian Energy Limited. (2022). Process and issues paper for the Part 4 Input Methodologies review. P3.

72. To promote efficiency in vegetation management, including inspections and line surveys, Aurora seeks to undertake vegetation management on a 3-yearly cycle (annually for subtransmission). This means that where cutting intervention is required, the vegetation is cut back to the extent that it is not reasonably expected to encroach the notice zone within the term of the 3-year cycle.

73. The definition promotes a short-term focus. That is, by considering only vegetation within the notice zone, it only records vegetation that is in imminent need of intervention. However, vegetation management is a more expansive activity that just cutting interventions. It includes surveying, modelling and planning, and land-owner liaison. The proposed definition may be so narrow and short-term focused that it will exclude so much vegetation that it does not properly reflect an EDBs vegetation management costs. This has a strong potential to skew perceptions of vegetation management productivity and efficiency.

74. We recommend a variation to the proposed definition, as shown in Box 3, below.

Box 3: Variation to proposed vegetation management definition

Overhead circuit requiring vegetation management	means a circuit, or a section of a circuit, which meets the definition of 'conductor' in the Electricity (Hazards from Trees) Regulations 2003 and is installed as an overhead line in an area in which, if vegetation management did not occur, vegetation would reasonably be expected to encroach ~~falls within~~ the 'notice zone' as defined in the Electricity (Hazards from Trees Regulations) 2003.

75. Our proposed change to the proposed definition notwithstanding, we remain unclear as to whether the Commission requires:

- Reporting of the whole length of a circuit, or part of a circuit, where encroachment may occur; or
- Reporting of just the length of circuit that may be subject to encroachment (i.e., the sum of the width of vegetation at various points of potential encroachment).

Aurora has observed apparent use of both methods in existing reporting, and the revised definition does nothing to remove this ambiguity.

76. Aurora supports the proposed implementation timetable of 31 August 2024. As this amendment is largely a definitional tightening, we expect that most EDBs will be able to adjust their vegetation data collection practices to accommodate the revised definition in the time available between November 2022 (final decision) and 1 April 2023.

3.3.2. Amendment AM7A – Vegetation lifecycle management

77. Aurora supports the proposed amendment. The proposed amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have appropriate incentives to invest, improve efficiency, and provide services at a quality that reflects consumer demands.

78. For the 2021 disclosure year, EDBs' vegetation management expenditure represented 20.7% ($57 million) of network operational expenditure. Aurora considers that it is reasonable, given the materiality of expenditure, to require EDBs to explain their approach to vegetation management and associated decision-making. The proposed amendment may help some stakeholders to understand vegetation management challenges and consider how those challenges are reflected in the network reliability performance they experience.

79. Aurora supports the proposed implementation timetable of 31 August 2024. In our view, sufficient time has been provided to allow EDBs to incorporate the required narratives into their AMPs or AMP updates (as the case may be).

3.3.3. Amendment AM7B – Modelling approach to inform capital expenditure

80. Aurora supports the proposed amendment. The proposed amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have appropriate incentives to invest, improve efficiency, and provide services at a quality that reflects consumer demands.

81. The proposed amendment will help to give stakeholders a better understanding of EDBs' approach to forecasting capital expenditure. As a key stakeholder, we expect that this proposed amendment will give the Commission some comfort that EDBs are employing (and further developing) appropriate asset management forecasting approaches, to the extent that confidence is created in the veracity of EDBs' forecasts. This becomes essential as EDBs support decarbonisation through electrification, and forecasts become more reflective of their investment needs than historic expenditure

82. Aurora supports the proposed implementation timetable of 31 August 2024. In our view, sufficient time has been provided to allow EDBs to incorporate the required narratives into their AMPs or AMP updates (as the case may be).

3.3.4. Amendment AM8A – Asset management data and models

83. Aurora supports the proposed amendment. The proposed amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have appropriate incentives to invest and improve efficiency.

84. It is appropriate that interested persons are provided with information that describes how EDBs obtain, curate and use the data that informs asset lifecycle modelling. Even where EDBs do not have fully developed asset health models, and rely more on asset age as a proxy, we consider that the disclosure will encourage EDBs to be clear about their pathways towards development and use of asset health models.

85. Aurora supports the proposed implementation timetable of 31 August 2024. In our view, sufficient time has been provided to allow EDBs to incorporate the required narratives into their AMPs or AMP updates (as the case may be).

3.3.5. Amendment AM8B – Consideration of non-network solutions

86. Aurora supports the proposed amendment. The proposed amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have appropriate incentives to invest and improve efficiency.

87. The use of flexibility services is a nascent but credible alternative to traditional network investment in some cases. In Aurora's view, flexibility services are more likely to be deployed in managing growth investment, with shorter or longer investment deferral contingent on the specific circumstances and characteristics of the network area.

88. We do not see flexibility services or distributed energy resources (DER) having a significant role as an alternative to asset replacement, within the ambit of asset lifecycle management consideration, as contended by the Commission[15], unless perhaps very large, non-intermittent generation is fortuitously developed and located so as to be able to act as a distribution or subtransmission alternative. There may be some circumstances, however, where DER could displace costly and inefficient remote rural distribution lines in accordance with section 107 of the Electricity Industry Act 2010 (supply of electricity from alternative source).

89. Aurora supports the proposed implementation timetable of 31 August 2024. In our view, sufficient time has been provided to allow EDBs to incorporate the required narratives into their AMPs or AMP updates (as the case may be).

3.3.6. Amendment AM9 – Investment scenarios

90. Aurora supports the proposed amendment. The proposed amendment is likely to be consistent with the ID purpose by assisting interested persons to determine whether EDBs have appropriate incentives to invest.

91. Aurora considers that the voluntary nature of the disclosure is appropriate. We anticipate that some EDBs may be reluctant to disclose scenario forecasts, owing to the inherent uncertainty of the disclosure and the relatively limited utility of a tabular disclosure to convey scenario messages. We consider it is likely that some EDBs may prefer to provide scenario information using charts, showing likely upper and lower bounds, within the body of their AMPs.

92. Aurora supports the proposed timing of the disclosure, considering its voluntary nature; however, we expect that, by the time the Commission's final decision is made, EDBs' 2023 AMPs will be well advanced, and the Commission should be prepared for a limited number of voluntary disclosures under this proposed amendment.

3.3.7. Amendment AM10 – Disconnection data

93. Subject to a recommended change described in paragraph 96, below, Aurora supports the proposed amendment. While we haven't resiled from our view that the proposed amendment produces a disclosure that is of very low quality and importance, we consider that it's not an arduous disclosure to make.

94. We note that the Commission considers that information about disconnection may become more important if the number of customers disconnecting in future becomes more significant, owing to increased adoption of off-grid technologies.[16] We note that the distribution sector appears to have moved past the 'death-spiral' thinking that prevailed a decade or so previously. As outlined at paragraph 88, there may be instances where costly and inefficient remote rural connections are displaced by off-grid technologies; however this is unlikely to be a material occurrence due to the generally intermittent nature of generation and the relatively large capacity of storage that would be required to reliably avoid grid connection.

95. In our submission to the Commission's process and issues paper, we noted the circumstances under which disconnections may occur.[17] Most disconnection are trivial from a network management perspective, as

---

15 Decision Paper, paragraph 4.177, p95.

16 Draft Decision. Paragraph 4.211, p103.

17 Ibid. Paragraph 123, p24.

either the disconnection is recorded because of a movement between load groups (capacity change), or there is a reasonable expectation that a reconnection will occur after a relatively short interval.

96. Given the above, Aurora recommends that the more appropriate measure is connections that are decommissioned[18]. Decommissioned connections mostly represent connections that are permanently lost from the network, and seem to be more aligned to the Commission's concerns.

97. Aurora supports the proposed implementation timetable of 31 August 2023 for actual disconnections and 31 March 2024 for forecast disconnections. In our view, EDBs already have the means to report disconnection and decommissioning.

3.3.8. Amendment AM13 – Cybersecurity expenditure

98. Aurora supports the disclosure of forecast and actual cybersecurity expenditure; however, we note that the integrated nature of cybersecurity activities may make accurate reporting unlikely.

99. Aurora supports the confidential disclosure of cybersecurity expenditure to the Commission only, for security reasons.

100. We agree with the Commission that cybersecurity is an increasingly important issue for EDBs. However, the integrated nature of cybersecurity means that not all expenditure can be easily identified. While it is a relatively simple matter to track the costs of, for example, implementing a new firewall or conducting a cybersecurity audit and putting responsive mitigations in place, it is far more complex to isolate security costs associated with applications (for example, financial management information systems, distribution management systems, asset management systems, etc).

101. Practical examples of where disclosure is likely to be problematic include;

- Isolating the cost of the cybersecurity component of new applications;
- Isolating the cybersecurity component of annual licence fees; and
- Isolating the internal maintenance costs of cybersecurity activities where EDBs do not have dedicated cybersecurity personnel.

102. If this proposed amendment is confirmed, the Commission should expect that EDBs will need to qualify their disclosures with appropriate notes (in Schedule 15 or elsewhere) setting out the limitations of their disclosure, especially given that this is an audited disclosure.

103. Aurora opposes the proposed timing of implementation for actual disclosures.

104. The first disclosure is required by 31 August 2023 and means that EDBs must have commenced data capture from 1 April 2022. With the final decision due in November 2022, EDBs will be required to design and implement new data collection processes and back-cast data collection for a period of eight months. Aurora considers the creation and imposition of retrospective regulation to be unreasonable and inconsistent with good regulatory practice.

105. Further, the Commission has not explained the urgency of the new disclosure. Our expectation is that, to support implementation mid-way through a reporting period, the Commission should describe how its processes and deliberations are contingent on the disclosure, along with the adverse impacts the Commission

[18] As defined in Part 1 of the Electricity Industry Participation Code 2010.

would experience if a more reasonable implementation deadline, that allowed some prospect of EDBs designing and implementing data capture processes in time to make an accurate disclosure, was established.

106. Aurora supports the proposed implementation timetable of 31 August 2024 for forecast disclosures. In our view, sufficient time has been provided to allow EDBs to incorporate the required narratives into their AMPs or AMP updates (as the case may be).

3.4. Information Disclosure Alignment

3.4.1. Amendment A1 – Definition of passthrough and recoverable costs.

107. Aurora supports the proposed amendment. While alignment of definitions is unlikely to improve interested persons ability to assess whether the Part 4 purpose is being met, we consider that the proposed amendment is consistent with the IM purpose statement. Consistent definitions will promote certainty for suppliers and consumers in relation to the rules and process of Part 4 regulation.

108. We are pleased that the Commission has accepted Aurora's recommendation that the amendment be brought forward into tranche 1.