



14 September 2023  
Commerce Commission  
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## **Alpine Energy Limited's submission on the Commerce Commission's Targeted Information Disclosure Review (2024)**

### **Overview**

1. This is Alpine Energy Limited's (**Alpine Energy**) submission on the Commerce Commission's (**Commission**) Targeted Information Disclosure Review (2024) (**TIDR 2024**) Draft Decision - Reasons paper, dated 17 August 2023.
2. We welcome the Commission's review of the Information Disclosure requirements for electricity distribution businesses (**EDBs**).
3. We are broadly supportive of most of the proposed amendments. We appreciate the Commission's consideration of EDB feedback through prior consultations and workshops, and the recommendations of Electricity Networks Aotearoa (**ENA**) working groups.
4. Alpine Energy supports amendments to information disclosure (**ID**) regulations that better align with evolving electricity use and demand, and the resulting changes to EDB planning, service delivery, and performance expectations from consumers.
5. We recognise the value that most of the proposed amendments to IDs will provide interested parties on the performance of EDBs.
6. Alpine Energy is a member of ENA and we support their submission on the Commission's TIDR draft decisions. Our submission below focuses on matters of significance to Alpine Energy, in addition to those made in the ENA submission.

### **Process**

1. We support the Commission's approach to the review of IDs and appreciate the close engagement, and the clear articulation of the Commission's consideration of feedback from stakeholders. This collegial and transparent approach has helped foster greater understanding within Alpine Energy, and across the sector, of the issues raised, and the objectives sought by the Commission.

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## **ALPINE ENERGY LIMITED**

2. We support the Commission’s decision, set out in the 30 May 2023 Process Paper, that the original two tranche review process become an ongoing, multi-phase review. We believe this will result in a more manageable and considered review programme. It will also allow for the accommodation of parallel review and reform processes (e.g. the Ministry of Business Innovation and Employment’s **(MBIE)** review of the Electricity (Hazards from Trees) Regulations 2003 **(Trees Regs)**, the Electricity Authority’s Targeted Distribution Pricing Reform, and the Commission’s Input Methodologies Review and Default Price-Quality Path Reset).
3. As the TIDR work programme progresses, we urge the Commission to continue to identify opportunities to refine existing ID requirements in a way that meaningfully reduces the unnecessary regulatory burden where there is low value for interested parties and EDBs. This would align with the government’s expectation that regulatory agencies “pay particular attention to requirements that appear unnecessary, duplicative, ineffective or excessively costly”.<sup>1</sup>
4. Targeted engagement with interested parties on their use of existing EDB IDs would be a valuable exercise, not only to support further refinement of the IDs, but to build EDB understanding of the value of existing disclosures.
5. We recommend the Commission delay the implementation of all quantitative disclosures by one year to enable EDBs to establish appropriate disclosure processes to ensure completeness, accuracy, and auditability. Many of the amendments are proposed to be implemented for Disclosure Year 2025 (beginning 1 April 2024), however, the Commission is not proposing to make final decisions until early-2024, which will leave limited time for EDBs to establish and test new processes.

## Decarbonisation

6. Alpine Energy broadly supports the proposed amendments to forecast network constraint disclosures in Schedule 12b: Report on Forecast Capacity. We agree with the Commission that the amended schedule will provide greater value to stakeholders about forecast medium voltage network constraints and proposed solutions than the current schedule provides.
7. We do not support including quantitative 20+ year capacity forecasts (as proposed within Schedule 12b) as part of the 10-year Asset Management Plan **(AMP)** disclosures. The uncertainty surrounding timing and quantity of growth is highlighted in the significant variances between EDB’s different forecasting scenarios in current AMPs. Extending these forecasts out another 10 years at a zone substation level will amplify these variances. This will only serve to show the scope of uncertainty across the sector. It will not provide meaningful information for stakeholders about individual EDB’s ability to understand and address network constraints, as is the Commission’s stated objective.

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<sup>1</sup> Government Expectations of Good Regulatory Practice, April 2017, pg 3, <https://www.treasury.govt.nz/sites/default/files/2015-09/good-reg-practice.pdf>

8. We believe this objective would be more appropriately addressed through long-term strategic asset management planning. This would allow 20+ year capacity forecasts to be discussed in the context of macro-environmental assumptions (on decarbonisation, climate-change impact, demographic and land-use change, emerging technologies etc), rather than being presented as a static data point in Schedule 12b.
9. We note that the scope of the Commission's 2023 AMP Review currently underway includes a review of the AMP structure and requirements, and the role of a strategic asset management plan.<sup>2</sup> We see this as the appropriate opportunity to examine long-term constraint forecasting opportunities. We look forward to engaging with the Review on opportunities to provide meaningful information to stakeholders on longer-term, strategic asset management planning.
10. We encourage the Commission to delay any decision on 20+ year capacity forecasts until this review is complete.
11. We acknowledge the need for increased focus on low voltage (**LV**) constraints and voltage quality. We agree that including narrative within the AMP is a pragmatic way to lift sector focus, while providing important context about the challenges to stakeholders.
12. We welcome early and ongoing engagement with the Commission about potential quantitative disclosures relating to LV constraints and voltage quality, to ensure any future regulations are fit-for-purpose. We appreciate the Commission's acknowledgement that current data limitations regarding LV networks, and advocate for co-design of future regulations to mitigate the risk of costly, low value disclosures.

## **Asset management**

13. We support the intent of the amendments to vegetation management operating expenditure (OPEX) reporting and interruption classifications, to improve visibility of the scope and composition of EDBs' vegetation management programmes, and the cost and risk associated with out-of-zone trees.
14. We see the value, and can accommodate vegetation management OPEX reporting, noting however this will require material changes to our field crew and administrative processes.
15. However, we are concerned with the auditability of these disclosures, particularly the differentiation between in-zone and out-of-zone OPEX and interruptions. Should this proposal proceed, we recommend the Commission provide explicit guidance on acceptable evidence of in-zone and out-of-zone vegetation that is workable for field operations.
16. We endorse the ENA's recommendation that the Commission look to the vegetation management reporting required of Aurora Energy as part of its Custom

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<sup>2</sup> Commerce Commission, External reviews of electricity distribution businesses' 2023 asset management plans and of efficiency and productivity, 31 August 2023, pg 8, [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0018/327222/Commerce\\_-\\_Commission-Stakeholder-update-on-reviews-of-EDB-2023-AMPs-and-efficiency-31-August-2023.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0018/327222/Commerce_-_Commission-Stakeholder-update-on-reviews-of-EDB-2023-AMPs-and-efficiency-31-August-2023.pdf)

Price-Quality Path Annual Delivery Report.<sup>3</sup> We believe this provides a comparable alternative metric to support the outcome sought – to enable stakeholders to better understand the risks to an EDB’s network from vegetation, as well as the effectiveness of EDB’s vegetation management strategies.

17. We note the Commission’s acknowledgment of the current MBIE review of the Trees Regs, and that this may result in changing the regulations in the future. We urge the Commission to consider the cost to EDBs (and therefore consumers) of resulting changes requiring significant process development and implementation.
18. We recommend the Commission work closely with MBIE to align regulatory outcomes. As we stated in our submission to MBIE in May 2023, we were concerned that the review of the Trees Regs misrepresents the balance of interest between ‘tree owners’ and ‘works owners’ (EDBs), providing disproportionate protection to tree owners at the potential cost to electricity safety and reliability.
19. If the Commission is seeking improved outcomes for EDB vegetation management strategies through new IDs, this will be best achieved by a joined-up approach from both IDs and Trees Regs.

### **Quality of service**

20. We support the addition of disclosures on worst-performing feeders, but recommend the Commission limit this reporting to only unplanned SAIDI and SAIFI. Planned values will serve only to highlight feeders where work has been completed, and will not achieve the outcome sought by the Commission – to disclose information enabling a more meaningful assessment of quality, reflecting the consumers experience.

### **Standardised pricing components**

21. In line with the ENA submission, we do not support the introduction of standardised pricing components. We believe they conflict with the connection categories established through our pricing methodologies to reflect the makeup of our network and customer base.
22. We are also concerned the Commission is straying into the regulation of distribution pricing, creating a conflict and overlap with the EA’s distribution pricing oversight regime.

### **Other issues**

23. We encourage the Commission to consider the impact of different disclosure dates and mechanisms introduced in TIDR Tranche 1 and TIDR 2024. It is adding unnecessary complexity to both the ID Determination and the broader regulatory framework itself.
24. We acknowledge the Commission’s desire to implement amendments promptly, and we appreciate the consideration for EDBs’ work programmes by providing alternative disclosure dates and mechanisms. However, we are concerned that, combined with the TIDR Tranche 1 amendments, the out-of-sync disclosures

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<sup>3</sup> Clause 1.6.4, Appendix C, Electricity Distribution Information Disclosure Determination 2012 (consolidated July 2023), [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0015/321171/Electricity-Distribution-Information-Disclosure-Determination-2012-Consolidated-6-July-2023.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0015/321171/Electricity-Distribution-Information-Disclosure-Determination-2012-Consolidated-6-July-2023.pdf)

required will be both costly for EDBs, and difficult for interested parties to navigate, limiting the success of the outcomes sought.

25. For example, forward-looking disclosures for 2025 will require EDBs to disclose an AMP or AMP update by 31 March 2024, a separate standalone document (required by the proposed clause 2.6.1B) describing practices for monitoring load and injection constraints for LV networks (required by the proposed clause 17.2.2) by 31 August 2024, and a separate geospatial file of network constraints by 31 August 2024 (required by clause 2.5.2A).
26. The value these proposed disclosures will be significantly diluted by requiring them disclosed in isolation of the broader AMP narrative, for the sake of implementing them with expediency.

## 2023 AMP Review

27. We welcome the Commission's independent review into 2023 AMPs, (as detailed in the Commission's 31 August 2023 letter on external reviews of electricity distribution businesses' 2023 asset management plans and of efficiency and productivity).<sup>4</sup>
28. We encourage the Commission to consider bundling all future AMP disclosure amendments into one review process, with a single introductory date.
29. This will reduce the regulatory change burden on EDBs (especially small and medium EDBs with limited resources), and ensure the resulting disclosures meet their purpose, to provide a clear and accessible document containing sufficient information to meet the purpose of an AMP.

## Conclusion

30. If the Commission has any questions or requires clarification on any information provided in our submission, please do not hesitate to contact us.

Yours sincerely,



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Chief Regulatory Officer



Fabia Fox  
Regulatory & Sustainability Manager

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<sup>4</sup> Commerce Commission, External reviews of electricity distribution businesses' 2023 asset management plans and of efficiency and productivity, 31 August 2023, [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0018/327222/Commerce-Commission-Stakeholder-update-on-reviews-of-EDB-2023-AMPs-and-efficiency-31-August-2023.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0018/327222/Commerce-Commission-Stakeholder-update-on-reviews-of-EDB-2023-AMPs-and-efficiency-31-August-2023.pdf)