

**By email**

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22 August 2019

**To:**

All suppliers of electricity distribution services as regulated under Part 4 of the Commerce Act 1986

To whom it may concern

**Information Disclosure exemption: Disclosure of reliability information within Schedule 10**

1. We have been advised that a number of Electricity Distribution Businesses (EDBs) have not received assurance reports from their auditor for their 2019 year-end disclosures due to concerns on their interpretation of an interruption used, particularly in the calculation of System Average Interruption Frequency Index (SAIFI) for disclosure within Schedule 10 – Report on Network reliability.
2. We have issued an exemption to aspects of the disclosure contained within Schedule 10 of the Electricity Distribution Information Disclosure Determination 2012 (ID Determination) in order to facilitate completion and submission of the 2019 year-end disclosures.
3. At a later date, we intend to separately engage with EDBs that may have issues relating to their interruption recording practices which also affect SAIFI and System Average Interruption Duration Index (SAIDI).

*Background to the exemption*

4. Where an interruption to the supply of electricity distribution services is followed by restoration, and then by a “successive interruption”, some EDBs have only been calculating the relevant SAIFI values based on a single outage, not based on multiple outages.
5. This treatment is inconsistent with the definition of “interruption” in Schedule 1.4.3 of the ID Determination, and has likely led to SAIFI being underreported by some EDBs.
6. We have been advised by a number of EDBs they believe they are impacted by this issue, but we are unclear how pervasive this recording practice has been across the industry.

*Exemption granted*

7. Subject to paragraph 10 of this letter, under clause 2.11.1 of the ID Determination the Commission grants all EDBs an exemption for the 2019 disclosure year:

- 7.1 from the requirement that the information in Schedule 10 of the ID Determination be included within the assurance report by removing clause (b) from the definition of Audited disclosure information under Clause 1.4.3 of the ID Determination; and
  - 7.2 from the definition of **interruption** specified within Clause 1.4.3 of the ID Determination as it applies to the calculation of SAIFI and SAIDI, and the recording of the Number of interruptions under Schedule 10 - Report on Network Reliability.
  - 7.3 From disclosing information required under Paragraph 16 of Schedule 14 – Mandatory Explanatory Notes
8. This exemption is granted on the condition that:
- 8.1 EDBs submit information calculated on a basis that is consistent with the basis undertaken in preparing the disclosure for the 2018 disclosure year; or
  - 8.2 EDBs submit information on a revised calculation basis compared to that disclosed for the 2018 disclosure year, provided this is completed on a basis that is more compliant with the requirements contained within the ID Determination; and
  - 8.3 EDBs add a note to Schedule 15 disclosing:
    - 8.3.1 whether the information has been prepared on a basis consistent with the previous year's disclosure, if not, the reason for, and nature of, the change in the calculation;
    - 8.3.2 the process applied in recognising, or not recognising, successive interruptions following an initial outage; and
    - 8.3.3 commentary on network reliability for the disclosure year.<sup>1</sup>
9. The expectation is the note contained within Schedule 15 referred to at paragraph 8.3.3 would be relatively limited but would at least state whether in calculating SAIFI the EDB had recorded successive interruptions.
10. This exemption does not apply to those EDBs that had already received their 2019 year-end disclosure assurance report from their auditor at the date of this letter.
11. This exemption may be revoked or amended in accordance with clause 2.11.1(2) of the ID Determination.
12. A copy of this exemption letter will be published on the Commission's website.

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<sup>1</sup> Expectation is that content would be similar to that typically disclosed within Paragraph 16 of Schedule 14.

*Request for information*

13. We are interested in understanding EDB's recording practices at a more detailed level to understand the extent of potential inconsistencies in identification of interruptions and the calculation of SAIFI values. Accordingly, we request EDBs provide copies of their current recording policies and practices so we can better progress this issue. We have not made this a requirement of the exemption so as to not delay the completion of the 2019 year-end disclosure process.
14. For any further questions relating to the exemption or the request for further information, please contact Simon Wakefield on (04) 924 3794 or [simon.wakefield@comcom.govt.nz](mailto:simon.wakefield@comcom.govt.nz).

Yours sincerely



Sue Begg  
Deputy Chair