Electricity Distribution Services Default Price-Quality Path Determination 2020

[2019] NZCC 21

The Commission: Part 4 Division
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## Document version history

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Pursuant to Part 4 of the Commerce Act 1986, the Commerce Commission makes the following determination:

1. **Title**

1.1 This determination is the Electricity Distribution Services Default Price-Quality Path Determination 2020.

2. **Commencement**

2.1 This determination comes into force on 1 April 2020.

3. **Application**

3.1 This determination amends and replaces the *Electricity Distribution Services Default Price-Quality Path Determination 2015* [2014] NZCC 33, under section 53P(1) of the Act.

3.2 This determination applies to all **non-exempt EDBs**, except as provided in clauses 3.3 and 3.4.

3.3 This determination does not apply to Powerco Limited until the expiration of the *Powerco Limited Electricity Distribution Customised Price-Quality Path Determination 2018* [2018] NZCC 5.

3.4 This determination does not apply to Wellington Electricity Lines Limited until the expiration of the *Wellington Electricity Lines Limited Electricity Distribution Customised Price-Quality Path Determination 2018* [2018] NZCC 6.

4. **Interpretation**

4.1 Unless the context otherwise requires:

(a) terms in bold type in this determination, including its schedules, have the meaning given to those terms in clause 4.2;

(b) terms used in this determination that are defined in the Act but not in this determination have the same meanings as in the Act;

(c) terms used in this determination that are defined in the IM determination but not in this determination have the same meanings as in the IM determination;

(d) any reference to a period of time is interpreted in accordance with section 35 of the Interpretation Act 1999;

(e) any reference to legislation includes a reference to that legislation as amended, consolidated, or substituted;
(f) for the avoidance of doubt, references to terms from legislation in this determination have the meaning given in the applicable legislation at the time they are applied; and

(g) a word which denotes the singular also denotes the plural and vice versa.

4.2 In this determination, unless the context otherwise requires,

#

67th percentile estimate of post-tax WACC

A

Act means the Commerce Act 1986

actual allowable revenue means—

(a) for the first assessment period of the DPP regulatory period, the amount specified in paragraph (2)(a) of Schedule 1.6;

(b) for the second assessment period of the DPP regulatory period, the amount specified in paragraph (2)(b) of Schedule 1.6; and

(c) for the third to fifth assessment periods of the DPP regulatory period, the amount specified in paragraph (2)(c) of Schedule 1.6

actual net allowable revenue means—

(a) for the first assessment period of the DPP regulatory period, the amount specified as forecast net allowable revenue for the first assessment period; and

(b) for the second to fifth assessment periods of the DPP regulatory period, the amount calculated in paragraph (3) of Schedule 1.6
actual pass-through costs and recoverable costs means the sum of all pass-through costs and recoverable costs that were incurred or, in the case of drawn down amounts from the innovation project allowance, approved by the Commission in the assessment period, excluding any recoverable cost that is a revenue wash-up draw down amount.

actual revenue means the sum of actual revenue from prices plus other regulated income.

actual revenue from prices means the sum of each price multiplied by each corresponding actual quantity.

additional notice has the meaning given in paragraph (4) of Schedule 3.1;

adjusted planned accumulated SAIDI limit means—
(a) for the purposes of clause 9.3, the limit calculated in accordance with paragraph (a) of clause 9.4; and
(b) for the purposes of clause 9.5, the limit calculated in accordance with paragraph (a) of clause 9.6.

adjusted planned accumulated SAIFI limit means—
(a) for the purposes of clause 9.3, the limit calculated in accordance with paragraph (b) of clause 9.4; and
(b) for the purposes of clause 9.5, the limit calculated in accordance with paragraph (b) of clause 9.6.

adverse environment means an unplanned interruption where the primary cause is an adverse environment, such as a slip or a seismic event.

adverse weather means an unplanned interruption where the primary cause is due to adverse weather conditions, other than lightning, vegetation or adverse environment.

alternate day means, for the purposes of an intended interruption, a calendar day (dd/mm/yyyy) outside the notified interruption window when that intended interruption
interruption is permitted to occur, as specified in an additional notice

amalgamation has the meaning given to ‘amalgamate’ in the IM determination

annual compliance statement means a written statement required to be made by a non-exempt EDB under clauses 11.4-11.6

assessment period means a 12-month period commencing 1 April and ending on 31 March of the following year

asset replacement and renewal means an activity where the primary driver is the need to maintain network asset integrity in order to maintain either—

(a) current security;

(b) quality of supply standards; or

(c) current security and quality of supply standards,

where this activity includes replacing or renewing assets due to—

(a) the progressive physical deterioration of the condition of network assets or their immediate surrounds;

(b) the obsolescence of network assets;

(c) preventative replacement programmes, consistent with asset life-cycle management policies; or

(d) the need to ensure the ongoing physical security of the network assets

capex incentive amount has the meaning given in the IM determination

cause means one of either:

(a) lightning;
(b) vegetation;  
(c) adverse weather;  
(d) adverse environment;  
(e) third party interference;  
(f) wildlife;  
(g) human error;  
(h) defective equipment;  
(i) other cause; or  
(j) unknown cause

**Class B interruptions** means planned interruptions by a non-exempt EDB

**Class B notified interruption** means a Class B interruption that a non-exempt EDB has given additional notice for, and the Class B interruption is recorded as a ‘Class B notified interruption’ in the non-exempt EDB’s internal systems

**Class C interruptions** means unplanned interruptions originating within the system fixed assets of a non-exempt EDB

**Commission** means the Commerce Commission as defined in section 2 of the Act

**commissioning** has the meaning given to ‘commissioned’ in the IM determination

**consumer** has the meaning given in the IM determination

**CPI** has the meaning given in the IM determination

**customer interruption minutes** means the sum of the total duration in minutes accumulated for each ICP for each interruption

D

**defective equipment** means an unplanned interruption resulting from either:
(a) mechanical equipment failure; or
(b) electrical equipment failure

director has the meaning given in the IM determination

distribution cables (excluding LV) means all underground power cables operated at distribution voltage excluding low voltage cables

distribution lines (excluding LV) means all overhead power lines operated at distribution voltage excluding low voltage lines

distribution other (excluding LV) means network assets operated at distribution voltage which are not distribution cables or distribution lines and excluding low voltage assets

distribution voltage means 3 phase nominal voltage—

(a) over 1 kV and up to and including 30 kV; and
(b) excludes those voltages used within the network in the role or manner of a subtransmission voltage

DPP regulatory period means the regulatory period 1 April 2020 to 31 March 2025

EDB means a supplier of electricity lines services other than Transpower

EDB DPP2 regulatory period means the regulatory period 1 April 2015 to 31 March 2020

electricity lines services has the meaning given in the IM determination

electricity retailer means a person who supplies electricity to another person(s) for any purpose other than for re-supply by the other person(s)
embedded network  has the meaning given in Part 1 of the Electricity Industry Participation Code 2010

engineer  has the meaning given in the IM determination

exempt EDB  means an EDB other than a non-exempt EDB

extended reserves allowance  has the meaning given in the IM determination

extreme event  means any period of 24 hours that starts on the hour or half past the hour where either:

(a)  the extreme event standard limit specified in paragraph (1)(a) of Schedule 3.3 is exceeded; or

(b)  the extreme event standard limit specified in paragraph (1)(b) of Schedule 3.3 is exceeded

extreme event standard limits  means for unplanned interruptions, the SAIDI value and the customer interruption minutes against which a non-exempt EDB’s compliance with the quality standard in clause 9.10 is assessed, and is specified in paragraph (1) of Schedule 3.3

forecast aggregate value of commissioned asset  has the meaning given in the IM determination

forecast allowable revenue  has the meaning given in the IM determination and is the amount calculated for each assessment period as specified in Schedule 1.5

forecast net allowable revenue  has the meaning given in the IM determination and is the amount specified in Schedule 1.4 for a non-exempt EDB for the applicable assessment period
forecast opex has the meaning given in the IM determination

forecast pass-through and recoverable costs means the sum of all the forecast pass-through costs and forecast recoverable costs, excluding any recoverable cost that is a revenue wash-up draw down amount

forecast revenue from prices has the meaning given in the IM determination and is the amount calculated for each assessment period as specified in Schedule 1.3

H

human error means an unplanned interruption resulting from either:

(a) contractors or staff;
(b) commissioning errors;
(c) incorrect protection settings;
(d) SCADA problems;
(e) switching errors; or
(f) dig-in

I

ICP means a point of connection on a local network or embedded network which the EDB nominates as the point at which an electricity retailer will be deemed to supply electricity to a consumer

IM determination means the Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26, including, for the avoidance of doubt, any amendment in effect at the time of determination of a default price-quality path or customised price-quality path

incentive rate means the amount used for purposes of calculating the quality incentive adjustment, and is specified in paragraph (4) of Schedule 4
**Independent** has the meaning given in the IM determination

**Independent auditor** means a person who—

(a) is qualified for appointment as auditor of a company under the Companies Act 1993 or, where the non-exempt EDB is a public entity (as defined in s 4 of the Public Audit Act 2001), is the Auditor-General; and

(b) has no relationship with, or interest in, the non-exempt EDB being audited that is likely to involve the person in a conflict of interest; and

(c) has not assisted with the preparation of the annual compliance statement or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in preparing the annual compliance statement; and

(d) has the necessary expertise to properly prepare an assurance report required by clause 11.5(e); but

(e) need not be the same person as the person who audits the non-exempt EDB’s accounts for any other purpose.

**Innovation project** has the meaning given in the IM determination

**Innovation project allowance** has the meaning given in the IM determination

**Input methodology** has the same meaning as in section 52C of the Act

**Intended interruption** means, for the purposes of Schedule 3.1 only, a Class B interruption that is planned by a non-exempt EDB but has not yet commenced, where:
intended interruption cancelled with notice means an intended interruption that did not occur, where:
(a) additional notice for that intended interruption was given; and
(b) the intended interruption was not an intended interruption cancelled without notice

intended interruption cancelled without notice means an intended interruption that did not occur, where:
(a) additional notice for that intended interruption was given; and
(b) either or both of the following occurred:
   (i) the non-exempt EDB failed to provide notice of the cancellation to all persons that were provided the additional notice in respect of that intended interruption; or
   (ii) notice of the cancellation was provided to all persons that were provided the additional notice in respect of that intended interruption less than 24 hours prior to the scheduled start time of the intended interruption (as specified in the notified interruption window or alternate day)

intended SAIDI value means either—
(a) the value calculated for intended interruptions cancelled without notice in accordance with paragraph (2)(b) of ‘SAIDI’s’ in Schedule 3.1; or
the value calculated for **intended interruptions cancelled with notice** in accordance with paragraph (2)(c) of ‘SAIDI’ in Schedule 3.1

**interruption** 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

(f) for the purpose of isolating an unsafe installation

**kV** means kilovolt
lightning means an unplanned interruption where the primary cause is a lightning strike, resulting in either:

(a) insulation breakdown, where typically protection is the only observable operation;
(b) flashovers, where typically protection is the only observable operation; or
(c) insulation breakdown and flashovers, where typically protection is the only observable operation.

limit on annual percentage increase in forecast revenue from prices means for all non-exempt EDBs, 10%.

location means the name of a circuit on which an interruption originated.

low voltage means 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.

M

main equipment means one of either:

(a) subtransmission lines;
(b) subtransmission cables;
(c) subtransmission other;
(d) distribution lines (excluding LV);
(e) distribution cables (excluding LV); or
(f) distribution other (excluding LV).

major external factors means one or more of the following:

(a) natural disaster;
(b) third party interference;
(c) a fire that does not originate on the non-exempt EDB’s network; or
major transaction has the meaning given in clause 4.5.4 of the IM determination

merger means a transaction whereby a non-exempt EDB takes over, or otherwise merges with, another non-exempt EDB other than by an amalgamation, which without limitation includes—

(a) the purchase of all the assets of another non-exempt EDB;

(b) the acquisition of sufficient shares in another non-exempt EDB to have an interest in the other non-exempt EDB sufficient to enable it, whether directly or indirectly, to exert a substantial degree of influence over the activities of the other non-exempt EDB; or

(c) a scheme of arrangement under Part 15 of the Companies Act 1993 having like effect

natural disaster means an unplanned interruption that is the result of one or more of the following:

(a) earthquakes;
(b) landslips;
(c) floods;
(d) severe weather events, including severe lightning, severe storms (including solar storms), severe wind and severe rain;
(e) tsunamis; or
(f) volcanic and hydrothermal activity

network means the fixed assets used by an EDB to provide electricity lines services
**non-exempt EDB** has the meaning given in the **IM determination**

**non-major transaction EDB** means, the **non-exempt EDB** or **non-exempt EDBs** for whom a transaction is a **transfer**, where there is a transaction involving at least two or more **non-exempt EDBs**, and this transaction would be a:

(a) **transfer** for one or more **non-exempt EDBs**; and

(b) **major transaction** for one or more **non-exempt EDBs**

**notified interruption window** means the period of time within which the **intended interruption** is due to occur, as specified in an **additional notice**, and must specify the start date (dd/mm/yyyy) and start time (hh:mm am/pm) and end date (dd/mm/yyyy) and end time (hh:mm am/pm) of the **intended interruption**

**opening RAB value** has the meaning given in clause 2.2.4(3) of the **IM determination**

**opening wash-up account balance** means the amount calculated as specified in paragraph (1) of Schedule 1.7

**opex incentive amount** has the meaning given in the **IM determination**

**other cause** means an **unplanned interruption** for which the primary cause is known, but is not **lightning, vegetation, adverse weather, adverse environment, third party interference, wildlife, human error**, or **defective equipment**

**other regulated income** has the meaning given in the **IM determination**
overhead means circuits installed as overhead lines, expressed in km

pass-through balance is the ‘pass-through balance’ amount calculated by the non-exempt EDB for the assessment period ending 31 March 2020 under clause 8.6 of the Electricity Distribution Services Default Price-Quality Path Determination 2015 [2014]

pass-through balance allowance means—
(a) for the first assessment period of the DPP regulatory period, the amount calculated in accordance with the formula—

\[-(1) \times e_{PTB} \times (1 + 67^{th} \text{ percentile estimate of post-tax WACC})\]

where-
‘e_{PTB}’ means a demonstrably reasonable estimate amount of the pass-through balance as of 31 March 2020

(b) for the second assessment period of the DPP regulatory period, the amount calculated in accordance with the formula—

\[(e_{PTB} - \text{pass-through balance}) \times (1 + 67^{th} \text{ percentile estimate of post-tax WACC})^2\]

where-
‘e_{PTB}’ means the demonstrably reasonable estimate amount of the pass-through balance as of 31 March 2020 that was calculated for the first assessment period in accordance with (a); and
for the third to fifth assessment periods of the DPP regulatory period, the ‘pass-through balance allowance’, nil

pass-through cost has the meaning given in the IM determination

person has the meaning given in the IM determination

planned interruption means any interruption other than an unplanned interruption

planned accumulated SAIDI limit means the SAIDI value against which a non-exempt EDB’s compliance with the planned interruptions reliability assessment cap specified in clause 9.2 is assessed, and is specified in paragraph (1) of Schedule 3.1

planned accumulated SAIFI limit means the SAIFI value against which a non-exempt EDB’s compliance with the planned interruptions reliability assessment cap specified in clause 9.2 is assessed, and is specified in paragraph (1) of Schedule 3.1

planned SAIDI assessed value means—

(a) the sum of SAIDI values for planned interruptions for an assessment period calculated in accordance with the formula specified in paragraph (2) of Schedule 3.1; and

(b) the sum of intended SAIDI values for intended interruptions cancelled with notice and intended interruptions cancelled without notice for an assessment period calculated in accordance with 'SAIDI\textsubscript{N}' in paragraph (2) of Schedule 3.1

planned SAIFI assessed value means the sum of SAIFI values for planned interruptions for an assessment period
calculated in accordance with paragraph (3) of Schedule 3.1

**prescribed voltage electric line** means an electric line that is capable of conveying electricity at a voltage equal to or greater than 3.3 kilovolts

**prices** has the meaning given in the IM [determination](#)

**primary driver** has the meaning given in the IM [determination](#)

**project** has the meaning given in the IM [determination](#)

**quantity** has the meaning given in the IM [determination](#)

Q

**quality incentive adjustment** has the meaning given in the IM [determination](#), and is calculated in accordance with paragraph (5) of Schedule 4

**revenue at risk** means the amount used for purposes of calculating the quality incentive adjustment, and is the amount calculated for each assessment period as specified in paragraph...
(6)(h) of Schedule 4

**Revenue foregone** means—

(a) where the **revenue reduction percentage** is greater than 20%, the amount calculated in accordance with the formula—

\[
\text{actual net allowable revenue} \times (\text{revenue reduction percentage} - 20%)
\]

(b) where the **revenue reduction percentage** is not greater than 20%, the ‘revenue foregone’, nil

**Revenue reduction percentage** is 1 minus \(\frac{\text{actual revenue from prices}}{\text{forecast revenue from prices}}\)

**Revenue wash-up draw down amount** means the amount calculated as specified in paragraph (4) of Schedule 1.6

**SAIDI major event** means any period of 24 hours that starts on the hour or half past the hour, where the sum of **SAIDI values** over that period for **unplanned interruptions** exceeds the applicable **SAIDI unplanned boundary value**

**SAIDI unplanned boundary value** means the value specified in paragraph (1) of Schedule 3.2

**SAIDI planned interruption cap** means the maximum **SAIDI value** for **planned interruptions** used for purposes of calculating the **quality incentive adjustment**, and is specified in paragraph (3) of Schedule 4

**SAIDI planned interruption collar** means the minimum **SAIDI value** for **planned interruptions** used for purposes of calculating the **quality incentive adjustment**, and is specified in paragraph (3) of Schedule 4
| **SAIDI planned interruption target** | means the **SAIDI value** for **planned interruptions** used for purposes of calculating the **quality incentive adjustment**, and is specified in paragraph (3) of Schedule 4 |
| **SAIDI unplanned interruption cap** | means the maximum **SAIDI value** for **unplanned interruptions** used for purposes of calculating the **quality incentive adjustment**, and is specified in paragraph (2) of Schedule 4 |
| **SAIDI unplanned interruption collar** | means the minimum **SAIDI value** for **unplanned interruptions** used for purposes of calculating the **quality incentive adjustment**, and is specified in paragraph (2) of Schedule 4 |
| **SAIDI unplanned interruption target** | means the **SAIDI value** for **unplanned interruptions** used for purposes of calculating the **quality incentive adjustment**, and is specified in paragraph (2) of Schedule 4 |
| **SAIDI value** | means the **customer interruption minutes** accrued for each **interruption** divided by the total number of **ICPs**, where: |
| | (a) an **interruption** and any **successive interruptions** to that **interruption**, are recorded in a manner that is consistent with that applied by the **non-exempt EDB** for the fourth **assessment period** of the **EDB DPP2 regulatory period**, as represented in the information provided by the **non-exempt EDB** to the **Commission** in its response to the **section 53ZD notice regarding DPP reset**; and |
| | (b) any **interruption** that spans multiple **assessment periods** accrues to the **assessment period** in which the **interruption** began |
| **SAIFI major event** | means any period of 24 hours that starts on the hour or half past the hour, where the sum of **SAIFI values** over that period for |
unplanned interruptions exceeds the applicable **SAIFI unplanned boundary value**

**SAIFI unplanned boundary value** means the value specified in paragraph (1) of Schedule 3.2

**SAIFI value** means the number of ICPs affected by each interruption divided by the total number of ICPs, where that interruption and any successive interruptions to that interruption, are recorded in a manner that is consistent with that applied by the non-exempt EDB for the fourth assessment period of the EDB DPP2 regulatory period, as represented in the information provided by the non-exempt EDB to the Commission in its response to the **section 53ZD notice regarding DPP reset**

**section 53ZD notice regarding DPP reset** means the ‘Notice to supply information to the Commerce Commission under section 53ZD(1)(e) and 53ZD(1)(f) of the Commerce Act 1986’, issued to each non-exempt EDB on 28 June 2019

**subtransmission cables** means all power cables operated at a **subtransmission voltage**

**subtransmission lines** means all power lines operated at a **subtransmission voltage**

**subtransmission other** means an asset operated at a **subtransmission voltage** that is not a **subtransmission cable** or **subtransmission line**

**subtransmission voltage** means 3 phase nominal voltage—

(a) over 30 kV and up to and including 110 kV; or
(b) 22 kV, if that voltage is used within the **network** in the role or manner of a sub-transmission voltage
successive interruption means an interruption that follows an initial interruption that either:
(a) relates directly to that initial interruption; or
(b) occurs as part of the process of restoring supply of electricity lines services following that initial interruption

suitable specialist means an independent person (or persons) having specialised knowledge or skill based on training, study, or experience

system fixed assets means all fixed assets owned, provided, maintained, or operated by a non-exempt EDB that are used or intended to be used for the supply of electricity lines services

third party interference means an unplanned interruption resulting from acts or omissions of persons outside the control of the non-exempt EDB (including other non-exempt EDBs), and includes without limitation:
(a) dig-in;
(b) overhead contact;
(c) vandalism; and
(d) vehicle damage

transfer means a transaction, other than an amalgamation, merger or major transaction, where consumers are acquired or no longer supplied by the EDB and that transaction—
(a) has resulted in, or will result in, the acquisition of, or an agreement to acquire, assets with a value equivalent to 10% or less of that EDB’s opening RAB value in the assessment period of acquisition;
(b) has resulted in, or will result in, the disposal of, or an agreement to dispose of, assets of that EDB with a value of
10% or less of its opening RAB value in the assessment period of disposal;

(c) has, or is likely to have, the effect of that EDB acquiring rights or interests with a value which is equivalent to 10% or less of its opening RAB value in the assessment period of acquisition; or

(d) has, or is likely to have, the effect of that EDB incurring obligations or liabilities or contingent liabilities, excluding loans or borrowing costs in respect of assets, with a value equivalent to 10% or less of its opening RAB value in the assessment period of incurring the obligation.

transmission pricing methodology means the methodology determined by the Electricity Authority that specifies how Transpower’s charges for its services are allocated and who is to be charged.

Transpower means Transpower New Zealand Limited or any subsidiary of, or successor to, that company.

U underground means all circuits that are installed as underground cables.

unknown cause means an unplanned interruption where the cause of that interruption is not known.

unplanned interruption means any interruption in respect of which no notice was given, or less than 24 hours’ notice was given to:

(a) the public; or
(b) all consumers affected by the interruption

unplanned SAIDI assessed value means the sum of SAIDI values for unplanned interruptions for an assessment period.
unplanned SAIFI assessed value means the sum of SAIFI values for unplanned interruptions for an assessment period calculated in accordance with paragraph (2) of Schedule 3.2

unplanned SAIDI limit means the SAIDI value for unplanned interruptions against which a non-exempt EDB’s compliance with the annual unplanned interruptions reliability assessment specified in clause 9.8 is assessed, and is specified in paragraph (1) of Schedule 3.2

unplanned SAIFI limit means the SAIFI value for unplanned interruptions against which a non-exempt EDB’s compliance with the annual unplanned interruptions reliability assessment specified in clause 9.8 is assessed, and is specified in paragraph (1) of Schedule 3.2

unregulated services has the meaning given in the IM determination

V

vegetation means an unplanned interruption resulting from vegetation contact and includes debris contact, grass contact and tree contact

vegetation management means an activity where the primary driver is the need to either—
(a) physically fell vegetation;
(b) remove vegetation; or
(c) trim vegetation,
where that need is in the proximity of overhead lines or underground cables, including—
(a) root management;
(b) inspecting affected lines and cables, where the inspection is substantially or wholly directed to this need (e.g., as part of a ‘vegetation management’ contract), including either:
(i) pre-trim inspections; and
(ii) inspections of vegetation cut for the primary purpose of ensuring the work has been undertaken in an appropriate manner; and

(c) liaising with landowners, including either:
   (i) the issue of trim notices;
   (ii) the issue of cut notices;
   (iii) the issue of trim and cut notices; and
   (iv) follow-up calls on notices; and

(d) the felling or trimming of vegetation to meet externally imposed requirements or internal policy, including operational support such as any mobile generation used during the activity.

**voluntary undercharging amount foregone** means—

(a) where a non-exempt EDB’s forecast revenue from prices for an assessment period is less than voluntary undercharging revenue floor for that assessment period, an amount calculated in accordance with the formula—

\[
\text{voluntary undercharging revenue floor} - \text{forecast revenue from prices};
\]

(b) where a non-exempt EDB’s forecast revenue from prices for an assessment period is greater than voluntary undercharging revenue floor for that assessment period, nil.

**voluntary undercharging revenue floor** means, for the purposes of calculating the ‘voluntary undercharging amount foregone’ for an assessment period, the lesser of—

(a) a non-exempt EDB’s forecast allowable revenue for that assessment period \( \times \) voluntary undercharging threshold; and

(b) \((1 + \text{limit on annual percentage increase in forecast revenue from prices}) \times \text{that EDB’s forecast revenue from prices} \) for the previous assessment period.

**voluntary undercharging threshold** means for all non-exempt EDBs, 90%
wash-up amount means the amount calculated for each assessment period as specified in paragraph (1) of Schedule 1.6

wildlife means an unplanned interruption resulting from wildlife contact and includes, but is not limited to:

(a) birds;
(b) possums;
(c) vermin; and
(d) cats

working day has the meaning given in section 2(1) of the Act.
5. **Default price-quality path**

During the **DPP regulatory period**, every **non-exempt EDB** must comply with the price-quality path, which consists of—

(a) the price path specified in clause 8; and

(b) the quality standards specified in clause 9.

6. **Applicable input methodologies**

6.1 The **input methodologies** that apply are the following parts of the **IM determination**:

(a) Subpart 1 of Part 3 – specification of price;

(b) Subpart 2 of Part 3 – amalgamations;

(c) Subpart 3 of Part 3 – incremental rolling incentive scheme;

(d) Subpart 1 of Part 4 – cost allocation;

(e) Subpart 2 of Part 4 – asset valuation;

(f) Subpart 3 of Part 4 – treatment of taxation;

(g) Subpart 4 of Part 4 – cost of capital;

(h) Subpart 5 of Part 4 – reconsideration of the default price-quality path;

(i) Subpart 6 of Part 4 – treatment of periods that are not 12 month periods; and

(j) Subpart 7 of Part 4 – availability of information.

7. **Dates for proposing a customised price-quality path**

7.1 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2021, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 12 June 2020.

7.2 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2022, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 11 July 2021.

7.3 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2023, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 10 July 2022.

7.4 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2024, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 9 July 2023.
Where a non-exempt EDB elects to propose a customised price-quality path which commences 1 April 2025, that non-exempt EDB must submit a proposal for the customised price-quality path no later than 29 March 2024.

A non-exempt EDB may not submit a proposal for a customised price-quality path to the Commission within the fifth assessment period of the DPP regulatory period.

Starting price

The starting price that applies to a non-exempt EDB for the DPP regulatory period, other than Powerco Limited and Wellington Electricity Lines Limited, is set out in Schedule 1.1.

Rates of change

The annual rates of change in revenue, relative to CPI, that are allowed for a non-exempt EDB during the DPP regulatory period are set out in Schedule 1.2.

Compliance with the price path

In respect of the first assessment period of the DPP regulatory period, to comply with the price path for an assessment period of the DPP regulatory period, a non-exempt EDB’s forecast revenue from prices for that assessment period must not exceed the forecast allowable revenue for that assessment period.

Subject to clause 8.5, in respect of the second to fifth assessment periods of the DPP regulatory period, to comply with the price path for an assessment period of the DPP regulatory period, a non-exempt EDB’s forecast revenue from prices for that assessment period of the DPP regulatory period must not exceed the lesser of:

(a) the forecast allowable revenue for that assessment period; and

(b) the amount determined in accordance with the following formula:

the forecast revenue from prices for the previous assessment period x (1 + limit on annual percentage increase in forecast revenue from prices).

8.5 Where a non-exempt EDB is party to a transfer in an assessment period, then that non-exempt EDB’s forecast revenue from prices for the assessment period immediately following the transfer must not exceed the forecast allowable revenue for the assessment period immediately following the transfer.

Wash-up amount calculation

A non-exempt EDB must calculate the wash-up amount for each assessment period using the methodology specified in Schedule 1.6.
9. Quality standards

Compliance with planned interruptions quality standard

9.1 A non-exempt EDB must comply with the planned interruptions reliability assessment cap specified in clause 9.2 for the DPP regulatory period.

Planned interruptions reliability assessment cap

9.2 For the purpose of clause 9.1, subject to clauses 9.3-9.6, to comply with the planned interruptions reliability assessment cap, in respect of planned interruptions, at the end of the fifth assessment period of the DPP regulatory period—

(a) the sum of a non-exempt EDB’s planned SAIDI assessed values for the DPP regulatory period, being the sum accumulated for all five assessment periods of the DPP regulatory period, must not exceed the planned accumulated SAIDI limit specified in paragraph (1) of Schedule 3.1 or, where applicable, the adjusted planned accumulated SAIDI limit; and

(b) the sum of a non-exempt EDB’s planned SAIFI assessed values for the DPP regulatory period, being the sum accumulated for all five assessment periods of the DPP regulatory period, must not exceed the planned accumulated SAIFI limit specified in paragraph (1) of Schedule 3.1 or, where applicable, the adjusted planned accumulated SAIFI limit.

9.3 If at any time during the DPP regulatory period a non-exempt EDB transitions from the default price-quality path onto a customised price-quality path:

(a) the planned accumulated SAIDI limit and planned accumulated SAIFI limit for that non-exempt EDB under the default price-quality path that it is leaving will be adjusted in accordance with clause 9.4; and

(b) the non-exempt EDB must not exceed that adjusted planned accumulated SAIDI limit and adjusted planned accumulated SAIFI limit at the time the non-exempt EDB transitions from the default price-quality path onto the customised price-quality path.

9.4 For the purposes of clause 9.3:

(a) the ‘adjusted planned accumulated SAIDI limit’ is calculated by:

(i) dividing the non-exempt EDB’s planned accumulated SAIDI limit specified in paragraph (1) of Schedule 3.1 by 5 (‘sum 1’); and

(ii) multiplying ‘sum 1’ by the number of assessment periods that the non-exempt EDB has been subject to under the default price-quality path prior to transitioning onto the customised price-quality path; and

(b) the ‘adjusted planned accumulated SAIFI limit’ is calculated by:
(i) dividing the non-exempt EDB’s planned accumulated SAIFI limit specified in paragraph (1) of Schedule 3.1 by 5 (‘sum 1’); and

(ii) multiplying ‘sum 1’ by the number of assessment periods that the non-exempt EDB has been subject to under the default price-quality path prior to transitioning onto the customised price-quality path.

9.5 If at any time during the DPP regulatory period a non-exempt EDB transitions from a customised price-quality path onto the default price-quality path the planned accumulated SAIDI limit and planned accumulated SAIFI limit for that non-exempt EDB under the default price-quality path that it is joining will be adjusted in accordance with clause 9.6.

9.6 For the purposes of clause 9.5:

(a) the ‘adjusted planned accumulated SAIDI limit’ is calculated by:

(i) dividing the non-exempt EDB’s planned accumulated SAIDI limit specified in paragraph (1) of Schedule 3.1 by 5 (‘sum 1’); and

(ii) multiplying ‘sum 1’ by the number of assessment periods that the non-exempt EDB will be subject to under the default price-quality path after transitioning from the customised price-quality path; and

(b) the ‘adjusted planned accumulated SAIFI limit’ is calculated by:

(i) dividing the non-exempt EDB’s planned accumulated SAIFI limit specified in paragraph (1) of Schedule 3.1 by 5 (‘sum 1’); and

(ii) multiplying ‘sum 1’ by the number of assessment periods that the non-exempt EDB will be subject to under the default price-quality path after transitioning from the customised price-quality path.

Compliance with unplanned interruptions quality standard

9.7 A non-exempt EDB must, in respect of each assessment period, comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 for that assessment period.

Annual unplanned interruptions reliability assessment

9.8 For the purpose of clause 9.7, to comply with the annual unplanned interruptions reliability assessment—

(a) a non-exempt EDB’s unplanned SAIDI assessed value for unplanned interruptions for the assessment period must not exceed the unplanned SAIDI limit specified in paragraph (1) of Schedule 3.2; and
(b) a non-exempt EDB’s unplanned SAIFI assessed value for unplanned interruptions for the assessment period must not exceed the unplanned SAIFI limit specified in paragraph (1) of Schedule 3.2.

Compliance with extreme event standard

9.9 A non-exempt EDB must, in respect of each assessment period, comply with the extreme event standard specified in clause 9.10 for that assessment period.

Extreme event standard

9.10 For the purpose of clause 9.9, to comply with the extreme event standard, a non-exempt EDB must not have an extreme event in the assessment period.

10. Transactions

Requirement to notify the Commission of large transactions

10.1 Each non-exempt EDB must notify the Commission in writing within 30 working days after entering into an agreement with another EDB or Transpower for an amalgamation, merger, major transaction, or transfer.

Transfers

10.2 Where a non-exempt EDB is party to a transfer it must adjust its—

(a) forecast net allowable revenue and wash-up amount;
(b) planned accumulated SAIDI limit;
(c) planned accumulated SAIFI limit;
(d) unplanned SAIDI limit;
(e) unplanned SAIFI limit;
(f) SAIDI unplanned boundary value;
(g) SAIFI unplanned boundary value;
(h) SAIDI planned interruption cap;
(i) SAIDI unplanned interruption cap;
(j) SAIDI planned interruption target;
(k) SAIDI unplanned interruption target; and
(l) incentive rate.

10.3 The measures specified in clause 10.2 must be adjusted in accordance with clauses 10.4 to 10.18.
Where a non-exempt EDB makes transfers to another non-exempt EDB

10.4 Where a non-exempt EDB is party to a transfer with another non-exempt EDB, it must agree with the other non-exempt EDB—

(a) an allocation of the forecast net allowable revenue and wash-up amount attributable to the consumers transferred as a result of the transfer that is:

(i) reasonable; and

(ii) supported by a robust and verifiable analysis; and

(b) an allocation of the measures specified in clause 10.2(b)-(l) that:

(i) best reflects the historic reliability of those parts of the network which have been the subject of the transfer; and

(ii) is supported by a robust and verifiable analysis,

where the allocations required under clauses 10.4(a) and 10.4(b) are subject to the approval of the Commission.

10.5 Where an allocation under clause 10.4(a) has been approved by the Commission—

(a) a non-exempt EDB transferring consumers must reduce its net forecast allowable revenue and wash-up amount by the amount determined in accordance with clause 10.4(a) for the remaining assessment periods of the DPP regulatory period; and

(b) a non-exempt EDB receiving a transfer of consumers must increase its net forecast allowable revenue and wash-up amount by the amount determined in accordance with clause 10.4(a) for the remaining assessment periods of the DPP regulatory period.

10.6 The Commission will approve an allocation made by an EDB under clauses 10.4(a), 10.4(b), 10.8(a), 10.8(b), 10.12(a), 10.12(b) or 10.17 if it is satisfied that the EDB has complied with the requirements applying to that allocation.

10.7 Where an allocation under clause 10.4(b) has been approved by the Commission, the non-exempt EDBs must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.4(b) for the remaining assessment periods of the DPP regulatory period.

Where there is a major transaction for a non-exempt EDB, but not a major transaction for the other non-exempt EDB

10.8 Where a non-exempt EDB is a party to a transaction with another non-exempt EDB and that transaction would be a major transaction for one party and a transfer for the other party, the non-major transaction EDB must apply—
(a) an allocation of the **forecast net allowable revenue** and **wash-up amount** attributable to the **consumers** transferred as a result of the **transfer** that is:

(i) reasonable; and

(ii) supported by a robust and verifiable analysis; and

(b) an allocation of the measures specified in clause 10.2(b)-(l) that:

(i) best reflects the historic reliability of those parts of the **network** which have been the subject of the **transfer**; and

(ii) is supported by a robust and verifiable analysis,

where the allocations required under clauses 10.8(a) and clause 10.8(b) are subject to the approval of the **Commission**.

10.9 Where an allocation under clause 10.8(a) has been approved by the **Commission** and **consumers** are transferred from the **non-major transaction EDB**, the **non-major transaction EDB** must reduce its **forecast net allowable revenue** and adjust its **wash-up amount** by the amount determined in accordance with clause 10.8(a) for the remaining **assessment periods** of the **DPP regulatory period**.

10.10 Where an allocation under clause 10.8(a) has been approved by the **Commission** and the **non-major transaction EDB** receives a **transfer** of **consumers**, the **non-major transaction EDB** must increase its **forecast net allowable revenue** and adjust its **wash-up amount** by the amount determined in accordance with clause 10.8(a) for the remaining **assessment periods** of the **DPP regulatory period**.

10.11 Where an allocation under clause 10.8(b) has been approved by the **Commission**, the **non-major transaction EDB** must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.8(b) for the remaining **assessment periods** of the **DPP regulatory period**.

**Where a non-exempt EDB makes transfers to an exempt EDB**

10.12 Where a **non-exempt EDB** is party to a **transfer** with an **exempt EDB**, it must agree with the **exempt EDB**—

(a) an allocation of the **forecast net allowable revenue** and **wash-up amount** attributable to the **consumers** transferred as a result of the **transfer** that is:

(i) reasonable; and

(ii) supported by a robust and verifiable analysis; and

(b) an allocation of the measures specified in clause 10.2(b)-(l) that:

(i) best reflects the historic reliability of those parts of the **network** which have been the subject of the **transfer**; and
where the allocations required under clauses 10.12(a) and clause 10.12(b) are subject to the approval of the Commission.

10.13 Where an allocation under clause 10.12(a) has been approved by the Commission and consumers are transferred from the non-exempt EDB, the non-exempt EDB must reduce its forecast net allowable revenue and adjust its wash-up amount by the amount determined in accordance with clause 10.12(a) for the remaining assessment periods of the DPP regulatory period.

10.14 Where an allocation under clause 10.12(a) has been approved by the Commission and the non-exempt EDB receives a transfer of consumers, the non-exempt EDB must increase its forecast net allowable revenue and adjust its wash-up amount by the amount determined in accordance with clause 10.12(a) for the remaining assessment periods of the DPP regulatory period.

10.15 Where an allocation under clause 10.12(b) has been approved by the Commission, the non-exempt EDB must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.12(b) for the remaining assessment periods of the DPP regulatory period.

**Transactions resulting in an amalgamation or merger**

10.16 Where a non-exempt EDB completes—

(a) an amalgamation with one or more non-exempt EDBs, clause 3.2.1 of the IM determination applies, unless clause 4.5.6(1)(a)(iv) of the IM determination applies; and

(b) a merger with one or more non-exempt EDBs, clause 3.2.1 of the IM determination applies as if it were an amalgamation.

10.17 Where a non-exempt EDB completes an amalgamation or merger and that transaction does not result in a major transaction, it must apply an aggregation of the measures specified in clause 10.2(b)-(l) that:

(a) best reflects the historic reliability of the networks which have been the subject of the amalgamation or merger; and

(b) is supported by a robust and verifiable analysis,

where that aggregation is subject to the approval of the Commission.

10.18 Where an aggregation under clause 10.17 has been approved by the Commission, the non-exempt EDB must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.17 for the remaining assessment periods of the DPP regulatory period.
11. Annual compliance statements

Annual price-setting compliance statement

11.1 A non-exempt EDB must—

(a) provide to the Commission a written ‘annual price-setting compliance statement’ in respect of price setting for each assessment period before the start of each assessment period;

(b) make the ‘annual price-setting compliance statement’ and the director’s certificate provided under clause 11.2(c) publicly available on its website at the same time it provides it to the Commission; and

(c) provide to the Commission schedules reflecting the prices and forecast quantities used in the calculation of forecast revenue from prices, disclosed in an electronic format that is compatible with Microsoft Excel, with the ‘annual price-setting compliance statement’.

11.2 The ‘annual price-setting compliance statement’ must—

(a) state whether or not the non-exempt EDB has:

(i) in respect of the first assessment period of the DPP regulatory period, complied with the price path in clause 8.3 for the assessment period; or

(ii) in respect of the second to fifth assessment periods of the DPP regulatory period, complied with the price path in clause 8.4 for the assessment period;

(b) state the date on which the statement was prepared; and

(c) include a certificate in the form set out in Schedule 6, signed by at least one director of the non-exempt EDB.

11.3 The ‘annual price-setting compliance statement’ must include the following information—

(a) the non-exempt EDB’s calculation of its forecast revenue from prices together with supporting information for all components of the calculation;

(b) the non-exempt EDB’s calculation of its forecast allowable revenue together with supporting information for all components of the calculation;

(c) if the non-exempt EDB has not complied with the price path, the reasons for the non-compliance; and
(d) if the non-exempt EDB has not complied with the price path, any actions taken to mitigate any non-compliance and to prevent similar non-compliance in future assessment periods.

Annual compliance statement in respect of the wash-up amount calculation, quality standards and transactions

11.4 A non-exempt EDB must—

(a) provide to the Commission a written ‘annual compliance statement’ in respect of the wash-up amount calculation, quality standards and quality incentives and transactions within 5 months after the end of each assessment period;

(b) make the ‘annual compliance statement’ publicly available on its website at the same time it provides it to the Commission; and

(c) provide to the Commission schedules reflecting the prices and actual quantities used to calculate the wash-up amount, disclosed in an electronic format that is consistent with Microsoft Excel, with the ‘annual compliance statement’.

11.5 The ‘annual compliance statement’ must—

(a) state whether or not the non-exempt EDB has—

(i) complied with the requirements to calculate the wash-up amount in clause 8.6 for the assessment period; and

(ii) complied with the quality standards in clause 9 for the assessment period;

(b) state the day on which the statement was prepared;

(c) state whether or not the non-exempt EDB has entered into any agreement with another EDB or Transpower for an amalgamation, merger, major transaction or transfer in the assessment period;

(d) include a certificate in the form set out in Schedule 7, signed by at least one director of the non-exempt EDB; and

(e) be accompanied by an assurance report meeting the requirements in Schedule 8, in respect of all information contained in the ‘annual compliance statement’.

11.6 The ‘annual compliance statement’ must include any information reasonably necessary to demonstrate whether the non-exempt EDB has complied with clause 8.6, clause 9, clauses 10.1-10.18 and Schedule 4, including, but not limited to—
Wash-up amount calculation

(a) details of the **wash-up amount** calculation as specified in clause 8.6, together with supporting information for all components of the calculation;

Quality standards and quality incentives compliance

(b) actions taken to mitigate any non-compliance with clause 9 and Schedules 3.1-3.3 and to prevent similar non-compliance in future **assessment periods**;

(c) for the planned interruptions reliability assessment cap specified in clause 9.2, the **planned SAIDI assessed value**, **planned SAIFI assessed value**, **planned SAIDI accumulated limit** and **planned SAIFI accumulated limit** for the **assessment period**, and any supporting calculations (including those in Schedule 3.1);

(d) for the annual unplanned interruptions reliability assessment specified in clause 9.8, the **unplanned SAIDI assessed value**, **unplanned SAIFI assessed value**, **unplanned SAIDI limit**, **unplanned SAIFI limit**, **SAIDI unplanned boundary value** and **SAIFI unplanned boundary value** for the **assessment period**, and any supporting calculations (including those in Schedule 3.2);

(e) for the **quality incentive adjustment**, **SAIDI planned interruption cap**, **SAIDI unplanned interruption cap**, **SAIDI planned interruption collar**, **SAIDI unplanned interruption collar**, **SAIDI planned interruption target**, **SAIDI unplanned interruption target** and **incentive rate** for the **assessment period**, and any supporting calculations (including those in Schedule 4);

(f) a description of the policies and procedures which the **non-exempt EDB** has used for capturing and recording **Class B interruptions** and **Class C interruptions**, and for calculating **planned SAIDI assessed values** and **unplanned SAIDI assessed values** and **planned SAIFI assessed values** and **unplanned SAIFI assessed values** for the **assessment period**;

(g) information relating to each **SAIDI major event** within the **assessment period**, including:

(i) the cause of the **SAIDI major event**;

(ii) the start date (dd/mm/yyyy) of the **SAIDI major event**;

(iii) the start time (hh:mm am/pm) of the **SAIDI major event**;

(iv) the end date (dd/mm/yyyy) of the **SAIDI major event**;

(v) the end time (hh:mm am/pm) of the **SAIDI major event**;
(vi) the **SAIDI value** of the **SAIDI major event** before any replacements under paragraph (2) of Schedule 3.2 occurred;

(vii) the replaced **SAIDI value** of the **SAIDI major event** in accordance with paragraph (2) of Schedule 3.2;

(viii) the **location** of the **SAIDI major event**;

(ix) the **main equipment** involved in the **SAIDI major event**;

(x) how the **non-exempt EDB** responded to the **SAIDI major event**;

(xi) any mitigating factors that may have prevented or minimised the **SAIDI major event**;

(xii) a description of any steps the **non-exempt EDB** proposes to take to mitigate the risk of future similar **SAIDI major events**;

(h) information relating to each **SAIFI major event** within the assessment period, including:

(i) the **cause** of the **SAIFI major event**;

(ii) the start date (dd/mm/yyyy) of the **SAIFI major event**;

(iii) the start time (hh:mm am/pm) of the **SAIFI major event**;

(iv) the end date (dd/mm/yyyy) of the **SAIFI major event**;

(v) the end time (hh:mm am/pm) of the **SAIFI major event**;

(vi) the **SAIFI value** of the **SAIFI major event** before any replacements under paragraph (3) of Schedule 3.2 occurred;

(vii) the replaced **SAIFI value** of the **SAIFI major event** in accordance with paragraph (3) of Schedule 3.2;

(viii) the **location** of the **SAIFI major event**;

(ix) the **main equipment** involved in the **SAIFI major event**;

(x) how the **non-exempt EDB** responded to the **SAIFI major event**;
any mitigating factors that may have prevented or minimised the SAI FI major event;

(a description of any steps the non-exempt EDB proposes to take to mitigate the risk of future similar SAI FI major events; and

Transactions

(i) all information and calculations required to be made under clauses 10.1-10.18, including:

(i) all adjusted measures made in accordance with clauses 10.4-10.18;

(ii) any supporting information and calculations used to determine the adjusted measures made in accordance with clauses 10.4-10.18;

(iii) details of the wash-up amount calculation for the period in an assessment period commencing 1 April and ending on the day where a transfer, major transaction, amalgamation, or merger has occurred, and any supporting information for all components of the calculation;

(iv) the sum of the SAI DI values for Class B interruptions for the period in an assessment period commencing 1 April and ending on the day where a transfer, major transaction, amalgamation, or merger has occurred, and any supporting calculations;

(v) the sum of the SAI DI values for Class C interruptions for the period in an assessment period commencing 1 April and ending on the day where a transfer, major transaction, amalgamation, or merger has occurred, and any supporting calculations;

(vi) the sum of the SAI FI values for Class B interruptions for the period in an assessment period commencing 1 April and ending on the day where a transfer, major transaction, amalgamation, or merger has occurred, and any supporting calculations; and

(vii) the sum of the SAI FI values for Class C interruptions for the period in an assessment period commencing 1 April and ending on the day where a transfer, major transaction, amalgamation, or merger has occurred, and any supporting calculations.

12. Reporting requirements

12.1 If a non-exempt EDB has not complied with clauses 9.1 and 9.2, it must—

(a) provide to the Commission the ‘planned interruption reporting’ specified in clause 12.2 within 5 months after the end of the assessment period where the non-exempt EDB first exceeded the planned interruptions reliability assessment cap specified in clause 9.2; and
(b) make the ‘planned interruptions reporting’ specified in clause 12.2 publicly available on its website at the same time it provides it to the Commission.

12.2 For the purpose of clause 12.1, the ‘planned interruptions reporting’ must contain—

(a) the reasons for not complying with the planned interruptions reliability assessment cap specified in clause 9.2 and supporting evidence for those reasons;

(b) for each Class B interruption during the DPP regulatory period:

(i) the start date (dd/mm/yyyy) of the Class B interruption;

(ii) the start time (hh:mm am/pm) of the Class B interruption;

(iii) the end date (dd/mm/yyyy) of the Class B interruption;

(iv) the end time (hh:mm am/pm) of the Class B interruption;

(v) SAIDI value of the Class B interruption;

(c) any strategy for managing Class B interruptions that was in place for the DPP regulatory period;

(d) any analysis or investigation of the Class B interruptions for the DPP regulatory period;

(e) an outline of any intended strategy, intended analysis, or intended investigation that would meet the requirements specified in clause 12.2(c)-(d) which is planned, but not yet completed; and

(f) a certificate in the form set out in Schedule 9, signed by at least one director of the non-exempt EDB.

12.3 If a non-exempt EDB has not complied with clauses 9.7 and 9.8 for an assessment period, it must—

(a) provide to the Commission the ‘unplanned interruptions reporting’ specified in clause 12.4 within 5 months after the end of that assessment period; and

(b) make the ‘unplanned interruptions reporting’ specified in clause 12.4 publicly available on its website at the same time it provides it to the Commission.

12.4 For the purpose of clause 12.3, the ‘unplanned interruptions reporting’ must contain—
(a) the reasons for not complying with the annual unplanned interruptions reliability assessment specified in clause 9.8 and supporting evidence for those reasons;

(b) for each Class C interruption for the assessment period:

(i) the start date (dd/mm/yyyy) of the Class C interruption;

(ii) the start time (hh:mm am/pm) of the Class C interruption;

(iii) the end date (dd/mm/yyyy) of the Class C interruption;

(iv) the end time (hh:mm am/pm) of the Class C interruption;

(v) SAIDI value of the Class C interruption;

(vi) SAIFI value of the Class C interruption;

(vii) the cause;

(c) any existing independent reviews of the state of the network or operational practices completed in the assessment period in which the non-exempt EDB failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 or in any of the three preceding assessment periods;

(d) where there was a SAIDI major event or SAIFI major event during the assessment period in which the non-exempt EDB first failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8, any investigations of that SAIDI major event or SAIFI major event;

(e) any investigations into why the non-exempt EDB failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 for the assessment period;

(f) any analysis, conducted in the assessment period in which the non-exempt EDB failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 or in any of the three preceding assessment periods, of:

(i) trends in asset condition;

(ii) the causes of Class C interruptions;

(iii) asset replacement and renewal; or

(iv) vegetation management;
(g) an outline of any intended reviews, intended analysis, or intended investigation that would meet the categories specified in clause 12.4(c)-(f), which is planned, but not yet completed; and

(h) a certificate in the form set out in Schedule 10, signed by at least one director of the non-exempt EDB.

12.5 If a non-exempt EDB has not complied with clauses 9.9 and 9.10 for an assessment period, it must—

(a) provide to the Commission the ‘extreme event standard reporting’ specified in clause 12.6 within 5 months after the end of that assessment period; and

(b) make the ‘extreme event standard reporting’ specified in clause 12.6 publicly available on its website at the same time it provides it to the Commission.

12.6 For the purpose of clause 12.5, the ‘extreme event standard reporting’ must contain—

(a) the reasons for not complying with the extreme event standard specified in clause 9.10 and supporting evidence for those reasons;

(b) for each Class C interruption that starts within an extreme event:

   (i) the start date (dd/mm/yyyy) of the Class C interruption;

   (ii) the start time (hh:mm am/pm) of the Class C interruption;

   (iii) the end date (dd/mm/yyyy) of the Class C interruption;

   (iv) the end time (hh:mm am/pm) of the Class C interruption;

   (v) SAIDI value of the Class C interruption;

   (vi) SAIFI value of the Class C interruption;

(c) any existing independent reviews of the state of the network or operational practices completed in the assessment period that the extreme event occurred or the three preceding assessment periods;

(d) any analysis of:

   (i) trends in asset condition for any assets relating to the extreme event; or

   (ii) the sufficiency of asset replacement and renewal for assets relating to the extreme event;
(e) any investigation, analysis, or post-event review conducted of the extreme event;

(f) an outline of any intended review, intended analysis, or intended investigation that would meet the categories specified in clause 12.6(c)-(e), which is planned, but not yet completed; and

(g) a certificate in the form set out in Schedule 11, signed by at least one director of the non-exempt EDB.

Elisabeth Wilson, Commissioner

Dated at Wellington this 27th day of November 2019.

COMMERCE COMMISSION
**Schedule 1.1: Starting prices**

Clause 8.1

(1) The starting prices that apply for the DPP regulatory period for each non-exempt EDB, specified as actual net allowable revenue* for the first assessment period of the DPP regulatory period, are as set out in Table 1.1.1.

Table 1.1.1: Starting prices for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Actual net allowable revenue ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>42,653</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>87,335</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>9,367</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>33,259</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>24,028</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>12,258</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>23,912</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>5,502</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>26,452</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>158,498</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>25,779</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>34,708</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>38,015</td>
</tr>
<tr>
<td>Unison Networks Limited</td>
<td>100,019</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>388,707</td>
</tr>
</tbody>
</table>

*Actual net allowable revenue means for the first assessment period of the DPP regulatory period, the forecast net allowable revenue for the first assessment period of the DPP regulatory period.*
Schedule 1.2: Annual rates of change

Clause 8.2

(1) The annual rate of change is the annual rate of change generally applicable to all non-exempt EDBs for the DPP regulatory period, unless an alternative rate of change is specified for the non-exempt EDB.

(2) The annual rate of change generally applicable to all non-exempt EDBs for the DPP regulatory period is 0%.
Schedule 1.3: Calculation of forecast revenue from prices

Clauses 8.3, 8.4 and 8.5

(1) When setting prices for an assessment period, a non-exempt EDB must calculate the ‘forecast revenue from prices’ for the assessment period.

(2) When calculating the ‘forecast revenue from prices’, a non-exempt EDB must prepare a forecast of quantities for the assessment period to which the prices for the assessment period will apply.

(3) The ‘forecast revenue from prices’ must be calculated as the sum of each price multiplied by each corresponding forecast quantity.

(4) All forecast quantities used to calculate the ‘forecast revenue from prices’ must be demonstrably reasonable.
Schedule 1.4: Forecast net allowable revenue

Clauses 8.3, 8.4 and 8.5

(1) The forecast net allowable revenue for non-exempt EDBs for the DPP regulatory period is as set out in Table 1.4.1.

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Assessment period ending 31 March 2021</th>
<th>Assessment period ending 31 March 2022</th>
<th>Assessment period ending 31 March 2023</th>
<th>Assessment period ending 31 March 2024</th>
<th>Assessment period ending 31 March 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>42,653</td>
<td>43,484</td>
<td>44,365</td>
<td>45,252</td>
<td>46,157</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>87,335</td>
<td>89,038</td>
<td>90,841</td>
<td>92,657</td>
<td>94,511</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>9,367</td>
<td>9,550</td>
<td>9,743</td>
<td>9,938</td>
<td>10,137</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>33,259</td>
<td>33,907</td>
<td>34,594</td>
<td>35,286</td>
<td>35,991</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>24,028</td>
<td>24,497</td>
<td>24,993</td>
<td>25,493</td>
<td>26,003</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>12,258</td>
<td>12,497</td>
<td>12,750</td>
<td>13,005</td>
<td>13,265</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>23,912</td>
<td>24,378</td>
<td>24,872</td>
<td>25,370</td>
<td>25,877</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>5,502</td>
<td>5,609</td>
<td>5,723</td>
<td>5,837</td>
<td>5,954</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>26,452</td>
<td>26,968</td>
<td>27,514</td>
<td>28,065</td>
<td>28,626</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>158,498</td>
<td>161,589</td>
<td>164,860</td>
<td>168,158</td>
<td>171,521</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>25,779</td>
<td>26,282</td>
<td>26,814</td>
<td>27,351</td>
<td>27,898</td>
</tr>
<tr>
<td>Company</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>34,708</td>
<td>35,385</td>
<td>36,101</td>
<td>36,823</td>
<td>37,560</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>38,015</td>
<td>38,756</td>
<td>39,541</td>
<td>40,331</td>
<td>41,138</td>
</tr>
<tr>
<td>Unison Networks Limited</td>
<td>100,019</td>
<td>101,970</td>
<td>104,035</td>
<td>106,115</td>
<td>108,238</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>388,707</td>
<td>396,288</td>
<td>404,312</td>
<td>412,398</td>
<td>420,646</td>
</tr>
</tbody>
</table>
Schedule 1.5: Calculation of forecast allowable revenue

Clauses 8.3, 8.4 and 8.5

(1) When setting prices for an assessment period, a non-exempt EDB must calculate the ‘forecast allowable revenue’.

(2) When calculating the ‘forecast allowable revenue’, a non-exempt EDB must prepare a forecast of pass-through costs and a forecast of recoverable costs, excluding any recoverable cost that is a revenue wash-up draw down amount.

(3) All forecasts of pass-through costs and recoverable costs used to calculate the ‘forecast allowable revenue’ must be demonstrably reasonable.

(4) For the purposes of paragraph (3) of Schedule 1.5, recoverable costs include the amounts specified in Schedule 2.1.

(5) Subject to clauses 10.4 to 10.5, 10.8-10.10, 10.12-10.14 and 10.16, the ‘forecast allowable revenue’ for an assessment period is the amount calculated in accordance with the following formula—

\[ FNAR + FPRC + OWAB + PTBA \]

where—

\( FNAR \) is the forecast net allowable revenue;

\( FPRC \) is the forecast pass-through and recoverable costs;

\( OWAB \) is the opening wash-up account balance; and

\( PTBA \) is the pass-through balance allowance.
Schedule 1.6: Calculation of wash-up amount for an assessment period

Clause 8.6

Formula for wash-up amount

(1) The ‘wash-up amount’ is the amount calculated in accordance with the following formula—

\[ AAR - AR - RV \]

where—

- \( AAR \) is the **actual allowable revenue**;
- \( AR \) is the **actual revenue**; and
- \( RV \) is the **revenue foregone**.

Actual allowable revenue

(2) For the purposes of paragraph (1) of Schedule 1.6, ‘actual allowable revenue’ means—

(a) for the first **assessment period** of the **DPP regulatory period**, the amount calculated in accordance with the formula—

\[ \text{actual net allowable revenue} + \text{actual pass-through costs and recoverable costs} - (\text{pass-through balance} \times (1 + 67\text{th percentile estimate of post-tax WACC})) \]

(b) for the second **assessment period** of the **DPP regulatory period**, the amount calculated in accordance with the formula—

\[ \text{actual net allowable revenue} + \text{actual pass-through costs and recoverable costs} \]

(c) for the third to fifth **assessment periods** of the **DPP regulatory period**, the amount calculated in accordance with the formula—

\[ \text{actual net allowable revenue} + \text{actual pass-through costs and recoverable costs} + \text{revenue wash-up draw down amount} \]

(3) For the purposes of paragraphs (2)(b)-(c) of Schedule 1.6, ‘actual net allowable revenue’ for the second to fifth **assessment periods** of the **DPP regulatory period** means the amount calculated using the following formula—

\[ ANAR_{\text{previous}} \times (1 + \Delta CPI_t) \times (1 - X) \]
where—

\( ANAR_{\text{previous}} \) is the ‘actual net allowable revenue’ of the previous assessment period;

\( X \) is the annual rate of change as specified in Schedule 1.2; and

\( \Delta CPI \) is the derived change in the CPI to be applied for the assessment period, calculated in accordance with the formula—

\[
\Delta CPI = \frac{CPI_{\text{Jun},t-1} + CPI_{\text{Sep},t-1} + CPI_{\text{Dec},t-1} + CPI_{\text{Mar},t}}{CPI_{\text{Jun},t-2} + CPI_{\text{Sep},t-2} + CPI_{\text{Dec},t-2} + CPI_{\text{Mar},t-1}} - 1
\]

where—

\( CPI_{q,t-n} \) is the CPI for the quarter year ending \( q \) in the 12-month period \( n \) years prior to year \( t \); and

\( t \) is the year in which the assessment period ends.

(4) The ‘revenue wash-up draw down amount’ is the ‘opening wash-up account balance’ calculated in accordance with Schedule 1.7.
Schedule 1.7: Calculation of opening wash-up account balance

(1) The ‘opening wash-up account balance’ means—

(a) for the first and second assessment periods of the DPP regulatory period, nil; and

(b) for the third to fifth assessment periods of the DPP regulatory period, the closing wash-up account balance of the previous assessment period.

(2) For the purpose of paragraph (1)(b) of Schedule 1.7, the ‘closing wash-up account balance’ means for the second to fifth assessment periods of the DPP regulatory period, the amount calculated in accordance with the formula—

\[(\text{wash-up amount for the previous assessment period} - \text{voluntary undercharging amount foregone for the previous assessment period}) \times (1 + 67^{th} \text{ percentile estimate of post-tax WACC})^2\]
Schedule 2.1: Recoverable costs

(1) The forecast opex used for calculating the opex incentive amount is specified in paragraph (1) of Schedule 2.2.

(2) The forecast aggregate value of commissioned assets and retention factor used for calculating the capex incentive amount are specified in paragraphs (2)-(3) of Schedule 2.2.

(3) The extended reserves allowance for a non-exempt EDB must be approved in accordance with Schedule 5.2.

(4) The quality incentive adjustment for a non-exempt EDB must be calculated in accordance with Schedule 4.

(5) The process for the Commission approving a draw down amount by a non-exempt EDB from its innovation project allowance is set out in paragraphs (1)-(2) of Schedule 5.3, and it is this approved draw down amount of the innovation project allowance that constitutes a recoverable cost. The total innovation project allowance available to a non-exempt EDB for the DPP regulatory period is the amount specified in Table 5.1.
Schedule 2.2: Specified amounts for the incremental rolling incentive scheme

Schedule 2.1

(1) For the purposes of calculating the opex incentive amount for each non-exempt EDB for the DPP regulatory period, the forecast opex, and the assessment period to which it applies, is as set out in Table 2.2.1.

Table 2.2.1: Forecast opex for non-exempt EDBs for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Assessment period ending 31 March 2021</th>
<th>Assessment period ending 31 March 2022</th>
<th>Assessment period ending 31 March 2023</th>
<th>Assessment period ending 31 March 2024</th>
<th>Assessment period ending 31 March 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>19,420</td>
<td>20,012</td>
<td>20,629</td>
<td>21,237</td>
<td>21,816</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>45,951</td>
<td>47,583</td>
<td>49,291</td>
<td>50,986</td>
<td>52,627</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>4,226</td>
<td>4,334</td>
<td>4,446</td>
<td>4,555</td>
<td>4,657</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>12,666</td>
<td>13,058</td>
<td>13,468</td>
<td>13,906</td>
<td>14,329</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>10,620</td>
<td>10,902</td>
<td>11,197</td>
<td>11,499</td>
<td>11,784</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>5,181</td>
<td>5,311</td>
<td>5,446</td>
<td>5,585</td>
<td>5,716</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>9,978</td>
<td>10,255</td>
<td>10,544</td>
<td>10,841</td>
<td>11,121</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>2,255</td>
<td>2,325</td>
<td>2,398</td>
<td>2,473</td>
<td>2,545</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>11,161</td>
<td>11,513</td>
<td>11,880</td>
<td>12,253</td>
<td>12,609</td>
</tr>
</tbody>
</table>
(2) For the purposes of calculating the **capex incentive amount** for each non-exempt EDB for the **DPP regulatory period**, the *forecast aggregate value of commissioned assets*, and the **assessment period** to which it applies, is as set out in Table 2.2.2.

**Table 2.2.2: Forecast aggregate value of commissioned assets for non-exempt EDBs for the DPP regulatory period**

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Assessment period ending 31 March 2021</th>
<th>Assessment period ending 31 March 2022</th>
<th>Assessment period ending 31 March 2023</th>
<th>Assessment period ending 31 March 2024</th>
<th>Assessment period ending 31 March 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>16,663</td>
<td>16,978</td>
<td>15,377</td>
<td>14,673</td>
<td>14,151</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>47,628</td>
<td>50,750</td>
<td>48,246</td>
<td>38,773</td>
<td>43,211</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>6,060</td>
<td>2,774</td>
<td>3,968</td>
<td>2,841</td>
<td>2,964</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>18,050</td>
<td>17,941</td>
<td>17,797</td>
<td>15,711</td>
<td>14,723</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>9,685</td>
<td>10,136</td>
<td>8,982</td>
<td>9,383</td>
<td>10,052</td>
</tr>
<tr>
<td>Company</td>
<td>4,656</td>
<td>5,053</td>
<td>5,568</td>
<td>5,578</td>
<td>5,126</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>8,322</td>
<td>6,720</td>
<td>8,075</td>
<td>8,521</td>
<td>8,567</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>1,627</td>
<td>1,710</td>
<td>1,664</td>
<td>1,666</td>
<td>1,672</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>10,290</td>
<td>12,261</td>
<td>9,042</td>
<td>10,072</td>
<td>8,472</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>72,172</td>
<td>63,777</td>
<td>89,624</td>
<td>79,930</td>
<td>84,444</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>13,990</td>
<td>13,504</td>
<td>18,003</td>
<td>23,071</td>
<td>13,935</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>18,321</td>
<td>16,919</td>
<td>15,874</td>
<td>16,558</td>
<td>15,250</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>14,593</td>
<td>15,127</td>
<td>16,515</td>
<td>16,264</td>
<td>16,597</td>
</tr>
<tr>
<td>Unison Networks Limited</td>
<td>46,746</td>
<td>52,525</td>
<td>50,531</td>
<td>46,852</td>
<td>48,041</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>211,120</td>
<td>209,600</td>
<td>213,424</td>
<td>209,518</td>
<td>197,132</td>
</tr>
</tbody>
</table>

(3) For the purposes of calculating the capex incentive amount for each non-exempt EDB for the DPP regulatory period, the retention factor is 23.5%.  

Schedule 3.1: Quality standards – planned interruptions

Clauses 9.1, 9.2, 9.3, 9.4, 9.5 and 9.6

(1) The planned accumulated SAIDI limits and planned accumulated SAIFI limits for planned interruptions for each non-exempt EDB for the DPP regulatory period, subject to clauses 9.3-9.6, 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18 are as set out in Table 3.1.1.

Table 3.1.1: Planned accumulated SAIDI limits and planned accumulated SAIFI limits for non-exempt EDBs for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Planned accumulated SAIDI limit for the DPP regulatory period</th>
<th>Planned accumulated SAIFI limit for the DPP regulatory period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>824.87</td>
<td>3.4930</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>979.80</td>
<td>5.5385</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>1,064.46</td>
<td>5.8573</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>1,376.08</td>
<td>4.8939</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>1,290.68</td>
<td>7.4745</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>114.49</td>
<td>0.5183</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>858.63</td>
<td>5.4415</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>180.11</td>
<td>2.3663</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>1,129.14</td>
<td>4.9021</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>198.40</td>
<td>0.7481</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>2,114.43</td>
<td>9.6212</td>
</tr>
<tr>
<td>Powerco Limited</td>
<td>772.50</td>
<td>3.5113</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>1,331.68</td>
<td>8.7527</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>1,905.36</td>
<td>7.7526</td>
</tr>
<tr>
<td>Unison Networks Limited</td>
<td>625.79</td>
<td>4.4649</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>585.38</td>
<td>2.8783</td>
</tr>
<tr>
<td>Wellington Electricity Lines Limited</td>
<td>69.70</td>
<td>0.5536</td>
</tr>
</tbody>
</table>
Calculation of the planned SAIDI assessed values

(2) A non-exempt EDB’s planned SAIDI assessed value \( (SAIDI_{\text{planned, assessed}}) \) for planned interruptions, intended interruptions cancelled without notice and intended interruptions cancelled with notice for an assessment period are calculated in accordance with the formula—

\[
SAIDI_{\text{planned, assessed}} = SAIDI_B + \frac{SAIDI_N}{2}
\]

where—

\( SAIDI_B \) is the sum of the SAIDI values:

(a) for any Class B interruptions commencing within the assessment period that are not Class B notified interruptions; and

(b) in respect of any Class B notified interruptions commencing within the assessment period that have occurred partially or wholly outside of their specified notified interruption window or alternate day, the SAIDI value attributable to the period of minutes that falls outside of that specified notified interruption window or alternate day.

\( SAIDI_N \) is the sum of:

(a) the SAIDI values attributable to any minutes that fall within the specified notified interruption window or alternate day of any Class B notified interruptions commencing within the assessment period, where the SAIDI value is the greater of that calculated based on:

(i) the duration of minutes accumulated for each ICP that the Class B notified interruption occurred for; and

(ii) the period of the notified interruption window minus two hours;

(b) the ‘intended SAIDI values’ of any intended interruption cancelled without notice in the assessment period, where the ‘intended SAIDI value’ for each of those intended interruptions cancelled without notice is the greater of that calculated based on:

(i) the duration of minutes accumulated for each ICP that the intended interruption occurred for, which will be nil; and

(ii) the period of the notified interruption window minus two hours; and
(c) the ‘intended SAIDI values’ of any intended interruption cancelled with notice in the assessment period, where the ‘intended SAIDI value’ for each of those intended interruptions cancelled with notice is nil.

Calculation of the planned SAIFI assessed values

(3) A non-exempt EDB’s planned SAIFI assessed value \( (SAIFI_{planned, assessed}) \) for planned interruptions for an assessment period is the sum of the SAIFI values for Class B interruptions commencing within the assessment period.

Additional notice

(4) ‘Additional notice’ means a notice provided by a non-exempt EDB before an intended interruption is due to commence that provides information on that intended interruption, where:

(a) the notice must specify:

(i) that the intended interruption is to be treated as a ‘notified interruption’;

(ii) the notified interruption window and, where applicable, the one alternate day;

(iii) the reason(s) for the intended interruption; and

(iv) information on where to access any further information or updates on the intended interruption, including any updates on whether the intended interruption will occur within the notified interruption window or the one alternate day; and

(b) the non-exempt EDB must ensure that the information provided under (a)(iii)-(iv) above is made accessible on the non-exempt EDB’s website or similar online tool at the same time that the notice is provided to the persons under (d);

(c) for the purposes of (a)(iv), the non-exempt EDB is providing an update that the intended interruption will occur on the alternate day, that update, prior to the commencement of the notified interruption window, must:

(i) be made accessible on the non-exempt EDB’s website or similar online tool;
(ii) specify any reasons for why the intended interruption will occur on the alternate day; and

(iii) be provided to the persons under (d); and

(d) the notice must be provided to:

(i) all of the non-exempt EDB’s consumers directly billed by the non-exempt EDB affected by the intended interruption no later than ten working days before that intended interruption is due to commence; and

(ii) for all of the non-exempt EDB’s consumers not directly billed by the non-exempt EDB affected by the intended interruption, one of the following:

A. all electricity retailers affected by the intended interruption no later than ten working days before that intended interruption is due to commence; or

B. all of the non-exempt EDB’s consumers (except for those consumers directly billed by the non-exempt EDB) affected by the intended interruption no later than four working days before that intended interruption is due to commence.

(5) The information provided in accordance with paragraph (4)(a)(ii)-(iv) of an additional notice may be amended in circumstances where the non-exempt EDB provides notice of that amendment to all persons subject to the original notice under paragraph (4)(d)(i)-(ii) above, where that amended notice:

(a) provides the reason(s) for the amendment; and

(b) is provided within the following applicable timeframe:

(i) at least 24-hours prior to the commencement of the notified interruption window or, where applicable, the alternate day; or

(ii) within the time limits specified in paragraph (4)(d)(i) and either (4)(d)(ii)A or (4)(d)(ii)B above if the amendment would result in a different start date than that specified in the notified interruption window or alternate day.
Schedule 3.2: Quality standards – unplanned interruptions

Clauses 9.7 and 9.8

(1) The unplanned SAIDI limits and unplanned SAIFI limits, and SAIDI unplanned boundary values and SAIFI unplanned boundary values, for unplanned interruptions for each non-exempt EDB for each assessment period of the DPP regulatory period, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 3.2.1.

Table 3.2.1: Unplanned SAIDI limits, unplanned SAIFI limits, SAIDI unplanned boundary values and SAIFI unplanned boundary values for non-exempt EDBs for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Unplanned SAIDI limit</th>
<th>Unplanned SAIFI limit</th>
<th>SAIDI unplanned boundary value</th>
<th>SAIFI unplanned boundary value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>124.71</td>
<td>1.1970</td>
<td>9.17</td>
<td>0.0671</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>81.89</td>
<td>1.4687</td>
<td>5.69</td>
<td>0.0737</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>83.61</td>
<td>3.1616</td>
<td>6.79</td>
<td>0.1442</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>91.98</td>
<td>1.2826</td>
<td>6.25</td>
<td>0.0729</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>219.46</td>
<td>3.1525</td>
<td>13.10</td>
<td>0.1765</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>25.86</td>
<td>0.6956</td>
<td>4.13</td>
<td>0.0804</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>194.53</td>
<td>2.3904</td>
<td>14.69</td>
<td>0.1170</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>19.60</td>
<td>0.4277</td>
<td>8.68</td>
<td>0.1430</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>101.03</td>
<td>1.1956</td>
<td>7.22</td>
<td>0.0688</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>84.71</td>
<td>1.0336</td>
<td>7.60</td>
<td>0.0668</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>160.35</td>
<td>2.4172</td>
<td>11.81</td>
<td>0.1776</td>
</tr>
<tr>
<td>Powerco Limited</td>
<td>180.25</td>
<td>2.2684</td>
<td>9.82</td>
<td>0.0628</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>181.48</td>
<td>3.2715</td>
<td>11.17</td>
<td>0.1596</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>380.24</td>
<td>5.0732</td>
<td>27.92</td>
<td>0.2284</td>
</tr>
</tbody>
</table>
### Calculation of the unplanned SAIDI assessed values

(2) The **unplanned SAIDI assessed value** \((SAIDI_{\text{unplanned, assessed}})\) for an **assessment period** is the sum of the **SAIDI values** for **Class C interruptions** commencing within the **assessment period**, where the **SAIDI value** for each 30 minute period that starts on the hour or half past the hour within a **SAIDI major event** that exceeds 1/48\(^{th}\) of the **SAIDI unplanned boundary value** for that **assessment period** is replaced with 1/48\(^{th}\) of the **SAIDI unplanned boundary value** for that **assessment period**.

### Calculation of the unplanned SAIFI assessed values

(3) The **unplanned SAIFI assessed value** \((SAIFI_{\text{unplanned, assessed}})\) for an **assessment period** is the sum of the **SAIFI values** for **Class C interruptions** commencing within the **assessment period**, where the **SAIFI value** for each 30 minute period that starts on the hour or half past the hour within a **SAIFI major event** that exceeds 1/48\(^{th}\) of the **SAIFI unplanned boundary value** for that **assessment period** is replaced with 1/48\(^{th}\) of the **SAIFI unplanned boundary value** for that **assessment period**.

<table>
<thead>
<tr>
<th>Company</th>
<th>Value 1</th>
<th>Value 2</th>
<th>Value 3</th>
<th>Value 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unison Networks Limited</td>
<td>82.34</td>
<td>1.8152</td>
<td>4.48</td>
<td>0.0735</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>104.83</td>
<td>1.3366</td>
<td>4.83</td>
<td>0.0371</td>
</tr>
<tr>
<td>Wellington Electricity Lines</td>
<td>39.81</td>
<td>0.6135</td>
<td>2.16</td>
<td>0.0313</td>
</tr>
</tbody>
</table>
Schedule 3.3: Quality standards – extreme event

Clauses 9.9 and 9.10

(1) The extreme event standard limits for unplanned interruptions for each non-exempt EDB for the DPP regulatory period, are:

(a) a SAIDI value of 120 minutes, whereby the extreme event standard limit will be exceeded if, during any period of 24 hours (starting on the hour or half past the hour), the SAIDI value of all unplanned interruptions that start during that 24-hour period, in aggregate, is above 120 minutes; and

(b) a total of six million customer interruption minutes, whereby the extreme event standard limit will be exceeded if, during any period of 24 hours (starting on the hour or half past the hour), the total duration of customer interruption minutes resulting from all unplanned interruptions that start during that 24-hour period, in aggregate, is more than six million customer interruption minutes.

(2) For the purposes of paragraph (1), unplanned interruptions excludes any unplanned interruption that is the result of major external factors.
Schedule 4: How to calculate the quality incentive adjustment

Schedule 2.1

(1) The quality incentive adjustment must be calculated by the non-exempt EDB within 5 months after the expiration of the assessment period in accordance with paragraph (5), and is a recoverable cost in the assessment period following that in which it was calculated.

(2) The SAIDI unplanned interruption target, SAIDI unplanned interruption collar, and SAIDI unplanned interruption cap for unplanned interruptions for each non-exempt EDB during the DPP regulatory period, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 4.1.

Table 4.1: SAIDI unplanned interruption collars, SAIDI unplanned interruption targets and SAIDI unplanned interruption caps for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>SAIDI unplanned interruption collar</th>
<th>SAIDI unplanned interruption target</th>
<th>SAIDI unplanned interruption cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>0</td>
<td>91.88</td>
<td>124.71</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>0</td>
<td>63.44</td>
<td>81.89</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>0</td>
<td>62.83</td>
<td>83.61</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>0</td>
<td>71.65</td>
<td>91.98</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>0</td>
<td>173.85</td>
<td>219.46</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>0</td>
<td>15.39</td>
<td>25.86</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>0</td>
<td>144.35</td>
<td>194.53</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>0</td>
<td>9.53</td>
<td>19.60</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>0</td>
<td>74.49</td>
<td>101.03</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>0</td>
<td>66.47</td>
<td>84.71</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>0</td>
<td>120.02</td>
<td>160.35</td>
</tr>
<tr>
<td>Powerco Limited</td>
<td>0</td>
<td>151.96</td>
<td>180.25</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>0</td>
<td>143.04</td>
<td>181.48</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>0</td>
<td>302.16</td>
<td>380.24</td>
</tr>
<tr>
<td>Unison Networks Limited</td>
<td>0</td>
<td>67.81</td>
<td>82.34</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>0</td>
<td>89.28</td>
<td>104.83</td>
</tr>
<tr>
<td>Wellington Electricity Lines Limited</td>
<td>0</td>
<td>31.20</td>
<td>39.81</td>
</tr>
</tbody>
</table>
(3) The SAIDI planned interruption target, SAIDI planned interruption collar, and SAIDI planned interruption cap for planned interruptions for each non-exempt EDB during the DPP regulatory period, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 4.2.

Table 4.2: SAIDI planned interruption collars, SAIDI planned interruption targets and SAIDI planned interruption caps for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>SAIDI planned interruption collar</th>
<th>SAIDI planned interruption target</th>
<th>SAIDI planned interruption cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>0</td>
<td>54.99</td>
<td>164.97</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>0</td>
<td>65.32</td>
<td>195.96</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>0</td>
<td>70.96</td>
<td>212.89</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>0</td>
<td>91.74</td>
<td>275.22</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>0</td>
<td>86.05</td>
<td>258.14</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>0</td>
<td>7.63</td>
<td>22.90</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>0</td>
<td>57.24</td>
<td>171.73</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>0</td>
<td>12.01</td>
<td>36.02</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>0</td>
<td>75.28</td>
<td>225.83</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>0</td>
<td>13.23</td>
<td>39.68</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>0</td>
<td>140.96</td>
<td>422.89</td>
</tr>
<tr>
<td>Powerco Limited</td>
<td>0</td>
<td>51.50</td>
<td>154.50</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>0</td>
<td>88.78</td>
<td>266.34</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>0</td>
<td>127.02</td>
<td>381.07</td>
</tr>
<tr>
<td>Unison Networks Limited</td>
<td>0</td>
<td>41.72</td>
<td>125.16</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>0</td>
<td>39.03</td>
<td>117.08</td>
</tr>
<tr>
<td>Wellington Electricity Lines Limited</td>
<td>0</td>
<td>4.65</td>
<td>13.94</td>
</tr>
</tbody>
</table>

(4) The incentive rate for each non-exempt EDB during the DPP regulatory period, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 4.3.
Table 4.3: Incentive rates for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Incentive Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>7,879</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>13,155</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>1,071</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>5,394</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>2,797</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>2,544</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>5,397</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>1,417</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>6,260</td>
</tr>
<tr>
<td>Orion New Zealand Limited</td>
<td>31,686</td>
</tr>
<tr>
<td>OtagoNet Joint Venture</td>
<td>4,339</td>
</tr>
<tr>
<td>Powerco Limited</td>
<td>47,908</td>
</tr>
<tr>
<td>The Lines Company Limited</td>
<td>3,827</td>
</tr>
<tr>
<td>Top Energy Limited</td>
<td>3,283</td>
</tr>
<tr>
<td>Unison Networks Limited</td>
<td>16,185</td>
</tr>
<tr>
<td>Vector Limited</td>
<td>84,519</td>
</tr>
<tr>
<td>Wellington Electricity Lines Limited</td>
<td>23,215</td>
</tr>
</tbody>
</table>

(5) The **quality incentive adjustment** is—

(a) the lessor of:

   (i) the sum of:

   A. \((SAIDI_{unplanned,target} - SAIDI_{unplanned,assessed}) \times IR;\)

   and

   B. \((SAIDI_{planned,target} - SAIDI_{planned,assessed}) \times 0.5 \times IR;\)

   and
(b) after calculating the sum in paragraph (a), that sum is adjusted for the time-value for money by multiplying the sum in accordance with the following formula-

\[(1 + 67\text{th percentile estimate of post-tax WACC})^2\]

(6) For the purposes of paragraph (5) of Schedule 4—

(a) $SAIDI_{\text{unplanned, target}}$ is the \textbf{SAIDI unplanned interruptions target} specified for the \textbf{non-exempt EDB} in respect of \textbf{unplanned interruptions} for the \textbf{assessment period} set out in Table 4.1 of Schedule 4;

(b) $SAIDI_{\text{unplanned, assessed}}$ is the \textbf{unplanned SAIDI assessed value} for the \textbf{non-exempt EDB} in respect of \textbf{unplanned interruptions} for the \textbf{assessment period} calculated in accordance with paragraph (2) of Schedule 3.2;

(c) where $SAIDI_{\text{unplanned, assessed}}$ is greater than the \textbf{SAIDI unplanned interruption cap} specified for the \textbf{non-exempt EDB} for the \textbf{assessment period} set out in Table 4.1 of Schedule 4, $SAIDI_{\text{unplanned, assessed}}$ equals the \textbf{SAIDI unplanned interruption cap} specified for the \textbf{non-exempt EDB} for the \textbf{assessment period} set out in Table 4.1 of Schedule 4;

(d) $IR$ is the \textbf{incentive rate} specified for the \textbf{non-exempt EDB} in respect of the \textbf{assessment period} set out in Table 4.3 of Schedule 4;

(e) $SAIDI_{\text{planned, target}}$ is the \textbf{SAIDI planned interruption target} specified for the \textbf{non-exempt EDB} in respect of \textbf{planned interruptions} for the \textbf{assessment period} set out in Table 4.2 of Schedule 4;

(f) $SAIDI_{\text{planned, assessed}}$ is the \textbf{planned SAIDI assessed value} for the \textbf{non-exempt EDB} in respect of \textbf{planned interruptions} for the \textbf{assessment period} calculated in accordance with paragraph (2) of Schedule 3.1;

(g) where $SAIDI_{\text{planned, assessed}}$ is greater than the \textbf{SAIDI planned interruption cap} specified for the \textbf{non-exempt EDB} for the \textbf{assessment period} set out in Table 4.2 of Schedule 4, $SAIDI_{\text{planned, assessed}}$ equals the \textbf{SAIDI planned interruption cap} specified for the \textbf{non-exempt EDB} for the \textbf{assessment period} set out in Table 4.2 of Schedule 4;

(h) ‘revenue at risk’ is the amount calculated in accordance with the following formula—

\[0.02 \times ANAR\]

where—
ANAR is the actual net allowable revenue for the non-exempt EDB for the assessment period.
Schedule 5.1: Avoided transmission charges

Schedule 2.1

(1) For the purposes of calculating a recoverable cost under clause 3.1.3(1)(e) of the IM determination, the amount of charge described in paragraph 3.1.3(1)(b) of the IM determination that a non-exempt EDB has avoided liability to pay as a result of the EDB having purchased system fixed assets from Transpower is—

(a) for a purchase prior to 1 April 2020, for each of the five assessment periods immediately following the assessment period in which the purchase of the system fixed assets from Transpower occurs—

(i) the amount that would have been charged by Transpower for the use of the system fixed assets transferred to the non-exempt EDB as specified in a pricing schedule determined by Transpower for the year immediately preceding the assessment period in which the charge was first recovered; or

(ii) the amount determined in accordance with paragraph (1)(a)(i) of Schedule 5.1 adjusted using a method consistent with the transmission pricing methodology; or

(b) for a purchase made on or after 1 April 2020—

(i) in the first assessment period of the DPP regulatory period following the purchase of the system fixed assets from Transpower, the difference, as calculated by Transpower in accordance with the transmission pricing methodology, between the costs of transmission payable to Transpower for the first full assessment period following the transfer of the system fixed assets and the costs of transmission that would have been payable to Transpower for the assessment period in question had the transfer of system fixed assets not occurred; and

(ii) in each of the four following assessment periods after the first assessment period of the DPP regulatory period for which an amount is calculated, the amount calculated in accordance with paragraph (1)(b)(i) of Schedule 5.1, in constant nominal terms.
Schedule 5.2: Approval of extended reserves allowances

Schedule 2.1

(1) A non-exempt EDB must, no later than 70 working days following the end of an assessment period, submit an application for approval of an extended reserves allowance if any amounts were incurred or received in that assessment period in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves.

(2) The application for approval must include—

(a) all compensation payments made by the non-exempt EDB in the assessment period in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves;

(b) all compensation payments and revenue received by the non-exempt EDB in the assessment period in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves;

(c) an estimate of the compensation payments and revenue received by the non-exempt EDB in the assessment period in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves that should be associated with unregulated services, along with reasons for such treatment; and

(d) any other explanatory material or supporting information reasonably necessary to demonstrate costs incurred and amounts payable or receivable in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves.

(3) The Commission may request additional information, independent evidence, director certificates, or audit statements relating to the information provided in the application.

(4) The Commission may approve by notice in writing to the non-exempt EDB, subject to clause 3.1.3(7) of the IM determination, an allowance for costs incurred and amounts payable, or for amounts receivable, under any extended reserves regulations made under the Electricity Industry Act 2010, as determined by the Commission.

(5) The amount approved by the Commission is an ‘extended reserves allowance’ recoverable cost under clause 3.1.3(1)(n) of the IM determination in the assessment period to which the application relates.
Schedule 5.3: Approval of drawdown of innovation project allowance

Schedule 2.1

(1) In order to draw down an amount from its innovation project allowance, a non-exempt EDB must:

(a) no later than 50 working days following the end of an assessment period submit an application to the Commission, which includes a description of:

(i) the innovation project in respect of which that non-exempt EDB has incurred costs and for which it proposes to apply amounts drawn down from the innovation project allowance;

(ii) details of the costs incurred by the non-exempt EDB in undertaking that innovation project (being costs that have not previously been the subject of applications for drawdown amounts from the innovation project allowance) and the proportions of those costs that were opex or capex; and

(iii) that innovation project’s purpose, including the steps that the non-exempt EDB has taken or intends to take in order to achieve that purpose;

(b) make the application specified in sub-paragraph (1)(a) of Schedule 5.3 publicly available on its website at the same time as it submits it to the Commission; and

(c) obtain approval from the Commission in accordance with paragraph (2) of Schedule 5.3.

(2) The Commission may by notice in writing to the non-exempt EDB approve an application by that non-exempt EDB to draw down an amount from its innovation project allowance if that non-exempt EDB satisfies the Commission that—

(a) the sum of the amount of the proposed drawdown amount for the innovation project and amounts already approved by the Commission for draw down from the innovation project allowance by that non-exempt EDB does not exceed that non-exempt EDB’s innovation project allowance for the DPP regulatory period in Table 5.1 of Schedule 5.3; and

(b) that non-exempt EDB has already incurred an amount of costs on the innovation project that is at least equivalent to 200% of the proposed drawdown amount (provided such costs have not already been used in a previous application to justify a drawdown amount from the innovation project allowance); and
prior to commencing the innovation project, the non-exempt EDB received a signed report from an engineer or suitable specialist, where the engineer or suitable specialist stated in their opinion that-

(i) the proposed project is an innovation project;

(ii) the purpose of the innovation project is either:

A. delivering electricity lines services at a lower cost to consumers; or

B. delivering electricity line services at a higher quality of supply to consumers; or

C. delivering electricity lines services at a lower cost to consumers and at a higher quality of supply to consumers; and

(iii) the benefits of the innovation project will be of general application to the activities of that non-exempt EDB or of other EDBs; and

(d) if the non-exempt EDB has elected to use a suitable specialist to procure a signed report in terms of paragraph (2)(c) of Schedule 5.3, the suitable specialist has sufficient expertise in a field relevant to the project, which must be evidenced by the non-exempt EDB providing a copy of the suitable specialist’s curriculum vitae to the Commission together with the application to draw down from its innovation project allowance.

(3) The innovation project allowances for non-exempt EDBs during the DPP regulatory period are as set out in Table 5.1 of Schedule 5.3.

Table 5.1: Innovation project allowance for the DPP regulatory period

<table>
<thead>
<tr>
<th>Non-exempt EDB</th>
<th>Limit (($)’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpine Energy Limited</td>
<td>222</td>
</tr>
<tr>
<td>Aurora Energy Limited</td>
<td>454</td>
</tr>
<tr>
<td>Centralines Limited</td>
<td>150</td>
</tr>
<tr>
<td>Electricity Ashburton Limited</td>
<td>173</td>
</tr>
<tr>
<td>Eastland Network Limited</td>
<td>150</td>
</tr>
<tr>
<td>Electricity Invercargill Limited</td>
<td>150</td>
</tr>
<tr>
<td>Horizon Energy Distribution Limited</td>
<td>150</td>
</tr>
<tr>
<td>Nelson Electricity Limited</td>
<td>150</td>
</tr>
<tr>
<td>Network Tasman Limited</td>
<td>150</td>
</tr>
</tbody>
</table>
(4) When the Commission issues an approval for a drawdown amount for an innovation project from the innovation project allowance for a non-exempt EDB in accordance with paragraph (2) of Schedule 5.3, it must state in its approval the proportion of opex and capex in that drawdown amount, which should be equivalent to the proportion of opex and capex in the costs incurred by that non-exempt EDB for the innovation project and included in its application under paragraph (1) of Schedule 5.3.

(5) Where the Commission has approved a drawdown amount for an innovation project from the innovation project allowance for a non-exempt EDB in accordance with paragraph (2) of Schedule 5.3, that non-exempt EDB must within 50 working days of completing that innovation project:

(a) submit a report to the Commission that outlines the key findings of that project; and

(b) make the report in sub-paragraph (5)(a) of Schedule 5.3 publicly available on that non-exempt EDB’s website at the same time as it submits the report to the Commission.
Schedule 6: Form of director’s certificate for annual price-setting compliance statement

Clause 11.2(c)

I/We, [insert full name/s], being director/s of [insert name of non-exempt EDB] certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached annual price-setting compliance statement of [name of non-exempt EDB], and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2020 has been prepared in accordance with all the relevant requirements, and all forecasts used in the calculations for forecast revenue from prices and forecast allowable revenue are reasonable*[except in the following respects].

*[insert description of non-compliance]

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding $100,000 in the case of an individual or $300,000 in the case of a body corporate.
Schedule 7: Form of director’s certificate for annual compliance statement

Clause 11.5(d)

I/We, [insert full name/s], being director/s of [insert name of non-exempt EDB] certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached annual compliance statement of [name of non-exempt EDB], and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2020 has been prepared in accordance with all the relevant requirements*[except in the following respects].

*[insert description of non-compliance]

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding $100,000 in the case of an individual or $300,000 in the case of a body corporate.
Schedule 8: Independent auditor’s report on annual compliance statement

Clause 11.5(e)

(1) For the purpose of clause 11.5(e), a non-exempt EDB must procure an assurance report by an independent auditor in respect of the annual compliance statement that is prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements (New Zealand) 3000 (ISAE (NZ) 3000), signed by the independent auditor (either in their own name or that of their firm), and that—

(a) is addressed to the directors of the non-exempt EDB as the intended users of the assurance report;

(b) states—

(i) that it has been prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements (New Zealand) 3000 (ISAE (NZ) 3000);

(ii) the work done by the independent auditor;

(iii) the scope and limitations of the assurance engagement;

(iv) the existence of any relationship (other than that of auditor) which the independent auditor has with, or any interests which the independent auditor has in, the non-exempt EDB or any of its subsidiaries;

(v) whether the independent auditor has obtained sufficient recorded evidence and explanations that they required and, if not, the information and explanations not obtained; and

(vi) whether, in the independent auditor’s opinion, as far as appears from an examination, the information used in the preparation of the annual compliance statement has been properly extracted from the non-exempt EDB's accounting and other records, sourced from its financial and non-financial systems; and

(c) states whether (and, if not, the respects in which it has not), in the independent auditor’s opinion, the non-exempt EDB has complied, in all material respects, with the Electricity Distribution Services Default Price-Quality Path Determination 2020 in preparing the annual compliance statement.
Schedule 9: Form of director’s certificate for planned interruptions reporting

Clause 12.2(f)

I/We, [insert full name/s], being director/s of [insert name of non-exempt EDB] certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached planned interruptions reporting of [name of non-exempt EDB], and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2020 has been prepared in accordance with all the relevant requirements*[except in the following respects].

*[insert description of non-compliance]

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding $100,000 in the case of an individual or $300,000 in the case of a body corporate.
Schedule 10: Form of director’s certificate for unplanned interruptions reporting

Clause 12.4(h)

I/We, [insert full name/s], being director/s of [insert name of non-exempt EDB] certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached unplanned interruptions reporting of [name of non-exempt EDB], and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2020 has been prepared in accordance with all the relevant requirements*[except in the following respects].

*[insert description of non-compliance]*

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding $100,000 in the case of an individual or $300,000 in the case of a body corporate.
Schedule 11: Form of director’s certificate for extreme event standard reporting

Clause 12.6(g)

I/We, [insert full name/s], being director/s of [insert name of non-exempt EDB] certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached extreme event standard reporting of [name of non-exempt EDB], and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2020 has been prepared in accordance with all the relevant requirements*[except in the following respects].

*[insert description of non-compliance]

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding $100,000 in the case of an individual or $300,000 in the case of a body corporate.
Explanatory note

(1) The purpose of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* ("the Determination") is to set default price-quality paths for Electricity Distribution Businesses ("EDBs") for the five years beginning 1 April 2020 and ending 31 March 2025, pursuant to Part 4 of the Commerce Act 1986 ("the Act").

(2) Pursuant to section 53N of the Act, each EDB is required to provide to the Commerce Commission ("the Commission") separate compliance statements relating to price setting, the wash-up account calculation, and its performance against quality standards. Each EDB must state whether or not it has complied with the default price-quality path set out in the Determination, provide its wash-up amount calculation, and supporting evidence. The two compliance statements must both be accompanied by a director’s certificate. The compliance statement for the wash-up amount calculation and quality standards must also be accompanied by an auditor’s report. Each EDB must publish its compliance statements on its website at the same time as submitting them to the Commission.

(3) A reasons paper providing detailed background to, and analysis of, the Determination can be found at—


(4) Copies of this Determination are available for inspection free of charge at the Commission (during ordinary office hours), on the Commission’s website at the above link, or for purchase at a reasonable price at the Commission.