

10 November 2023

**To:**

Each supplier of electricity distribution services that is not exempt from default/customised price-quality regulation under section 54G of the Commerce Act 1986

**Notice to supply information to the Commerce Commission under section 53ZD(1)(d) and (e) of the Commerce Act 1986**

*Background*

1. In our May 2023 process paper on the default price-quality path (DPP) for electricity distribution businesses (EDBs) from 1 April 2025 (DPP reset), we (the Commerce Commission) indicated that we intended to issue information requests under section 53ZD of the Commerce Act 1986 (the Act) to EDBs.<sup>1</sup>
2. Our May process paper proposed an initial round of information gathering in September/October 2023 that would include quality of service and early disclosure of 2024 AMP forecast expenditure information. We noted that the precise timing and scope of the requests would be subject to early analysis to identify needs and that further information requests might be needed for related supporting information.
3. This section 53ZD notice (the Notice) is the initial request referred to above.

*Purpose of the Notice*

4. Under section 53ZD(1)(d) and (e) of the Act, we require each EDB that is not exempt from default/customised price-quality regulation under section 54G of the Act (non-exempt EDB) to provide us with the information specified in Schedules A and B.
5. We require this information for the purpose of carrying out our function of resetting the DPP under section 53P of the Act. In particular:
  - 5.1 the historic information required under the Notice concerning non-exempt EDBs' quality of service will inform and assist our decision-making concerning the quality standards and any incentives we set for non-exempt EDBs as part of the DPP reset; and
  - 5.2 the disclosure of the most up to date forecast expenditure information (e.g., that contained in draft 2024 AMPs), including how resilience and demand forecast uncertainty has been reflected in expenditure forecasts, will enable

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<sup>1</sup> Commerce Commission, "Default price-quality paths for electricity distribution businesses from 1 April 2025: Proposed process" (25 May 2023).

consideration of material differences between forecast expenditure disclosed in 2023 AMPs and the most up to date information. This will help to inform expenditure forecasts for the DPP reset.

*Date, place and format of responses*

6. Each non-exempt EDB must email the information as a response to the Notice by email to [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz), with the:
  - 6.1 Information as set out in Schedule A provided in an 'unlocked' electronic MS Excel spreadsheet format;
  - 6.2 Information as set out in Schedule B provided in provided in an 'unlocked' electronic MS Excel spreadsheet, MS Word or PDF formats (as relevant).
7. The email must be addressed to Ben Woodham, with the subject "[EDB name] - Response to section 53ZD Notice – 2025 DPP reset: Issued November 2023", by no later than 5:30pm on Thursday 21 December 2023.
8. Please note that information provided in response Schedule A is not required to be accompanied by an assurance opinion from an independent auditor. We intend to issue a further section 53ZD notice in July 2024 requiring the information to be provided with an assurance opinion from an independent auditor.

*Use of supplied information and confidentiality*

9. We do not currently intend to publish non-exempt EDBs' responses to this Notice. However, as part of our decision-making and modelling on the DPP reset, we may use and publicly refer to particular information non-exempt EDBs provide in responding to the Notice.
10. If you consider that, for confidentiality reasons, we should not publicly refer to any particular part of your response, please:
  - 10.1 specify the relevant part; and
  - 10.2 give clear reasons why you consider that part is confidential.
11. If you indicate that we should not publicly refer to part of your response, we will discuss with you before deciding whether not to do so.

12. However, please note that all responses we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we do not publish unless good reason existed under the Official Information Act 1982 to withhold it. We would normally consult with you before releasing any material that you request not to be published.

Dated at Wellington: 10 November 2023

Signed by:

Derek Johnston  
Commissioner

## Schedule A: Quality of Service

### *Interpretation*

A1. In this Schedule A, unless the context requires otherwise:

A1.1 a word that denotes the singular also denotes the plural, and vice versa;

A1.2 words in bold type have the following meanings:

A1.2.1 **adverse environment** means an **unplanned interruption** where the primary cause is an adverse environment, such as a slip or a seismic event

A1.2.2 **adverse weather** means an **unplanned interruption** where the primary cause is adverse weather conditions, other than **lightning**, **vegetation** contact or **adverse environment**

A1.2.3 **assessment period** means a 12-month period commencing 1 April and ending on 31 March of the following year

A1.2.4 **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**; (j) **unknown**; or (k) **planned interruption**

A1.2.5 **Class B notified interruption** means a **Class B interruption** that a non-exempt **EDB** has given additional notice (as defined in Schedule 3.1, paragraph 4 of the Electricity Distribution Services Default price-quality path Determination 2020) for, and the Class B interruption is recorded as a 'Class B notified interruption' in the non-exempt **EDB's** internal systems

A1.2.6 **Class B interruptions** means **planned interruptions** by an **EDB**

A1.2.7 **Class C interruptions** means **unplanned interruptions** originating within the **system fixed assets** of an **EDB**

A1.2.8 **consumer** has the meaning given in the **IM determination**

A1.2.9 **consumer-owned** has the same meaning as defined in s 54D of the **Act**;

A1.2.10 **customer interruption minutes** means the sum of the total duration in minutes accumulated for each **ICP** for each **interruption**

- A1.2.11 **defective equipment** means an unplanned interruption resulting from either: (a) mechanical equipment failure; or (b) electrical equipment failure
- A1.2.12 **EDB** means a supplier of **electricity lines services** other than **Transpower**
- A1.2.13 **electricity lines services** has the meaning given in the **IM determination**
- A1.2.14 **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
- A1.2.15 **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**
- A1.2.16 **ID determination** means the Electricity Distribution Information Disclosure Determination [2012] NZCC 22, including amendments in effect at the date of the Notice
- A1.2.17 **IM Determination** means the Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26, including amendments in effect at the date of the Notice
- A1.2.18 **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

and **interrupts** and **interrupted** have corresponding meanings

A1.2.19 **interruption identifier** means the unique reference used by an **EDB** to record an **interruption**

A1.2.20 **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

A1.2.21 **location** means the name of a circuit on which an **interruption** originated

A1.2.22 **multi-count approach** refers to the method by which **EDBs** are required to record successive interruptions as an additional **SAIFI** and **SAIDI** interruption value if restoration of supply occurs for longer than one minute. This applies to the recording of raw interruption data.

A1.2.23 **network** means the fixed assets used by an **EDB** to provide **electricity lines services**

A1.2.24 **non-exempt EDB** means an **EDB** other than a **consumer-owned EDB** exempt under s 54G(2) of the **Act**

A1.2.25 **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**

A1.2.26 **planned interruption** means any **interruption** other than an **unplanned interruption**

- A1.2.27 **SAIDI** (System Average Interruption Duration Index) means the average forced sustained **interruption** duration per **ICP** served per year measured in minutes. **ICP** numbers are to be the average for the disclosure year
- A1.2.28 **SAIDI value** means the **customer interruption minutes** accrued for each **interruption** divided by the total number of **ICPs**, based on **Class B (planned interruptions on the network)** and **Class C (unplanned interruptions on the network)** where any **interruption** that spans multiple **assessment periods** accrues to the **assessment period** in which the interruption began
- A1.2.29 **SAIFI** (System Average Interruption Frequency Index) means the average forced sustained **interruption** frequency per **ICP** served per year, measured in frequency per year. Connection point numbers are to be the average for the disclosure year
- A1.2.30 **SAIFI value** means the number of **ICPs** affected by each interruption divided by the total number of **ICPs** based on **Class B (planned interruptions on the network)** and **Class C (unplanned interruptions on the network)**
- A1.2.31 **System fixed assets** means all fixed assets owned, provided, maintained, or operated by an **EDB** that are used or intended to be used for the supply of **electricity lines services**
- A1.2.32 **third party interference** means an unplanned interruption resulting from acts or omissions of persons outside the control of the **EDB** (including other **EDBs**), and includes without limitation: (a) dig-in; (b) overhead contact; (c) vandalism; and (d) vehicle damage
- A1.2.33 **Transpower** has the same meaning as defined in section 54B of the Act
- A1.2.34 **unknown** means all unplanned interruptions where the cause is not known
- A1.2.35 **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**

A1.2.36 **vegetation** means an unplanned interruption resulting from vegetation contact and includes debris contact, grass contact and tree contact

A1.2.36 **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

*Information requested*

A2. For each **interruption** from 1 April 2019 to 31 March 2023, each **non-exempt EDB** must provide within Attachment A to this Schedule A the information specified in (a)-(m), in chronological order starting with the first **interruption** after 1 April 2019:

- a) 'interruption identifier';
- b) 'location';
- c) 'start date (dd/mm/yyyy)';
- d) 'start time (hh:mm:ss am/pm)';
- e) 'end date (dd/mm/yyyy)';
- f) 'end time (hh:mm:ss am/pm)';
- g) 'SAIDI value';
- h) 'SAIFI value';
- i) 'number of ICPs interrupted';
- j) 'customer interruption minutes';
- k) whether the **interruption** was classified as a **Class B planned interruption**; **Class B notified interruption** or a **Class C unplanned interruption**,
- l) 'interruption cause';
- m) an explanation of the specific details of the cause, e.g. for adverse weather, specific details could be 'gusts of up to 120kmph'.

A3. For each **interruption** from 1 April 2019 to 31 March 2023, each **non-exempt EDB** may provide, in chronological order starting with the first **interruption** after 1 April 2019, any other information the **non-exempt EDB** considers would help clarify the context of the interruption.

A4. Each **non-exempt EDB** is required to identify whether the information provided within **Attachment A** has been prepared using a **multi-count approach** or on an

alternative basis. If it has been prepared on an alternative basis, an explanation of that alternative basis is required.

- A5. Each **non-exempt EDB** which has between 1 April 2019 and 31 March 2023 made a material change to its policies and procedures (including a change to a **multi-count approach**) used for:

- A5.1 capturing and recording **Class B interruptions**;
- A5.2 capturing and recording **Class C interruptions**;
- A5.3 calculating planned **SAIDI values** and unplanned **SAIDI values**; and/or
- A5.4 calculating planned **SAIFI values** and unplanned **SAIFI values**,

must provide to the Commission the date on which the change was implemented and a description of the nature of the change of the policies and procedures (for example, a description of a change in how interruptions are captured and recorded).

- A6. Each **non-exempt EDB**:

- A6.1 which has a dataset/s in its possession that records **interruptions** data; and
- A6.2 that dataset/s uses an approach to record **interruptions** data that differs from the approach used for the database that the **non-exempt EDB** uses to respond to clauses A2 to A3 above (the alternative dataset/s); and
- A6.3 that alternative dataset/s was or is intended to be used as an operational dataset for the **non-exempt EDB** (i.e. interim datasets where recording approaches were trialled but not implemented on an operational basis are not within the scope of this request),

must:

- A6.4 provide the information required under clauses A2 to A3 using the alternative dataset/s; and
- A6.5 identify the approach used to record **interruptions** data for the alternative dataset/s.

The **non-exempt EDB** is not required to create information to populate the alternative dataset/s where the information is not in the **non-exempt EDB's** possession.

We acknowledge that information in any alternative dataset/s provided in response to clause A6 may have been subject to different levels of quality control. Please provide the alternative dataset/s on a reasonable endeavours basis.

## Schedule B: Up to date forecast expenditure information

### Guidance

- B1. In this Schedule B, we require each **non-exempt EDB** to provide:
- B1.1` its most up to date forecast expenditure information (e.g. that contained in a draft **2024 AMP**);
  - B1.2 information relating to forecast expenditure variances between the **non-exempt EDB's 2023 AMP** and its most up to date forecast expenditure information; and
  - B1.3 information relating to forecast expenditure categories where there has been a significant change in underlying drivers and assumptions.
- B2. In order to obtain information relating to forecast expenditure variances, we require each **non-exempt EDB** to:
- B2.1 calculate variances in forecast expenditure between its **2023 AMP** and the most up to date forecast expenditure information, by expenditure category – see clause B7;
  - B2.2 identify each expenditure category variance that is material; – see clauses B8-B9; and
  - B2.3 provide to the Commission information in respect of expenditure categories where a material variance has been identified – see clauses B11-B12.
- B3. Paragraphs B1 and B2 above are intended only as a guide to information required to be supplied in the clauses that follow.
- B4. Please note that definitions within this Schedule B and the ID Determination are not fully aligned, given this Schedule B is for a different purpose.

### Interpretation

- B5. In this Schedule B, unless the context requires otherwise:
- B5.1 a word that denotes the singular also denotes the plural, and vice versa;
  - B5.2 words in bold type have the following meanings:
    - B5.2.1 **2023 AMP** means the AMP for the disclosure year 2023;
    - B5.2.2 **2024 AMP** means the AMP for the disclosure year 2024;
    - B5.2.3 **Act** means the Commerce Act 1986;
    - B5.2.4 **AMP** means **asset management plan**;

B5.2.5 **asset management plan** has the meaning specified in clause 2.6.1 of the **ID Determination**;

B5.2.6 **capital expenditure category** means a category of forecast capital expenditure listed in Expenditure on Assets Forecast in the Report on Forecast Capital Expenditure in Schedule 11a of the **ID Determination** (see cell rows 33 -36, 38-40 and 43);

B5.2.7 **consumer-owned** has the same meaning as defined in s 54D of the **Act**;

B5.2.8 **constant prices** means prices expressed in New Zealand dollars as at the mid-point of the **disclosure year** in which the relevant report is prepared;

*Example: for a Report on Forecast Capital Expenditure in Schedule 11a of the ID Determination prepared in disclosure year 2023, constant prices would be prices in New Zealand dollars as at 30 September 2022.*

B5.2.9 **disclosure year** shall be construed as a 12-month period ending on the date specified in an **ID determination** as the last date in the period to which annual disclosure relates;

*Example: 'Disclosure year 2017' means 12-month period ending on 31 March 2017.*

B5.2.10 **EDB** means a supplier of **electricity lines services** other than **Transpower**;

B5.2.11 **electricity lines services** has the same meaning as defined in s 54C of the **Act**;

B5.2.12 **ID Determination** means the Electricity Distribution Information Disclosure Determination [2012] NZCC 22, including amendments in effect at the date of the Notice;

B5.2.13 **non-exempt EDB** means an **EDB** other than a **consumer-owned EDB** exempt under s 54G(2) of the **Act**;

B5.2.14 **operational expenditure category** means a category of forecast operating expenditure listed in Operational Expenditure Forecast in the Report on Forecast Operational Expenditure in Schedule 11b of the **ID Determination** (cell rows 22-25, 27 and 28);

B5.2.15 **Transpower** has the same meaning as defined in section 54B of the **Act**.

**Information required – Most up to date forecast expenditure information for the 10-year period to 31 March 2034**

B6. Each **non-exempt EDB** must, using its most up to date forecast expenditure information (e.g. that contained in its draft **2024 AMP**), complete and provide to the Commission each of the following reports in respect of the 10 year period to 31 March 2034:

- B6.1 the Report on Forecast Capital Expenditure in Schedule 11a of the **ID Determination**; and
- B6.2 the Report on Forecast Operational Expenditure in Schedule 11b of the **ID Determination**.

**Information required relating to forecast expenditure variances between 2023 AMP and most up to date information**

*Requirement to calculate variances*

B7. Each **non-exempt EDB** must calculate and provide to the Commission the variance in forecast expenditure, for each **capital expenditure category** and **operational expenditure category**, as follows:

$$\frac{c}{b} \times 100\% = x$$

*Where:*

$$c = a - b$$

*a = Sum of the most up to date forecast expenditure (e.g. that contained in a draft **2024 AMP**) for financial years ending 31 March 2026 to 31 March 2030 in **constant prices***

*b = Sum of **2023 AMP** forecast expenditure, as set out in the 2023 ID Determination Schedules 11a and 11b, for financial years ending 31 March 2026 to 31 March 2030 in **constant prices***

*x = The percentage variance between a and b*

*Requirement to identify material variances*

B8. In this Schedule B, a variance in respect of a **capital expenditure category** is a material variance if both of the following criteria are met:

- B8.1 In **constant prices**, the sum of the most up to date forecast expenditure (e.g. that contained in a draft **2024 AMP**) for the financial years 31 March 2026 to 31 March 2030 for a **capital expenditure category** is more than 5% of the **non-exempt EDB's** total forecast capital expenditure for that same period; and

- B8.2 The variance for the **capital expenditure category** calculated under clause B7 above meets the relevant variance threshold in Table 1 below:

**Table 1: Variance threshold for capital expenditure categories**

Capital expenditure category	Variance threshold
Consumer connection	-8%>x>15%
System growth	-8%>x>15%
Asset replacement and renewal	-3%>x>10%
Quality of supply	-3%>x>10%
Other reliability, safety and environment	-3%>x>10%
Asset relocations	-8%>x>15%
Legislative and regulatory	-8%>x>15%
Non-network assets	-8%>x>15%

- B9. In this Schedule B, a variance in respect of an **operational expenditure category** is a material variance if both of the following criteria are met:

- B9.1 In **constant prices**, the sum of the most up to date forecast expenditure (e.g. that contained in a draft **2024 AMP**) for the financial years ending 31 March 2026 to 31 March 2030 for a **operational expenditure category** is more than 5% of the **non-exempt EDB's** total forecast operational expenditure for that same period; and
- B9.2 The variance for the **operational expenditure category** calculated under clause B7 above meets the relevant variance threshold in Table 2 below:

**Table 2: Variance threshold for operational expenditure categories**

Operational expenditure category	Variance threshold
Service interruptions and emergencies	-8%>x>15%
Vegetation management	-8%>x>15%
Routine and corrective maintenance and inspection	-8%>x>15%
Asset replacement and renewal	-8%>x>15%
System operations and network support	-8%>x>15%
Business support	-8%>x>15%

- B10. Each **non-exempt EDB** is required to provide to the Commission a list of capital expenditure category variances and operating expenditure category variances that are material variances, as identified under clauses B8 and B9 above.

*Requirement to provide information*

Additional information for capital expenditure forecasts

B11. For each **capital expenditure category** material variance identified under clause B8 above:

B11.1 each **non-exempt EDB** must provide to the Commission information in its possession that it intends to provide to support the forecast capital expenditure in its **2024 AMP**; and

B11.2 if, in the opinion of the **non-exempt EDB** they are required to support the forecast capital expenditure, complete any relevant parts of the following reports using the most up to date information in the **non-exempt EDB's** possession and provide them to Commission:

B11.2.1 the Report on Asset Condition in Schedule 12a of the **ID Determination**;

B11.2.2 the Report on Forecast Capacity in Schedule 12b of the **ID Determination**; and

B11.2.3 the Report on Forecast Network Demand in Schedule 12c of the **ID Determination**.

B11.3 Each **non-exempt EDB** must, using the most up to date information in the **non-exempt EDB's** possession, populate the 'Template' worksheet in **Attachment B** in accordance with the instructions in **Attachment B**. (**Attachment B** also includes optional calculation worksheets for clauses B6, B7, B8 and B9).

Additional information for operating expenditure forecasts

B12. For each **operating expenditure category** material variance identified under clause B9 above:

B12.1 each **non-exempt EDB** must provide to the Commission information in its possession that it intends to provide to support the forecast operating expenditure in its **2024 AMP**; and

B12.2 if, in the opinion of the **non-exempt EDB** they are required to support the forecast operating expenditure, complete any parts of the following reports using the most up to date information in the **non-exempt EDB's** possession and provide them to Commission:

B12.2.1 the Report on Asset Condition in Schedule 12a of the **ID Determination**;

B12.2.2 the Report on Forecast Capacity in Schedule 12b of the **ID Determination**; and

B12.2.3 the Report on Forecast Network Demand in Schedule 12c of the  
**ID Determination.**

**Information required in relation to expenditure categories where there have been material changes in underlying drivers or significant assumptions**

- B13. Clause B14 applies in respect of each **capital expenditure category** and **operational expenditure category** for which the underlying drivers and significant assumptions that support the most up to date forecast expenditure information provided under clause B6 above is a material change from those underlying drivers and significant assumptions that support the forecast expenditure disclosed in the **non-exempt EDB's 2023 AMP**.
- B14. Each **non-exempt EDB** must provide the following information to the Commission for each expenditure category to which this clause applies:
- B14.1 In relation to each **capital expenditure category**, the information specified in clauses B11.1, B11. 2 and B11.3;
  - B14.2 In relation to each **operating expenditure category**, the information specified in clauses B12.1 and B12.2.