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Commerce Commission
EDB Targeted ID Review

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Submission on Commerce Commission's Tranche 1 Draft Decision Information Disclosure

Introduction

We welcome the opportunity to submit on the draft decision paper for the Tranche 1 Targeted Information Disclosure Review (**Tranche 1 Review**).

In principle, Northpower supports the intent of many of the proposed amendments to the Information Disclosures. However, we have some concerns with the timing of the introduction and certification relating to some amendments. We are also concerned that the draft decision does not adequately allow for the time and cost of introducing new systems and processes to gather the data required for reporting on the proposed quantitative disclosures. This issue is especially significant with those disclosures that have been introduced retrospectively for reporting year ending 31 March 2023.

Our recommended amendments to the proposed disclosures support greater clarity in the data, and ensure that the performance information being disclosed is useful and informative.

Amendment Retrospective Introduction

The draft decision paper notes that the introduction of many of the proposed amendments is retrospective. Several of the new disclosure obligations are noted for inclusion in the current reporting year (ending 31 March 2023) with reporting by 31 August 2023.

A final decision on the Tranche 1 amendments is due in November 2022, eight months into the current reporting year. Due to the time required to put in place new and amended data collection processes and software for the new quantitative measures, it is very likely that the correct data has and will not be captured, and/or it will not be accurate.

Recommendation: To address this risk and ensure the usefulness of the information collected, we recommend that no amendments with quantitative measures be introduced before the reporting year ending 31 March 2024. However, even a commencement date of 1 April 2023 may be problematic in those instances where changes to or the introduction of new or existing software or systems is required to collect and report the required quantitative data.

Retrospective Amendment Auditing and Certification

This concern regarding retrospective introduction of quantitative amendments is reinforced by the lack of any mention in the Tranche 1 Review on the auditing and director certification requirements relating to the proposed amendments.

If an EDB is unable to report accurate data for the retrospective quantitative amendments, then it is likely this will result in a qualified audit report, again negating the usefulness of the information collected. In addition, in these circumstances directors are unlikely to be

comfortable with certifying that the information in the disclosures is accurate and complies with the disclosure determination.

The Tranche 1 Review proposes that several of the new amendments can be reported either in the asset management plan or by way of a standalone narrative document published on the EDB's website. Northpower supports the narrative reporting methodology as an efficient way to communicate the required information.

However, the draft decision paper does not address the status of these standalone narrative documents with regard to both auditing and/or director certification. Although the annual disclosure and asset management plan documents are subject to audit/director certification the timing of the standalone documents for publishing on the EDB's website is outside the normal disclosure and asset management timelines. If an audit was required this would incur additional cost, which we do not consider is justified.

Recommendation: Any standalone narrative documents are not subject to either auditing or director certification in the first instance, with subsequent updates being included in AMP Updates (and subject to usual audit and certification).

Detailed Submissions for Proposed Amendment:

Amendment Q1: Notice of Planned Interruptions

Northpower generally supports the intent of the proposed disclosure on reporting the effectiveness of planned network interruptions, however with some important modifications.

Recommended enhancements:

- Cancellation of planned network outages is often due to reasons beyond the control of the network. For example, adverse weather may make it technically unfeasible or unsafe to carry out the works. To ensure useful data is being captured and reported, Schedule 10(vi) should also include the reason for the short notice cancellation through the use of EDB and/or pre-defined categories such as adverse weather, third party damage requiring immediate attention, etc.
- The definition of "*Planned Interruption Proceeding on Time*" should clarify whether this includes a planned interruption that was completed within *either* of the initial or alternative notified interruption periods, or just the initial notified interruption period. The EIEP5A Information Exchange Protocol used by EDBs to notify traders of planned network interruptions has provision for an alternative date for the planned network interruption. This alternative date can be used if circumstances arise which result in the planned network interruption not proceeding on the initial intended date.
- Several defined terms in 1.4 (Interpretation) of the Determination relating to planned interruptions specifically mention Aurora as part of the definition. However, Schedule 16 (Definition of Terms Used in Schedules 1 to 15) of the Determination has similar terms relating to planned interruptions which are defined in a more general manner. There should be some consistency or further explanation used in these definitions so that it is clear whether the defined term applies only to Aurora or has a wider application to all EDBs.

Amendment Q2: Power Quality

Northpower supports the Commission's requirement for an EDB to describe their practices for monitoring voltage quality including plans for improvements.

We see this is an integral part of asset management and is already being addressed by EDBs in their AMPs.

Amendment Q3: Time taken to Set-up New Connections

Northpower supports the Commission's requirement for an EDB to publish their approach to managing new connections and alteration to existing connections in the form of a narrative. This is the optimal method for reporting what is a complex process with multiple interactions between several different parties.

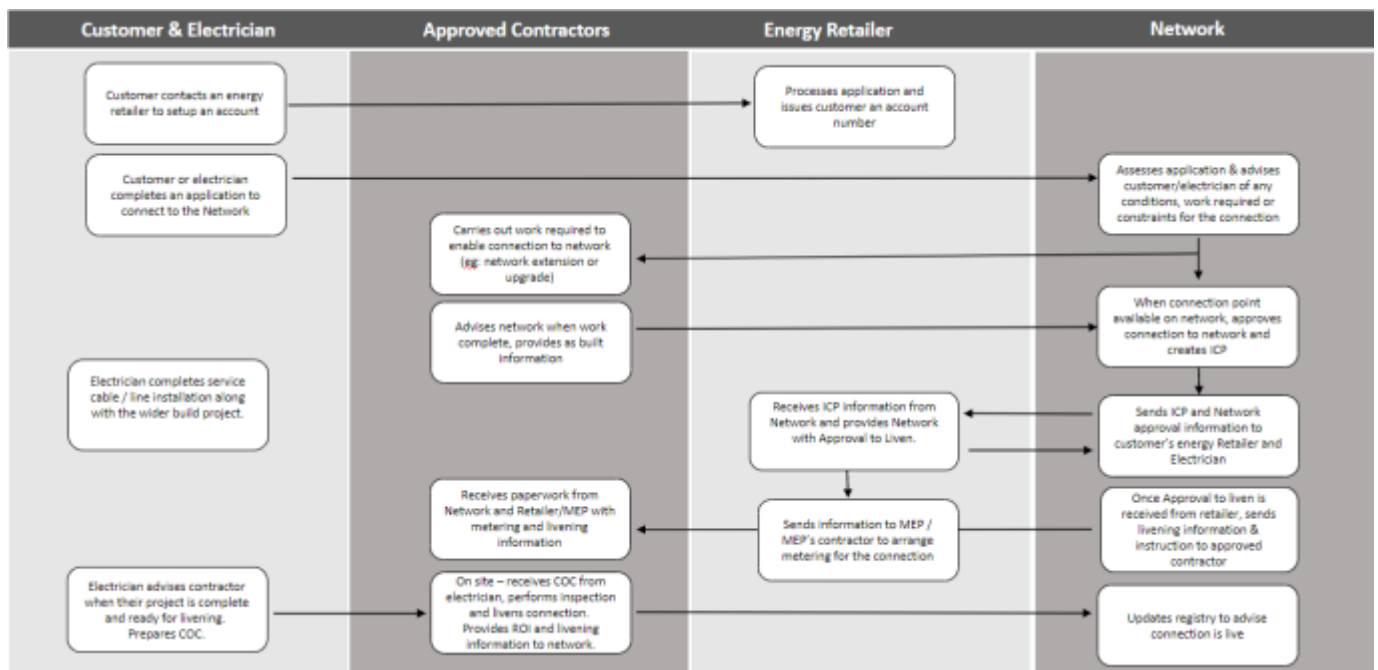
However, we have fundamental concerns around the quantitative measures required in this amendment, which do not accurately reflect the role of EDBs in the end-to-end new connections process.

Multiple parties such as the EDB, Trader, Metering Equipment Provider, third party contractors, plus the consumer and/or their representative, are involved in various interactions throughout the process. These interactions create "hold points" for an EDB in their connections process where a "hand-off" occurs to another party. The end-to-end connections process timeline is then impacted by the action or inaction of this other party before the process can progress.

An EDB does not control the connections process from start to finish as they are not involved in the electrician's work, contractor's work required to provide a connection point, the installation of metering, electrical connection (livening), or the inspection and issuing of a Certificate of Compliance (COC) and Record of Inspection (ROI).

The majority of EDBs are only involved in parts of the connection, or alteration of an existing connection, at the beginning of the process with subsequent involvement being only to update data in the Registry based on information supplied by third parties unrelated to the EDB.

The process flow diagram below illustrates, at a high level, the new connections process for a standard 100 amp or less connection to the network. These are the majority of new connection applications processed on our network and are the most straight-forward of the various new connection types. As the diagram shows, the multiple parties involved, and on-site works will affect the overall time taken for the new connection to be completed.



Recommendation: If quantitative measures are to be included, in order to provide meaningful information in relation to actions which are within the EDB’s control, these measures must relate only to the Network actions on the right hand box in the diagram above, being:

- Assessing application and advising customer of any conditions, work required or constraints. Response times should depend on the complexity and scale of the application.
- Approving connection to the network once the connection point is available and sending information to retailer and electrician.
- Sending of livening information to the approved contractor (once retailer acceptance and approval received).
- Updating of Registry (once livening information received from approved contractor)

Amendment Q4: Customer Service and Customer Complaints

Northpower supports the narrative approach proposed by the Commission for reporting the customer engagement and service measures along with the EDB’s procedures for managing customer complaint resolution.

The narrative approach is ideally suited for conveying this type of information to the EDB’s customers and other interested parties as opposed to the more quantitative measures used in other disclosures.

Amendment Q5: Customer Charters and Guaranteed Service Levels

Northpower supports the publishing of an EDB’s Customer Charter, customer compensation schemes, and details of guaranteed service levels (if any) on the EDB’s website. However, care must be taken to not be overly prescriptive in the content to be published as this could conflict with existing agreements between the EDB and third parties or other mandated service level/compensation requirements which the EDB is subject to under any Act, Regulation, or the Code.

Amendment Q11: SAIFI and SAIDI Reporting

Northpower supports this clarification. However, this change means that for many EDBs (including Northpower) this will no longer be a like for like comparison of prior years' performance. We consider this should be explicitly recognised in the Determination, as this will impact future performance benchmarking.

We expect many EDBs (including Northpower) will require time to enable capture of this information as well ensure quality of this data requirement. Our initial view is that it will take up to 2 years to implement the system, technology, and process changes required to adopt the new definition.

Amendment Q13: Interruptions Caused by Third Party Interference

Northpower supports the additional reporting in Schedule 10(ii) on the breakdown of reasons for third party interruptions. This is useful information, as actions, whether intentional or not, by third parties are the cause of significant network interruptions and therefore have an impact on the SAIDI and SAIFI statistics.

Due to the significant impact on data collection and collation, we strongly submit that this requirement should not be operative this reporting year (ending 31 March 2023). Collection of this additional level of data will require software and process changes to enable reporting to an auditable standard. Retrospective data collection is unlikely to be possible, and if it were, it would be time consuming, imprecise and lack robustness. It would also not be comparable with data captured under new processes once implemented.

Recommendation: That the reporting of this new quantitative measure be introduced for the reporting year 1 April 2023 to 31 March 2024, to allow time for the introduction of the process and software changes to capture this data.

Amendment D2: New Network Loads Impacting Network Operations or Asset Management

We support the requirement to report information about how new network loads likely to impact network operations or asset management priorities. This is largely already included in many EDB asset management plans.

Amendment D4: Innovation Practices

We support the requirement to report information describing their innovation practices. This will have the added benefit of enabling EDBs to see what others in the industry are doing and adopt innovation that would work within their own environment.

Amendment AM6: Definition of "Overhead Circuit Requiring Vegetation Management"

Northpower supports the intent of clarifying the definition of "overhead circuit requiring vegetation management", however the definition used is too narrow and does not accurately reflect the reality of vegetation management by networks.

The definition refers to conductors "*installed as an overhead line in an area in which vegetation falls within the 'notice zone' as defined in the Electricity (Hazards from Trees Regulations) 2003*".

This definition is too narrow as:

- Vegetation risks under management include vegetation outside the notice zone (particularly fall zone trees).
- Vegetation risk changes quite dynamically, and trees can quite rapidly grow from outside to inside the notice zone, hence the need to regularly inspect all lines.
- Vegetation which is cut back from the notice zone can rapidly grow back within a few years - so it will be impossible to determine each year how much conductor has trees that are within or outside the notice zone.

The proposed definition is also not clear as to the definition of a 'section' of a circuit. For example, if a tree requires management, would the 'section' of the circuit requiring ongoing vegetation management be the exact width of the tree, a 10m section around the tree, or a 1km stretch of that line? EDBs may interpret 'section' differently, resulting in results which are not comparable.

We would oppose any measure which required counting or measuring the specific trees on a line, as this would be onerous and drive cost. As such, we recommend the entire circuit length is counted.

Recommendation: We recommend the definition is amended to:

“means a circuit ~~, or a section of a circuit,~~ which meets the definition of ‘conductor’ in the Electricity (Hazards from Trees) Regulations 2003 and is installed as an overhead line in an area in which has been identified as requiring ongoing vegetation management due to its proximity with adjacent vegetation that may interfere with the safe and/or secure operation of the circuit.”

Amendment AM7A and AM7B: Lifecycle Asset Management Planning Vegetation

Northpower supports writing a description of their vegetation management practices, modelling approaches used, and assumptions included in the model.

We are unclear why capital expenditure forecasts for vegetation management are included, as vegetation management is an operating expenditure cost. We assume this is an error.

Amendment AM8A and AM8B: Lifecycle Asset Management Planning

We support the requirement to provide a description of how asset management data informs the models that an EDB develops and uses to assess asset health and how these outputs are used in developing capital expenditure. This will have the added benefit of providing visibility across EDBs on approach.

Further, we support the requirement that EDBs provide information about its consideration of non-network solutions. This reflects common practice to consider all reasonable options when addressing a network constraint.

Amendment AM10: Disconnections Data

Northpower supports the reporting of ICPs that have been permanently physically disconnected from the network. However, the Tranche 1 Review does not include a definition of “disconnection” as it relates to this disclosure item.

The industry uses the term “decommissioned” to denote those ICPs which have been permanently disconnected (including physical removal of the point of connection – generally the fuses, service line if overhead, etc.) from the network. This term (decommissioned) is also used for the Registry ICP Status and is specifically defined in Part 1 of the Electricity Industry Participation Code 2010 (the “**Code**”). In addition, there are several clauses



contained in Part 11 of the Code which relate to the decommissioning of an ICP and the various participants obligations surrounding this.

We do not forecast the future decommissioning of ICPs as they are generally low levels, and the reasons for an ICP being decommissioned are many and varied.

We assume you are referring to reporting on decommissions, not disconnections. Disconnections and reconnections (e.g. for customers who are moving addresses, non-payment, etc.) are managed by retailers, who are also responsible for updating the Registry, and as such we would not be able to supply data on these.

Recommendation:


- That the Commerce Commission use the term “decommissioned” (if this is in fact what it is referring to) and the related definition of this term from Part 1 of the Code for this disclosure. The use of this common term, between the Disclosure and the Code, will ensure there is no misunderstanding of the data required so that temporary (and often non-physical i.e.: remotely disconnected at the smart meter only) disconnections for non-payment or vacant ICPs or contractor work safety will not be included.
- That the requirement to disclose a forecast of future decommissioned ICPs is removed from Schedule 12C as this forecast would be of little value.

Final Comments

Thank you again for the opportunity to provide feedback on the Tranche 1 proposals. We are happy to provide further clarification or information on the points made in this submission.

As a member of the Electricity Networks Association (ENA) we also support the content of their submission.

Northpower does not consider any part of this submission to be confidential.

Should you have any questions on Northpower’s submission, please contact Peter Smith, Network Compliance Manager, in the first instance at 



Peter SMITH
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Northpower

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