

19 September 2022

Commerce Commission
44 The Terrace
Wellington, 6140

By email: [REDACTED]

Horizon Energy Distribution Limited (Horizon Networks) cross-submission on Targeted Information Disclosure Review – Electricity Distribution Businesses Draft decisions paper – Tranche 1

1. Thank you for providing us the opportunity to make a cross-submission on *Targeted Information Disclosure Review – Electricity Distribution Businesses Draft decisions paper – Tranche 1*.
2. We understand the cross-submission process is designed to give submitters an opportunity to comment on points raised in submissions by other submitters.
3. Horizon Networks is a small trust-owned Electricity Distribution Business (EDB) serving over 25,000 consumers in the Eastern Bay of Plenty region. As a trust owned EDB, we have a strong consumer focus and seek to benefit both our Shareholder Trust Horizon and the communities we serve.
4. In reviewing the submissions on the *Targeted Information Disclosure Review – Electricity Distribution Businesses Draft decisions paper – Tranche 1* it is clear that the proposed changes to SAIFI reporting to use the ‘multi-count’ approach will have a greater impact on EDBs than we had considered when making our submission.
5. Horizon Networks wishes to highlight this issue with the transition to ‘multi-count’ SAIFI and holding EDBs to a SAIFI standard that does not allow for the increased SAIFI reported by the ‘multi-count’ approach.

Shifting to a ‘multi-count’ approach to calculating SAIFI means, current SAIFI baseline will no longer be fit for purpose

6. Under amendment Q11 the Commerce Commission sought to address the problem of inconsistent SAIFI reporting between EDBs by refining information disclosure (ID) requirements on interruptions by clarifying definitions to ensure successive interruptions are recorded consistently.
7. In reviewing submissions from Electra, Northpower, Powernet, The Lines Company and Wellington Electricity Lines it has come to our attention that the SAIFI baseline that is in place for DPP3 and SAIFI information that will be available for any recalculation of the SAIFI baseline for Horizon Networks under DPP4 will use the ‘current’ (as at 2022) methodology.
8. Our conclusion is that while the proposal will address the inconsistency with how SAIFI is calculated by different EDBs, it will make existing inconsistencies between how SAIFI is calculated for the IDs and for compliance with the default price path (DPP) worse and require EDBs to calculate SAIFI using very different methodologies for ID and DPP.
9. This is a problem because it will require EDBs to develop systems to double-handle raw SAIFI information, once for ‘multi-count’ ID reporting and once for ‘standard’ DPP reporting, to align with the methodology used to calculate the quality standard ‘baseline’ in DPP.
10. Due to the way the raw data used for calculating SAIFI has been collected and stored, and as the need to re-engineer our system to accommodate ‘multi-count’ SAIFI for the regulatory year end in 2025 (RY25), it is not practical for Horizon Networks to reverse engineer a ‘multi-count’ SAIFI for years prior to RY25.
11. Because historical ‘multi-count’ SAIFI information is not available, the SAIFI baseline for DPP4 will need to use historic information calculated using the ‘current’ approach. This will perpetuate the misalignment across all of DPP4, resulting in large discrepancies between the DPP and ID SAIFI that are likely to make it more difficult for interest persons to assess if outcomes are consistent with those produced in competitive markets.¹

¹ Horizon staff suspect that the current misalignment between how SAIFI and SAIDI are reported in IDs and the DPP targets is leading to misinterpretation by interested third parties, such as the Energy News EDB fact-files.

12. **Horizon Networks Recommends:** The Commerce Commission defer a decision on the application of the ‘multi-count’ method for calculating SAIFI for IDs until it has worked with the industry to understand and communicate the implications that shifting to ‘multi-count’ SAIFI reporting will have on:

- EDBs ability to report on and comply with SAIFI quality standards under the DPP
- Interested parties’ ability to interpret the SAIFI information provided under ID and DPP

Yours Sincerely



Jonathon Staite
Regulatory Manager



HORIZON ENERGY DISTRIBUTION LIMITED