



25 September 2024

Ben Woodham
Electricity Distribution Manager
Commerce Commission
Wellington

Email: infrastructure.regulation@comcom.govt.nz

Dear Ben,

Submission on Insurance IM Amendments

Orion welcomes the opportunity to submit on the proposed changes to the treatment of insurance entitlements in the Input Methodologies (IMs).

Orion is supportive of the intent of the proposed amendments and agree that the current arrangements do not create appropriate incentives. We support the revision of the IMs to address this issue.

Impact on the Regulatory Asset Base

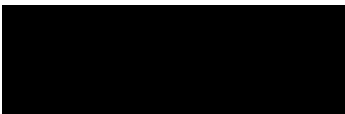
But while we are supportive of the intent of these changes, we have a concern about how they may work in practice. ***We are seeking clarification from the Commission about how the damaged and newly built assets would be treated as part of the regulatory asset base (RAB).***

Under the proposal, insurance entitlements and compensatory entitlements for damaged or destroyed assets will be treated as if they are capital contributions. As such, any assets built using insurance proceeds will presumably not impact on the RAB.

It is unclear from the consultation documents whether the damaged asset will be able to remain on the RAB.

We do not consider this submission to be confidential. Please do not hesitate to contact me on [REDACTED] if you wish to discuss our cross submission.

Yours sincerely



Kelly Chapman
Regulatory Lead

