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Targeted Information Disclosure Review for EDBs Team  
Commerce Commission  
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## **SUBMISSION ON THE TARGETED INFORMATION DISCLOSURE REVIEW FOR ELECTRICITY DISTRIBUTION BUSINESSES**

The Electricity Retailers' Association of New Zealand ('ERANZ') welcomes the opportunity to provide feedback on the draft decisions paper on tranche 1 of the 'Targeted Information Disclosure Review – Electricity Distribution Businesses' from August 2022.

ERANZ is an industry association representing companies that sell electricity to kiwi households and businesses. Our members supply over 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

Electricity retailers support the Government's emissions reduction objectives and desire to improve information disclosure to consumers. We want to do our part to help ensure our energy system is sustainable with as minimal environmental impact as possible while maintaining high levels of consumer confidence.

ERANZ understands the challenges distributors face: securing supply to rural communities, renewing aging assets, investing for population growth, and investing for higher demand for low-emissions electricity. ERANZ acknowledges distributors will face higher costs resulting from this transition, but all participants in the energy sector are contributing to New Zealand's overall transition.

The overall change from transitioning to low-emissions electricity will require distributors to scale up their planning and operational capabilities or combine resources with others and utilise efficiencies of scale to greater effect. Increasing non-utility local solar generation and electric vehicle charging will create challenges for distributors in managing power-flows on their networks. A 2017 paper from Sapere for the Electricity Authority goes into these issues.

Specifically, ERANZ supports the Commission's desire for distributors to improve efficiency and quality as well as have incentives to innovate and invest. ERANZ submitted on the Commission's Open Letter from April 2021. In our response last year, we noted that customers are the paramount consideration. Their expectations of electricity are changing. Data and flexibility are now supplementing the need for reliability and affordability. Customers' data requirements include timely and accurate consumption information, notices of upcoming planned outages, and understanding the restoration of supply in the event of unplanned outages. Customers also want flexibility by incorporating either higher demand (electric vehicle charging), lower demand (self-installed solar generation), or a combination of both. Increasingly, our members are seeing

customers deploying energy management systems to take advantage of this flexibility, using technology to manage their time of use for optimal pricing, lower their overall energy needs, provide backup in case of outages, and reduce their emissions.

Rising demand pressures on the sector will require greater generation and distribution assets. This phenomenon will drive investment demands and, in turn, prices. In order to ensure the lowest-cost transition to low-emissions electricity, the Commission needs to ensure the operating environment encourages sensible trade-offs and avoids undue price increases on customers.

### **Information sharing between retailers and distributors**

Retailers and distributors have been working together for some time to improve information and data sharing. The Electricity Authority led the work of the Default Distributor Agreement ('DDA') framework, which achieves the benefits from more standardisation of use-of-system agreements. The objective is that more standardisation of use-of-system agreements will enhance retail competition and lead to the more efficient operation of the electricity industry.

One key element of the DDA framework is data sharing templates which provide a collaborative vehicle for information flows from retailers to distributors to better inform their network management. Both retailers and distributors collaborated on the design of the templates, although these were ultimately not made mandatory by the Authority. Nevertheless, the collaboration ironed out multiple issues and ensured a relatively consistent and streamlined process for data sharing.

The ultimate objective of data sharing is to provide distributors with better visibility of network usage and likely evolutions in demand over time.

### **Overall objectives**

Retailers support the Commission's overall design objectives to improve reporting requirements with a focus on the quality of service, decarbonisation and asset management. ERANZ considers that the proposed disclosure requirements will aid consumers and stakeholders in assessing distributors' performance and welcome the Commission's production of summary information and analysis to make it more accessible and understandable.

Information disclosures are essential considering the different ownership structures of distributors. While community-owned distributors are not subject to price-quality paths, consumers can only have confidence in the service they receive if they can assess the distributor's performance using disclosed information.

### **Feedback on draft decisions**

ERANZ supports all the draft decisions as laid out in chapter two of the decision paper.

Network interruptions occur, but there is a wide variety in the reporting of planned and unplanned interruptions across the country. Improving the reporting requirements can lift performance, and improved performance will directly lead to higher consumer confidence in electricity as a reliable, renewable, stable energy source.

Consumers will benefit from greater transparency on engagement protocols, customer service metrics, and complaint resolution approaches. In particular, ERANZ expects distributors to benchmark against each other and for best practice techniques to disseminate through the sector.

Information on customer charters and guaranteed service levels will provide greater transparency to consumers about their likely quality of service experience. Again, such transparency should encourage benchmarking and an overall lift in expectations for how distributors will look after their customers and compensate them when things go wrong.

Investing in infrastructure upgrades is vital for New Zealand's transition to a predominantly renewable electricity-driven economy – but these investments must be justifiable and well-managed. ERANZ strongly supports the additional disclosure requirements for assessing the impact of new network loads. This will be a crucial insight into how networks are being managed and the likely timing of infrastructure upgrade work. In turn, this will inform pricing pathways.

Greater clarity on distributors' innovation practices is welcome. As with assessing the impact of new network loads, distributor innovation is a key insight for stakeholders to determine how distributors are managing down infrastructure upgrade requirements. There is merit in distributors sharing best practices following experimentation and trials to reduce nationwide costs in bringing innovations to consumers. Transparency will help provide reassurance that distributors, as regulated monopolies, are participating fairly alongside the marketplace of demand-response and flexibility services. ERANZ notes the carve-out for “commercially sensitive or confidential information”. While this makes intuitive sense, we would like the Commission to monitor this closely to ensure other participants, particularly new start-up companies, can compete on a level playing field.

As discussed above, New Zealand's climate change response is at an inflection point. Therefore, ERANZ recognises that distributors must be able to invest more in their network infrastructure, which means historic spending requirements are no longer a good indicator of future spending requirements. We support the Commission's balanced rationale for making asset management plans more informative, including the modelling and assumptions underpinning capital expenditure forecasts. The objective is not to overburden distributors but to provide stakeholders with the ability to assess the operations and investments in network infrastructure.

ERANZ supports efforts to boost cybersecurity effectiveness. This is a growing issue that requires greater expertise and expenditure. ERANZ supports using confidential disclosure, which stakeholders cannot see, to protect operational security.

## **Conclusion**

ERANZ thanks the Commission for its work on this issue and is happy to provide any further information on this submission as required.

Yours sincerely

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