

Via email: regulation.branch@comcom.govt.nz

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Targeted Information Disclosure Review – Electricity Distribution Businesses

Mercury welcomes the opportunity to provide feedback on the Commerce Commission's (Commission's) consultation paper *Targeted Information Disclosure Review – Electricity Distribution Businesses: Process and Issues Paper*, 23 March 2022.

The Commission is seeking stakeholder views on potential changes to the Information Disclosure (ID) requirements regulating Electricity Distribution Businesses (EDBs). The potential changes are intended to ensure that the ID regulation remains fit for purpose going forward by addressing the transition to a low carbon economy, the increasing impact of climate change, and the challenges and opportunities presented by new technology.

Mercury supports the Commission's review of the ID regulation to ensure that it remains fit for purpose. The ID regulation is an important tool that should enable stakeholders to determine whether EDBs are delivering outcomes that would be expected in a workably competitive market. This transparency should either give EDBs the incentive to self-regulate conduct, or it should inform an appropriate intervention to address conduct that would not be expected in a workably competitive market. The ID regulation, however, can only remain a relevant regulatory tool if it accommodates the transition to a low carbon economy, the impact of climate change, new technologies.

Mercury proposes that Commission should order its potential changes within the matrix of "change drivers" and the "categories of impact on EDB". We note that the Commission has grouped its potential changes under the following category headings:

- quality of service;
- decarbonization;
- asset management; and
- aligning ID with other regulatory rules.

Mercury's concern, however, with the Commission's approach, is that the potential changes noted in the consultation paper are listed under each category heading in isolation or in silos, rather than treating each heading as a different perspective or lens of the impact of an underlying change driver on the EDB. Taking a siloed approach raises the risk that the resulting ID regulation requirements under each category will be disconnected from each other, thereby reducing the potential value of the regulatory output.

That is, the transition to a low carbon economy; the impact of climate change; and new technologies are expected to result in drivers that will impact EDBs. In particular, the same change driver may impact an EDB's quality of service; asset management; and the alignment with other regulatory rules. Being able to trace the impact of a driver through each of these categories may enhance the value of the ID regulations.



Mercury's proposal is also consistent with the Commission's observation that:

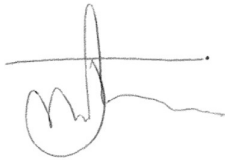
*"Potential changes around decarbonisation generally relate to quality or asset management information, but we have drawn out the theme of decarbonisation as a category to highlight its importance and interconnectedness."*¹

Mercury agrees with the observation that decarbonization relates to quality or asset management information, and that it is important. However, we consider that its interconnectedness should be drawn out and made explicit by treating it as change driver and mapping its impact on quality and asset management, rather than treating it as a category in its own right.

Mercury also supports the Commission's observation that stakeholders will want to understand how EDBs are planning for the increased electrification of their networks.² In particular, it will be important for EDBs to be transparent about their investment planning. This would enhance the efficiency by enabling EDBs to take into consideration the views of stakeholders when planning investments, and particularly whether they are expected to support the transition to a low carbon economy, address the impact of climate change, or confirm the expected value of opportunities presented by new technology. We expect that this transparency would complement the input methodology regulations that the Commission is currently reviewing.

Mercury looks forward to engaging further with the Commission on the ID Review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Wilson', written over a horizontal line.

Nick Wilson
Head of Government and Industry Relations

¹ Commission's consultation paper, para 1.18

² Ibid, para 3.16

