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Submissions
Infrastructure Branch
Commerce Commission
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Wellington

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Draft decisions paper – Tranche 1: Targeted Information Disclosure (ID) Review – Electricity Distribution Businesses

Introduction

The Lines Company Limited (TLC) thanks the Commerce Commission (Commission) for the opportunity to submit on the Commission's *Draft decisions paper – Tranche 1: Targeted Information Disclosure Review – Electricity Distribution Businesses*. The Commission is seeking views on the proposed amendments after the consultation on the Process and Issues (PIP) paper, 23 March 2022.

TLC's submission

TLC's submission is on the following pages where we indicate support, or otherwise, with commentary for each amendment. TLC's submission largely aligns with the Electricity Networks Association.

Other Information Disclosure considerations

TLC highlights that no discussion nor consideration has been given to pricing notifications to customers. TLC customers have told us a lot of the required pricing information in newspapers is confusing. TLC proposed that ID requirements are varied to allow newspaper notification of a price change which directs customers to our website for pricing schedules (instead of the publication of pricing schedules in the newspaper). We encourage the Commission to include this in Tranche 2.

An additional issue TLC has encountered is the availability to the Commission of the weighted average of the lifetime of the newly commissioned assets lives (inputs into IRIS Capex). TLC recommends these lives are disclosed in an ID to allow inputs to be known when the Commission resets price-quality regulated distributors.

Summary

We look forward to the Commission's draft decision on Tranche 2 of changes in the first half of the calendar year 2023. If the Commission has any queries, please contact Craig G. Donaldson at

Yours sincerely

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Compliance and Revenue Assurance Manager

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1. Quality of service

Objective: Disclosed information reflects the consumer's experience of quality of service, enabling a more meaningful assessment of quality

Q1 – Expand ID requirements related to how much notice of planned outages is given to consumers, including planned outages that are booked but not carried out

Draft Decision:

To require EDBs to disclose the following information in a new Schedule 10(vi) of the electricity distribution information disclosures:

- the number of planned interruptions that were cancelled with short notice, ie, including those cancelled without notice; and
- the number of unplanned interruptions that the EDB intentionally initiated to carry out work on its network that did not directly relate to a fault, eg, planned interruptions that are recorded as unplanned because they are not properly notified.

The following disclosures to be included in a new Schedule 10(vii) of the electricity distribution information disclosures:

- the proportion of planned interruptions proceeding on date notified and completed within the notified interruption window.

A requirement for EDBs to describe how it provides notice and communicates planned and unplanned interruptions, including any plans for changes.

Proposed timing and form of first disclosure:

- EDBs are first required to disclose the quantitative information by 31 August 2024 for the disclosure year ending 31 March 2024 in new Schedules 10(vi) and 10(vii).
- Narrative information is first disclosed by 30 June 2023 in the EDB's AMP or a separate document(s) on its website.

TLC's response:

Support

TLC agrees that clear communication with customers on planned outages is a key customer service measure. TLC has no concerns with this requirement – we currently capture this information as part of our default price-quality path requirements.

Q2 – Add ID requirements on power quality

Draft Decision:

To add a requirement for EDBs to describe their practices for monitoring voltage quality (including any plans for improvements) including:

- what the EDB is doing to develop and improve practices for monitoring voltage quality on its LV network;
- work it is doing on their LV network to address any non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010;
- how it is responding to voltage quality issues when they are identified; and
- communicating the work it is doing on voltage quality on its LV network to affected consumers.

Proposed timing and form of first disclosure:

- Narrative information is first disclosed by 30 June 2023 in the EDB's AMP or a separate document(s) on its website.

TLC's response:

Support

TLC supports disclosures based on the customer experience of power quality. The disclosure's focus should be on performance in addressing power quality issues where they adversely impact customers.

Q3 – Add ID requirements on time taken to set up new connections

Draft Decision:

To require EDBs to disclose the following information in Schedule 9e(i) of the electricity distribution information disclosures:

- average time taken to give a quote for a new ICP;
- average time taken to make a new ICP;
- average time taken to give a quote for alterations to be made to an existing ICP; and
- average time taken to make alterations to an existing ICP.

We propose that EDBs are required to break down this information by the consumer classes it defines, aggregated to a maximum of 10 where applicable.

We also propose to require EDBs to describe their customer connection practices, including:

- the EDB's approach to planning and management of new or altered connections (load and injection connections);
- how the EDB is seeking to minimise the cost of new or altered connections for consumers; and
- the EDB's approach to planning and managing communication with consumers about new or altered connections.

Proposed timing and form of first disclosure:

- EDBs are first required to disclose the quantitative information by 31 August 2023 for disclosure year 2023 in Schedule 9e(i).
- Narrative information is first disclosed by 30 June 2023 in the EDB's AMP or a separate document(s) on its website.

TLC's response:

Support – qualified

New connections can be complicated with a large range of connection types. Distributors are only part of the new connections process in most instances – other (unregulated) parties can be involved including electricians, retailers, consultants, etc. and the process can include other factors outside of a distributor's control e.g. supply chain constraints.

TLC is concerned with the retrospective nature of this proposal i.e. not knowing what the specific measures will be until November 2022 – we need to be collating this information now and back to April 2022. TLC also suggests that these proposals only apply for an industry standard connection (e.g. residential versus more complex or a capacity-based metric).

Unless the amendment is based on existing quantitative data i.e. the list below, TLC does not believe accurate information with Director certification in the first disclosure year is reasonable. Simple quantitative measures that distributors can collate retrospectively are detailed below and TLC is comfortable providing ID metrics based on this data:

- Application date;
- Approval date;
- Date of creation of the new ICP on the Electricity Registry.

<p>Q4 – Add ID requirements on customer service, eg, customer complaints</p>
<p><i>Draft Decision:</i></p> <p>To add a requirement for EDBs to describe their current customer service practices including:</p> <ul style="list-style-type: none"> • the EDB’s customer engagement protocols and customer service measures – including customer satisfaction with the EDB’s supply of electricity distribution services; and • the EDB’s approach to planning and managing customer complaint resolution; <p>We propose to define the term ‘complaint’ consistently with the definition we used for Aurora’s customised ID requirements, where a complaint means: ‘an expression of dissatisfaction received by an EDB about an aspect of that EDB’s supply of electricity distribution services’.</p>
<p><i>Proposed timing and form of first disclosure:</i></p> <ul style="list-style-type: none"> • Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.
<p><i>TLC’s response:</i></p> <p><i>Support – in principle, but clarification of the definition and process is key</i></p> <p>TLC supports customer service disclosures and we provide a complaints process and form for customers to allow formalisation of details.</p> <p>However, TLC has concerns with the proposed definition of ‘complaint’. The definition does not set a clear standard or expectation for making or recording a complaint. For example, people can express dissatisfaction (e.g. negative or emotive comments) on social media platforms; adhoc discussions with a linesman during a fault, etc. It appears that these examples would be captured under the proposed definition which does not fulfil the intent of the amendment.</p> <p>TLC would prefer that consistency and clarity for our industry prevails and customer service models are based on written complaints and established models e.g. the Broadcasting Standards Authority model https://www.bsa.govt.nz/complaints/the-complaints-process/ i.e. complaints should be submitted in a prescribed manner. This provides organisations and customers with clear expectations and a standardised approach.</p>
<p>Q5 – Add ID requirements on information about customer charters and guaranteed service level (customer compensation) schemes, eg, information about existing schemes</p>
<p><i>Draft Decision:</i></p> <p>To require that EDBs maintain up to date copies of the following on their website:</p> <ul style="list-style-type: none"> • the EDB’s existing customer charters including guaranteed service levels, if any; and • information about existing customer compensation schemes (if any) that it has in place. <p>EDBs must also provide this information to the Commission as an annual disclosure.</p>
<p><i>Proposed timing and form of first disclosure:</i></p> <ul style="list-style-type: none"> • EDBs are required to disclose this information on their website continuously starting from 31 March 2023.
<p><i>TLC’s response:</i></p> <p><i>Support</i></p> <p>TLC supports customer engagement and customer-friendly plain English documents and has no concerns with the proposal.</p>

Q11 – Refine ID requirements on interruptions by clarifying definitions to ensure successive interruptions are recorded consistently

Draft Decision:

To modify the definition of SAIFI values and SAIDI values to ensure EDBs record successive interruptions as an additional SAIFI value or SAIDI value if restoration of supply occurs for longer than one minute.

We are also introducing a transitional reporting requirement in Schedule 10(i), for the 2023 and 2024 disclosure years, where EDBs that do not currently record their SAIFI and SAIDI values using the ‘multi-count’ approach continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2022.

Proposed timing and form of first disclosure:

EDBs are first required to disclose SAIFI and SAIDI values consistent with this definition by 31 August 2023 for disclosure year 2023.

TLC’s response:

Support

TLC supports clarification of definitions to help provide greater regulatory certainty. The Commission needs to consider whether adjustments to SAIFI limits are appropriate i.e. a transitional buffer where the SAIFI limit is increased.

Q13 – Refine ID requirements on third party interference interruptions by breaking down into more specific categories, such as vehicle damage, “dig in”, overhead contact, and vandalism

Draft decision:

To require EDBs to break down reporting of interruptions caused by third-party interference in Schedule 10(ii) to include commonly occurring interruptions resulting from external contractors or members of the public. The new table of additional third-party reporting categories includes:

- ‘Dig-In’: means any unintended damage to any underground network asset caused by a third party.
- Overhead Contact: means any form of unintended damage to any above ground network asset caused by contact that is not related to vegetation, animals, or ground vehicles.
- Vandalism: means any unintended destruction of, or damage to, any network asset
- Vehicle Damage: means any unintended damage to any network asset caused by a ground vehicle.
- Other

Proposed timing and form of first disclosure:

EDBs are first required to disclose this information by 31 August 2023 for disclosure year 2023 in Schedule 10(ii).

TLC’s response:

Support – but concerns on the timing of implementation

Unless the amendment is based on existing quantitative data, TLC does not believe accurate information with Director certification in the first disclosure year is reasonable.

2. Decarbonisation

Objective: Stakeholders better understand how EDBs are planning and preparing for decarbonisation.

D2 – Add requirements on new network loads likely to have a significant impact on network operations or asset management priorities

Draft decision:

To require EDBs to disclose a description of:

- how the EDB assesses the impact that new network loads will have on its network, including:
 - how the EDB measures the scale and impact of new network loads;
 - how the EDB takes the timing and uncertainty of new network loads into account; and
 - how the EDB takes other factors into account, eg the network location of new loads; and
- how the EDB assesses and manages the risk posed by uncertainty regarding new network loads.

Proposed timing and form of first disclosure:

- Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.

TLC’s response:

Support

TLC supports the inclusion of reporting on the methodology we use to determine the impact of new and increased large loads due to electrification. We do not support the disclosure of actual details due to the commercially sensitive nature of this information for our customers.

Objective: Stakeholders have better understanding of how EDBs are adapting to the changing environment and technical settings in which they operate, which is especially important given the impact decarbonisation will have on EDBs.

D4 – Add reporting requirements on EDBs’ innovation practices

Draft decision:

To require EDBs to describe their innovation practices, including:

- innovation practices the EDB has planned or undertaken since the last AMP was published, including case studies and trials;
- the basis on which the EDB makes decisions regarding innovation practices, including how the EDB decides to commence, adopt commercially and continue these practices;
- how the EDB’s decision-making and innovation practices depend on the work of other companies, including other EDBs and providers of non-network solutions; and
- the types of information the EDB has to inform or enable innovation practices, and their approach to seeking that information.

In providing responses to the above, EDBs are not required to disclose any commercially sensitive or confidential information.

To define ‘innovation practice’ as follows:

in respect of the provision of electricity lines services in New Zealand means an activity or practice that is focussed on the creation, development or application of a new or improved technology, process or approach, and includes an innovation project as defined in the IM determination.

Proposed timing and form of first disclosure:

Narrative information is first disclosed by 30 June 2023 in the EDB’s AMP or a separate document(s) on its website.

TLC's response:

Support – qualified

TLC supports the reporting on innovative practices but prefers required disclosures to be separate to Asset Management Plans (such as a Network Transformation Roadmap) – TLC acknowledges the Commission's proposal allows a separate document for the first disclosure by 30 June 2023.

The regime requires further consideration of innovation allowances and greater encouragement for distributors to be innovative with the sharing of risks.

3. Asset Management

Objective: Key asset management information is more accurate and/or accessible to stakeholders, and better accounts for the challenges facing EDBs around maintaining resilience and managing increased weather-related impacts on their networks.

AM6 – Amend the definition of 'overhead circuit requiring vegetation management'

Draft decision:

To define 'overhead circuit requiring vegetation management', as those circuits around which vegetation falls within the 'notice zone' as defined in the Electricity (Hazards from Trees) Regulations 2003.

The amendment would be dependent on the definition from these regulations, meaning if the "notice zone" distance definition changed, then the distance within which vegetation is deemed to be affecting overhead circuits in this amendment would also automatically change to align with the new 'notice zone' definition.

Proposed timing and form of first disclosure:

EDBs are first required to disclose information consistent with this definition by 31 August 2024 for the disclosure year 2024 in Schedule 9(c).

TLC's response:

Support

TLC supports this amendment and alignment of definitions for consistency and clarity.

However, vegetation is a significant issue for rural distributors. This issue does not have the focus needed to support New Zealand's decarbonisation roadmap. For context, 95% of our tree-related interruptions are caused by trees outside of the notice zone. This issue is increasing in significance and severity as more land is converted to forestry for carbon farming.

We support progress on this issue to build greater resilience for New Zealand's electricity supply.

Objective: Improved confidence in forecasts disclosures:

- Give stakeholders greater confidence in the robustness of EDB spend forecasts; and
- Support price-quality path resets, as changes in EDBs' operating environment may mean historic spend requirements are no longer a good indicator of future spend requirements.

AM7A/AM7B – Improve lifecycle asset management planning provisions (vegetation, assumptions)

Draft decision:

AM7 was proposed as a single amendment in the PIP. The draft decision is to proceed with two separate amendments: AM7A and AM7B.

AM7A

Information on vegetation management-related maintenance; and summary discussion of the modelling approaches used, assumptions used to inform the model used, and economic justifications that underpin the model used

AM7B

The modelling approach, and rationale used to inform capital expenditure forecasts for their assets.

Proposed timing and form of first disclosure:

EDBs are first required to disclose this information by 31 March 2024 in their AMPs.

TLC's response:

Support - qualified

TLC supports these amendments considering them to be good Asset Management practice. We are comfortable disclosing summary discussions of approaches, assumptions and justifications that underpin modelling.

AM8A/AM8B – Improve lifecycle asset management planning provisions (processes, forecast assumptions) and provide additional information on data and models

Draft decision:

AM8 was proposed as a single amendment in the PIP. The draft decision is to proceed with two separate amendments: AM8A and AM8B.

AM8A

For AM8A we propose amending clause 3.11 of Attachment A to require EDBs to provide a description of:

- how asset management data informs the models that an EDB develops and uses to assess asset health; and
- how the outputs of these models are used in developing capital expenditure projections.

AM8B

For AM8B we propose amending Part 12 of Attachment A to include a requirement that EDBs provide information regarding its consideration of non-network solutions to inform its expenditure projections, which must include:

- the modelling of non-network solutions the EDB used to inform these expenditure projections; and
- the assumptions used to inform the modelling of non-network solutions.

Proposed timing and form of first disclosure:

- EDBs are first required to disclose this information by 31 March 2024 in their AMPs

TLC's response:

Support

TLC supports these amendments considering them to be good Asset Management practice. TLC acknowledges the changes from the previous consultation with the amendment providing time to provide descriptions and information in March 2024.

AM9 – Add explanation and exploration of scenarios, in addition to providing a single point forecast in forecasting schedules

Draft decision:

To retain the requirement for EDBs to release single point forecast estimates and create a place in Schedule 11a(i) and 11(b) for EDBs to voluntarily describe the options and considerations made in their assessment of forecasting scenarios.

Proposed timing and form of first disclosure

- EDBs may first voluntarily disclose this information in their disclosures that are due by 31 March 2023.

TLC's response

Support

TLC has commenced providing scenarios in our latest AMP. We plan to develop these further for future disclosures.

AM10 – Disconnections data
<p><i>Draft decision:</i></p> <p>To include disconnections data in the information EDBs are required to disclose. Under current requirements, EDBs disclose actual and forecast new connections on their networks but not disconnections.</p> <p>We propose to require EDBs to disclose forecast and actual disconnections (in Schedules 9e(1) and 12C(1) of the electricity distribution information disclosures, respectively) for both individual connection points (ICPs) and distributed generation (DG), consistent with their disclosures on new connections.</p>
<p><i>Proposed timing and form of first disclosure:</i></p> <ul style="list-style-type: none"> • EDBs are first required to disclose actual disconnections by 31 August 2023 in Schedule 9e(1). • EDBs are first required to disclose forecast disconnections by 31 March 2024 in Schedule 12C(1).
<p><i>TLC’s response:</i></p> <p><i>Support - qualified</i></p> <p>TLC is happy to provide disconnections data as historical information is available from the Electricity Registry and it does align with the current requirements to disclose actual and forecast new connections.</p>

Objective: Improved confidence in EDB disclosures:
AM13 – Require EDBs to make a confidential disclosure of operational expenditure on cybersecurity
<p><i>Draft decision:</i></p> <p>To require EDBs to disclose to the Commission their actual and forecast cybersecurity operational expenditure in Schedule 6b(ii) and Schedule 11b respectively.</p> <p>In order to ensure the confidentiality of this information is protected, EDBs will be required to disclose both public and confidential versions of schedules 6 and 11. The information regarding cybersecurity expenditure will be disclosed to the Commission only: it will not be included in information published for stakeholders.</p> <p>We propose to define cybersecurity as: “The application of technologies, processes and controls to protect systems, networks, programmes, devices, and data.”</p>
<p><i>Proposed timing and form of first disclosure:</i></p> <ul style="list-style-type: none"> • EDBs are first required to disclose actual cybersecurity costs by 31 August 2023 in Schedule 6b(ii). • EDBs are first required to disclose forecast cybersecurity costs by 31 March 2024 in Schedule 11b
<p><i>TLC’s response:</i></p> <p><i>Support</i></p> <p>TLC notes this amendment was recommended by the ENA with the purpose being <i>to improve the Commission’s understanding of EDBs’ expenditure on cybersecurity, an area likely to be increasingly important for EDBs to manage to maintain quality of supply.</i></p>

4. Aligning ID with other regulatory rules

Objective: ID is aligned with our other regulatory rules.
A1 – Changes to recoverable and pass-through costs definition
<i>Draft decision:</i> We propose the following updates to definitions: <ul style="list-style-type: none">• ‘pass-through cost’ shall have the meaning as specified in clause 3.1.2(1) of the electricity distribution input methodologies (EDB IMs);• ‘recoverable cost’ shall have the meaning as specified in clause 3.1.3(1) of the EDB IMs.
<i>Proposed timing and form of first disclosure:</i> <ul style="list-style-type: none">• EDBs are first required to disclose information consistent with these definitions by 31 August 2023.
<i>TLC’s response:</i> <i>Support</i> TLC supports the alignment of definitions and regulatory consistency and the movement of this amendment to Tranche 1.