

20 April 2022

Commerce Commission

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TARGETED INFORMATION DISCLOSURE REVIEW – ELECTRICITY DISTRIBUTION BUSINESSES

Network Waitaki welcomes the opportunity to provide comments (in Appendix 1) on the proposed targeted Information Disclosure (ID) review.

Network Waitaki also generally support and agree with the submission by the Electricity Networks Association (ENA) in this regard.

We appreciate the intention of the Commission to update and improve the IDs in a way that it remains fit for purpose in the current changing environment.

As an exempt Electricity Distribution Business (EDB) operating in a light-handed regulatory environment, we note from the Review that several of the 33 recommended disclosures include information disclosures similar to those that were applied to Aurora in 2021, as well as extensive operationally detailed type disclosures which are not consistent with an outcomes based light-handed regulatory environment. There were particular reasons for the additional information disclosure requirements from Aurora as part of their Customised Price-Quality Path (CPP), which do not apply to the industry as a whole under normal operations.

We agree with providing more information where it will be useful for interested parties and in line with meeting the objectives of Part 4 of the Commerce Act, and with the ultimate goal of being able to demonstrate we are meeting customer service expectations, enabling decarbonisation, and ensuring good asset management practices. However, at the same time, we are concerned about the added regulatory burden and with burdening our customers with extra cost to enhance systems to provide information that does not necessarily add value or solve a particular problem. We urge the Commission to be selective in adding additional information disclosure requirements and limiting it to what is absolutely necessary to achieve regulatory objectives and outcomes, and not just simply because it may be of interest. The Commission has other means to request information if required for specific projects or analysis.

While we agree with many of the proposed additions, without specific requirements being made clear at this time we can only comment or support 'in principle' as we believe the 'devil will be in the detail' for many of them and further work is required to understand the level of detail and impact on our business.

We note several the proposed additions seek to understand very low-level operational information which we believe is inconsistent with the light-handed regulatory regime which should be focussed on outcomes rather than low level operational detail. Additionally, some information if provided in raw or summary level may lack the context needed to fully understand what it means in relation to an EDBs performance under Part 4.

Most of the proposed new requirements will come at a cost in terms of resourcing and system enhancements especially if it needs to be subjected to stringent auditing requirements, and the quality of some disclosed information may be poor in the first few years as systems and process improve. We suggest that rather than impose auditing requirements on the additional requirements that a similar review process be considered as required for schedules 8 and 9 in the current Information Disclosure, or transitional provisions are made to allow Electricity Distribution Businesses (EDBs) to implement and improve recording and measurement of new requirements.

As always, we welcome further engagement with the Commission on any of the matters in this submission and invite the Commission to meet with us to better understand how our business operates and the alignment between real world EDB operations and the proposed ID review.

Please contact Cornel van Basten our Regulatory Manager for any questions on this submission.

Sincerely

A handwritten signature in blue ink, appearing to read 'Geoff Douch', with a long horizontal flourish extending to the right.

Geoff Douch
Chief Executive

Appendix 1

Target Area 1: Quality of Service		
<p>1.1 Outcome sought:</p> <p><i>Disclosed information reflects the consumer's experience of quality of service, enabling a more meaningful assessment of quality</i></p> <p>1.1.1. Problem with ID requirements:</p> <p><i>The consumer's experience of quality of service includes things beyond simply whether the power is on or off. As it stands, ID does not capture all of the aspects, meaning it gives a limited picture of quality. Changes in the use of electricity and in technology will likely make the meaning of quality of service expand further and increase consumer interest in this topic.</i></p>		
No.	Tranche	Potential options to achieve outcomes
Q1	1	<p>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</p>
		<p>Network Waitaki Response:</p> <p>As a consumer-trust owned EDB, Network Waitaki's focus is continually on improving customer experience and delivering a high-quality service, including communications around outages.</p> <p>Network Waitaki is monitoring planned outage performance as part of our focus on consumer service.</p> <p>We recognise that stakeholders might become more interested in this area and depending on the level and depth of auditing envisaged, will be able to supply these statistics with some system enhancements.</p> <p>We do have concerns that high level disclosure of this information may lose context – in particular outages which do not go ahead. This could be for any number of reasons including weather, customer requirements, staff absences due to sickness (particularly in the current COVID environment) or other operational reasons. We have experienced that outages which proceed on an alternative day (as specified) or where there is good customer communication around a cancellation usually have good feedback and high levels of customer satisfaction.</p>
Q2	2	<p>Add ID requirements on power quality (Voltage quality monitoring practices)</p>
		<p>Network Waitaki Response:</p> <p>Network Waitaki agrees that power quality affects customers' experience of the service they receive, however in practice being able to provide meaningful reporting through ID would be challenging in the short to medium term. Power quality is also a very broad subject, including voltage levels, harmonics, fluctuations such as dips and sags, and these may arise from issues outside EDB control (e.g., transmission grid disturbances, or from customer equipment connected to the network).</p>

		<p>Like many EDBs, Network Waitaki does not have real time voltage monitoring on the low voltage (LV) network, and instead responds to customer complaints regarding power quality issues. Active LV voltage monitoring is not currently possible due to a lack of access to power quality information on customer sites (through smart meters where installed). Once access to smart meter data is achieved enhanced LV monitoring will be possible but will require some investment by EDBs to receive and utilise that information.</p> <p>Our recommendation is that any ID requirements regarding power quality in the short-term focusses on responsiveness and overall customer satisfaction following a power quality complaint.</p> <p>As part of our plans to prepare for future network management, Network Waitaki is rolling out a programme of distribution transformer LV monitoring across larger distribution transformers (not all transformers) and developing a LV network model.</p>
Q3	1	Add ID requirements on time taken to set up new connections
		<p>Network Waitaki Response:</p> <p>Network Waitaki does not believe this is a meaningful measure for comparison and benchmarking due to the large number of variances between new connection types, volumes of new connections and different network areas.</p> <p>New customer connections and needs vary significantly in size and complexity, e.g., from a customer requiring extensive design and build for a new 1MVA connection to a household requiring a 15kVA connection in an established area. Completing the physical connection involves third parties (including meter installation and retailer livening processes), access to road corridors, equipment supply, and availability of sites and will be influenced by factors outside an EDB's control.</p> <p>A possible alternative could be reporting on the average time taken to quote new connections by connection type. Additionally, a standardised survey could be used to derive a Net Promoter Score (NPS). This is within the control of the individual EDB and will measure the company's performance against the customer's expectations and provide an indication of customer service and customer satisfaction.</p>
Q4	1	Add ID requirements on customer service, eg customer complaints
		<p>Network Waitaki response:</p> <p>Network Waitaki is supportive of providing this information however also notes that Utilities Disputes (UDL) also require EDBs to report on complaints on an annual basis and so there is a degree of overlap.</p> <p>High level information on number of complaints, response and resolution times can be relatively easily reported on, however at summary level it may lose context. Some complaints are not always bona fide, and some customers have unreasonable expectations leading to prolonged resolution – often leading to escalation to UDL. It may not provide a meaningful trend or insight.</p>
Q5	1	Add ID requirements on information about customer charters and guaranteed service level (customer compensation) schemes, eg

		information about existing schemes, information that could be relevant to such schemes in the future
		<p>Network Waitaki response:</p> <p>Network Waitaki does not agree with this addition. Guaranteed service levels are currently covered in Default Distributor Agreements and overseen by the Electricity Authority. Whilst these may lead to increased operating costs which need to be recovered under Part 4, such provisions do not materially impact on the operation of the electricity network.</p>
Q6	1	Expand ID requirements on response time to outages
		<p>Network Waitaki response:</p> <p>Network Waitaki does not agree that more granularity is required and believe it is a deep dive into operational matters inconsistent with the light-handed regulation approach.</p> <p>In our view this will not serve any purpose except potentially drive perverse outcomes with companies rushing to achieve better response times to outages without improving customer service and with increased public and worker risk.</p> <p>Response times are also highly variable, and reporting may lack context – for example the time of day the outage occurs, where the fault occurs, location of crews relative to the fault location, the fault location relative to depots or homes (particularly after hours for on-call staff) etc. - all factors which influence outage response times.</p>
Q7	2	Expand forward-looking AMP requirements on how EDBs will continue to perform for consumers, eg commitments to develop the network for future technology
		<p>Network Waitaki response:</p> <p>We agree with the significance of this addition. From Network Waitaki’s point of view this information is already within our AMP because it underpins good asset management practice and customer service. We see this suggestion as being potentially providing a consistent standardised format to be applied so that it is easier for stakeholders to find and assess future technology developments of EDBs.</p> <p>Network Waitaki is also following the ENA Network Transformation Roadmap (NTR) that sets a path for delivery of services making use of future technologies, and there is potential to align requirements with the NTR for a consistent approach.</p>

Target Area 1: Quality of Service

1.1. Outcome sought:

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

1.1.2. Problem with ID requirements

ID could better capture the consumer's experience of quality of service, when it comes to electricity reliability, by expanding it to include different types of measures. Without these other measures, ID gives a limited picture of how good quality actually is.

Q8	1	Add ID requirements on the Momentary Average Interruption Frequency Index (MAIFI) to capture momentary interruptions that can be hidden or misrepresented by existing SAIDI and SAIFI requirements
		Network Waitaki response: Network Waitaki recognises that customers can be negatively impacted by momentary outages and that better visibility could provide better insights and ultimately a better customer experience. Any reporting requirements for MAIFI would have to have clear definitions as there would be a high likelihood of inconsistent reporting across EDBs. Some MAIFI events can be recorded at zone substation level (e.g., a feeder auto reclosing) which is typically recorded through SCADA systems. Other MAIFI events may occur at auto reclosers in the field which may or may not have telemetry to record and report these events. EDBs with older non-telemetered auto reclosers may under-report the actual MAIFI performance compared with those who have invested in more modern devices and have improved reporting capability. This could distort any summary or comparison analysis. Although this information can be supplied it will require monitoring and communications systems to accurately record these momentary interruptions which will come at a cost and enhancement of systems.

Target Area 1: Quality of Service

1.1. Outcome sought:

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

1.1.3. Problem with ID requirements

The consumer's experience of quality of service varies and can include localised problems that disproportionately affect small groups of consumers. Current ID requirements relating to quality are sometimes aggregated to a level that does not pick up these localised issues.

Q9	1	Add ID requirements regarding those customers worst served on the network in terms of reliability. We had some requirements in this area in the regime that came before Part 4, but questions were raised about the value of the disclosed information in light of technical challenges producing it. We welcome feedback from EDBs in particular on the feasibility and usefulness of such information.
		Network Waitaki response: Network Waitaki agrees that from a customer's point of view this is an important performance measurement as it will provide transparency on the

		<p>actual performance experienced by the worst served customers on a network. At present the current SAIDI and SAIFI measures do not give visibility of what a customer experiences at their premises or connection point, and those who experience a significant number of outages (either planned or unplanned).</p> <p>Limitations on access to ICP level customer data (e.g., through smart meter data) is not currently available to many EDBs and so manual systems would be required to analyse and report on worst served customers.</p> <p>Aggregation to the level of worst-performing distribution transformers or feeders will somewhat achieve the localisation of performance but not achieve the intent of identifying the actual worst served customers per se. However, Network Waitaki's worst performing feeders have been identified and the approach has been to target problematic issues on a feeder where this will have a direct impact on performance.</p> <p>It is therefore agreed that this is an important measure but that some level of aggregation will be required which will detract from the accuracy of the reporting.</p> <p>Alternatively, regulating access to smart meter data for EDBs will enable improved reporting and analysis at customer ICP level.</p>
Q10	2	Expand ID requirements to include disaggregated SAIDI and SAIFI by network category (eg urban, rural) and region
		<p>Network Waitaki response:</p> <p>Network Waitaki understands the advantages of improved visibility of the customer's reliability experience on different parts of the network and in different regions, but it is not clear how that will be utilised to improve customer service.</p> <p>Defining network types and regions will pose its own challenges across different EDBs with their network geographies and how networks have been historically constructed and configured. Due to boundary issues where feeders transition between different network types (urban/rural) or regions this measurement will be challenging to implement and will come at a cost. Very clear guidelines will need to be developed to ensure consistent reporting across EDBs and how different situations are categorised.</p> <p>Disaggregation of SAIDI and SAIFI by urban/rural could be possible at ICP level (considering enhancement and investment in systems and resources).</p>
<p>Target Area 1: Quality of Service</p> <p>1.2. Outcome sought:</p> <p><i>Disclosed quality information is comparable between EDBs and consistent over the time series, allowing both better assessment of quality and greater ability to learn and improve ID requirements and associated summary and analysis.</i></p> <p>1.2.1. Problem with ID requirements</p> <p><i>Low prescription/guidance on some interruption reporting requirements creates unnecessary inconsistency between EDBs, and over time.</i></p>		
Q11	1	Refine ID requirements on interruptions by clarifying definitions to ensure successive interruptions are recorded consistently

		<p>Network Waitaki response:</p> <p>Network Waitaki agrees that clear definitions are essential to ensure consistent reporting – not only on this point, but many of the proposed additions.</p> <p>Network Waitaki will need to implement system enhancements to record where customers have experienced multiple interruptions as part of the restoration sequence. Currently we do not recognise successive interruptions as part of fault finding and restoration following an initial outage as the disclosed SAIFI statistics only take into consideration the total unique ICPs affected by an outage.</p>
Q12	1	<p>Refine ID requirements or add guidance on assigning interruptions to cause categories</p>
		<p>Network Waitaki response:</p> <p>We agree that it is essential that definitions and guidance on assigning interruptions to cause categories is clear to prevent misinterpretation and inconsistent reporting across EDBs.</p> <p>In this regard it will be beneficial in our view for an industry led group (potentially facilitated by the ENA) to supply the Commission a list of interruption types and causes, and clear definitions and consistent interpretation from EDBs to ensure consistency.</p>
<p>Target Area 1: Quality of Service</p> <p>1.3. Outcome sought:</p> <p><i>The usefulness of disclosed information is maximised by targeting the requirements where appropriate.</i></p> <p>1.3.1. Problem with ID requirements</p> <p><i>Some ID requirements are too high level to allow important trends or underlying factors to be identified.</i></p>		
Q13	1	<p>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</p>
		<p>Network Waitaki response:</p> <p>We don't agree that providing information regarding third party interference at this detailed level will add much value to interested persons, however it can be provided if required as it is tracked for network management purposes.</p> <p>Any refinements should have clear definitions and guidance to ensure consistent reporting.</p>
Q14	2	<p>Expand ID requirements to include some raw outage data, which is currently only provided to us by non-exempt EDBs in advance of price-quality path resets</p>
		<p>Network Waitaki response:</p> <p>Network Waitaki questions the value that provision of this data will provide to stakeholders, particularly for exempt EDBs who are not quality regulated.</p> <p>Raw outage data is available, disclosed (in summary form) as part of the IDs and audited.</p>

		<p>It is hard to see how useful the provision of this information will be for parties, other than consultants/researchers or the Commerce Commission (that have access already).</p> <p>Additionally, provision of raw data can lead to a lack of context and underlying contributors (e.g., storms, major events) and risks being misinterpreted. Instead, we propose that if there are areas of concern, the Commission engages with the respective EDB for further information and insight (with context) rather than simply providing raw data.</p>
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Target Area 2: Decarbonisation

2.1. Outcome sought:

Stakeholders better understand how EDBs are planning and preparing for decarbonisation

2.1.1. Problem with ID requirements:

We expect that decarbonisation may affect EDBs' networks in terms of increased power flow, potentially, resulting in localised congestion and power quality issues, caused by EV uptake and new DER connections. A significant portion of EDBs' assets consist of low voltage (LV) networks, which unlike the higher voltage networks, generally have limited network monitoring. Current ID requirements do not require EDBs to provide much information about their LV networks and stakeholders have very little visibility of EDBs' LV networks, in terms of information on capacity and power quality

D1	2	<p>The range of changes that could be made to ID for EDBs to provide more information on their LV networks fall along a spectrum. At the more prescriptive end of the spectrum, there could be a requirement for EDBs to provide detailed and potentially much more frequent information about metrics of their LV network, such as those on capacity and power quality.</p> <p>A less prescriptive approach would be for EDBs to disclose their plans to develop and improve their LV network practices. This would be similar to the approach adopted for Aurora.</p> <p>We welcome feedback from stakeholders on the appropriate approach to take.</p>
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		<p>Network Waitaki response:</p> <p>We agree that a less prescriptive approach, similar to the Aurora requirements of disclosing a 'development plan', will be feasible and more cost efficient. It will also provide parties with an understanding of the challenges identified in the network.</p> <p>This information could be included in AMPs alongside development plans relating to the NTR.</p>
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Target Area 2: Decarbonisation

2.1. Outcome sought:

Stakeholders better understand how EDBs are planning and preparing for decarbonisation

2.1.2. Problem with ID requirements:

Some EDBs have included in their AMPs an assessment of the potential effect of decarbonisation driving significant new large load on their network. However, this is not consistent across EDBs, and in any event, is not information that is explicitly required in ID.

D2	1	<p>There are various approaches that could be used to require EDBs to report more consistently and provide greater transparency, which would</p>
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		<p>allow stakeholders to better understand the magnitude and effect of new large electricity loads on EDBs' networks.</p> <p>One example of this would be a requirement for an EDB to identify and report on the top 10 fossil-fuel loads in their area that could convert to electricity and the effect on their network and how they were preparing.</p> <p>Alternatively, a threshold (either absolute or proportional) could be introduced which required EDBs to report this information on new loads above a certain size</p>
		<p>Network Waitaki response:</p> <p>Network Waitaki would support a threshold qualitative approach to be included in AMPs.</p> <p>Network Waitaki has done considerable work to identify the top fossil-fuel loads that could convert to electricity, but it should be noted that this information is subject to the willingness of these customers to engage with us and any commercial sensitivity around their development plans.</p> <p>A preferred approach would be reporting on how we are engaging with the owners of potential decarbonisation loads, and the risks and challenges that we see coming because of this.</p> <p>Planning scenarios already include for the addition of aggregated effects of likely decarbonisation loads, and experience has shown that the quantum of these loads can vary wildly from initial conversations to the final connection, so the validity of this measure could be questioned.</p> <p>Privacy considerations will need to be a consideration if actual load information (commercial in confidence) is required.</p>
<p>Target Area 2: Decarbonisation</p> <p>2.1. Outcome sought:</p> <p><i>Stakeholders better understand how EDBs are planning and preparing for decarbonisation</i></p> <p>2.1.3. Problem with ID requirements:</p> <p><i>There are existing disclosure requirements (clause 2.3.13) specific to related party transactions which require affected EDBs to provide a map of their anticipated network expenditure and network constraints.</i></p> <p><i>However, not all EDBs undertake related party transactions, meaning these requirements do not apply to all EDBs</i></p>		
D3	1	<p>We want stakeholders to be better able to understand the current and likely future constraints on EDB networks. This includes helping those providing new technology or services to be able to plan to compete to offer a solution to the constraints and helping those planning to connect to the system to choose where to locate. There is a spectrum of options, from simply requiring EDBs to report on their plans and progress and different scenarios in this area, to more prescriptive approaches that could require EDBs to provide information on current and expected constraints in a standardised (geo-spatial) format.</p> <p>We want to understand how ID can help facilitate a shift to national level reporting of constraints with an approach that does not impose an unnecessary regulatory burden on EDBs.</p> <p>For example, would simply expanding the requirements so that they apply to all EDBs be sufficient or do the existing requirements not</p>

		capture all of the information necessary to properly explain the full nature of a constraint.
		<p>Network Waitaki response:</p> <p>We agree with and support the ENA’s position on this question.</p> <p>We believe that increasing the availability of information would be useful, however again it needs to be provided with some context – whether the constraint is capacity, voltage, seasonality, etc.</p>
<p>Target Area 2: Decarbonisation</p> <p>2.2. Outcome sought:</p> <p><i>Stakeholders have a 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.</i></p> <p>2.2.1. Problem with ID requirements:</p> <p><i>EDBs are required to report on their innovation activities under various clauses within ID. However, it can be difficult to identify the full spectrum of such activities being undertaken by EDBs through their disclosed information.</i></p>		
D4	1	<p>There are various options, but one approach might be to require EDBs to specifically report their innovations practices in a stand-alone way in terms of:</p> <p>(a) what measures are EDBs taking that are innovative;</p> <p>(b) why are they innovative;</p> <p>(c) what EDBs are trying to achieve by carrying out the particular innovation; and</p> <p>(d) how EDBs are measuring their success</p>
		<p>Network Waitaki response:</p> <p>Reporting in a standardised way across EDBs appears sensible as it will be easy for parties to find information on innovation activities rather than having to search through all disclosed information and finding bits of information here and there. We do note that ‘innovation’ is a very broad term and is very subjective.</p> <p>Network Waitaki supports the ENA proposal of commentary on case studies and/or innovation activity including trials and the learnings from that.</p> <p>Furthermore, clear definitions on what type of innovation practices are expected to be included will be crucial to ensure consistency of reporting.</p>

Target Area 2: Decarbonisation

2.2. Outcome sought:

Stakeholders have a 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.

2.2.2. Problem with ID requirements:

Currently ID requires EDBs to report on their activities related to distributed generation. However, the requirements do not cover all flexibility resources, such as demand response. Further, there is no requirement for EDBs to make a specific declaration regarding the investigations and investment they have undertaken into exploring flexibility resources, as an option to provide innovative, cost effective and reliable electricity distribution services.

D5	1	Require information on the investigations undertaken and investment into flexibility resources
		Network Waitaki response: We agree that flexibility services and demand response are a key part of the future network landscape, however we do not believe there is a specific need to include this requirement as this information is already reported in the AMP through EDBs demonstrating option analysis in planning as part of options available for solutions which include flexibility services (compared with other alternative options). The Electricity Authority is also investigating the regulatory settings for EDBs in respect of flexibility services so there is a potential overlap here.

Target Area 2: Decarbonisation

2.3. Outcome sought:

Stakeholders are better able to assess and compare EDBs' performance on pricing.

2.3.1. Problem with ID requirements:

We currently require EDBs to disclose revenue by price category and component, but the information is not standardised which we understand has made interested parties' analysis of pricing unnecessarily difficult. Understanding pricing performance is increasingly important given the increased demands on capacity during peak times due to increased electrification, and the ability of technologies to respond to price signals.

D6	2	Refine current requirements by providing standardised price components and/or price categories that EDBs can record revenue against in addition to a free field for revenue that does not fit one of the standardised categories or components.
		Network Waitaki response: Agree that standardisation is helpful, but price components and categories vary significantly across EDBs depending on their own requirements and localised needs. It is not clear how this could be standardised in a sensible concise way, nor the need for this to be included at this time. This is also an area of interest by the Electricity Authority and again there appears to be a risk of regulatory overlap.

Target Area 3: Asset Management

3.1 Outcome sought:

EDBs' investment and operational efficiency are better understood by stakeholders.

3.1.1. Problem with ID requirements:

Asset age data currently captured by ID is not sufficient to support Replacement Expenditure (Repex) modelling because it lacks specificity. Repex modelling can be used to help inform stakeholders as to whether a particular EDB is making optimal asset replacement decisions.

AM1	1	<p>Possible improvements to improve the specificity of asset age data disclosed under ID include:</p> <ul style="list-style-type: none"> • Finding an appropriate way to report what is currently designated as 'unknown' in the asset age category; and • Splitting out asset age data at a level that is more granular than by decade for assets installed before 2000.
		<p>Network Waitaki response:</p> <p>We disagree with these proposed additions and question the benefit in publishing more granular data for assets older than 20 years, as the age of an asset is only one aspect of its ability to safely and reliably function. Asset replacement decisions are largely driven by overall health rather than age alone.</p> <p>This is also an area where a deep dive into operational level information by the Commission is inconsistent with light handed regulation focussed on outcomes. Instead, we propose there should be a focus on providing summary asset health information rather than age.</p>

Target Area 3: Asset Management

3.1 Outcome sought:

EDBs' investment and operational efficiency are better understood by stakeholders.

3.1.2. Problem with ID requirements:

The expenditure categories that EDBs are required to report are not sufficiently granular to enable stakeholders to understand the nature and efficiency of EDBs' expenditure.

AM2	2	<p>Identifying cost categories with known or observable relationships to other data that can enable better understanding of the efficiency of EDBs' expenditure plans.</p> <p>Unit costs are one basic approach we might explore, including:</p> <ul style="list-style-type: none"> • Capex unit costs eg, asset replacement cost per unit (poles, conductors, transformers etc.); and • Opex unit costs eg, vegetation management expenditure/per km cut.
		<p>Network Waitaki response:</p> <p>We do not support this proposed addition.</p> <p>Given the significant variances in costs across the country based on individual EDB circumstances such as location, construction standards, materials selection, etc this would provide very little value. We are also currently in a high inflation environment where costs are changing at double-digit rates, so future forecasts based on unit rates risk being out of date very quickly.</p>

		<p>While this may work at a high level for an area like vegetation management, having categories based on “cost/unit” runs the risk of creating inconsistency across EDB reporting, and would require excellent definitions on how costs would need to be assigned for the items being reported on.</p> <p>There could be difficulty in comparing between similar activities (e.g., subtransmission construction) where different environmental or operational risks required different construction standards to be applied (e.g., urban vs. remote rural with cross-country lines designed for snow and wind).</p> <p>Where a large proportion of network assets were due to customer growth and funded by customer contributions it would also need to be clear whether the costs associated were the capitalised costs, or the raw cost of work, which may have been completed by an independent third party.</p> <p>Every EDB will thus be required to have the same standard of asset to make this analysis useful.</p>
<p>Target Area 3: Asset Management</p> <p>3.2 Outcome sought:</p> <p><i>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.</i></p> <p>3.2.1. Problem with ID requirements:</p> <p><i>Key information relating to asset management practices is located in various places within the AMPs, and the structure of AMPs varies between EDBs. This makes it difficult for stakeholders to identify and access such information.</i></p>		
AM3	2	<p>There is a wide spectrum of information that may be useful to stakeholders as well as various options for presentation in terms of format and location within the AMP.</p> <p>We are seeking feedback from stakeholders on the key information that stakeholders would like to be most accessible and the most useful manner it can be presented within an AMP.</p> <p>One approach to receiving this feedback may be through a user group forum to inform areas of interest.</p>
		<p>Network Waitaki response:</p> <p>This is a very broad line of questioning.</p> <p>Interested parties vary and so will their requirements for information from AMPs – for example contractors will be looking for forward workload forecasts, generation developers may be looking for system constraint information, major customers may seek information on customer service levels and performance of networks.</p> <p>This area should be explored further through a workshop approach to determine whether there is a need and whether it can be consistently applied to AMPs and ID requirements.</p>

Target Area 3: Asset Management

3.2 Outcome sought:

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.

3.2.2. Problem with ID requirements:

EDB reporting is currently not comprehensive enough to fully capture the range of resilience related risks EDBs face, including those posed by the effects of climate change on weather and sea levels (and possibly other factors such as vegetation growth rates).

AM4	2	<p>Improved reporting on the resilience and contingency planning of an EDB's network could be enabled through ID changes, which we note would consequently support the work of the EA and other stakeholders.</p> <p>We are seeking feedback on how disclosure requirements could capture more comprehensive information on resilience and contingency planning.</p>
		<p>Network Waitaki response:</p> <p>Best practice for asset management plan preparation is already providing a driver for EDBs to report on resilience related risks, and how the planning accounts for those risks, among others.</p> <p>Given that these risks vary depending on the environment that each EDB operates in it seems sensible for the existing disclosure requirements to not be overly prescriptive but to keep it as a high-level requirement in AMPs as currently exists for High-Impact-Low-Probability (HILP) risks. We note climate change and seismic risk is well considered by most EDBs as a change to operating environment leading to investment cost and performance impacts.</p>

Target Area 3: Asset Management

3.2 Outcome sought:

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.

3.2.3. Problem with ID requirements:

It is not always clear whether an outage that occurs during a storm is

- a) primarily due to the storm itself; or*
- b) due to the impact of the storm on network assets that are in a poor state of repair or*
- c) with insufficient design tolerance for their conditions.*

AM5	2	<p>Require a summary report of each significant storm event. This could be informed by internal reporting and recording that could include the following:</p> <ul style="list-style-type: none"> • wind speed and wind direction data; and • whether the wind speed actually exceeded the design tolerances of the network. <p>We are seeking further feedback on this from stakeholders to achieve a cost-effective solution that is useful to stakeholders</p>
		<p>Network Waitaki response:</p>

		<p>We do not support this proposed addition, and again believe this is a deep dive into operational matters inconsistent with the intention of the regulation model.</p> <p>Whilst it would be possible to summarise events that are considered significant, there would need to be clarity on what the purpose of this summary was.</p> <p>Also, the definition of a significant storm event will vary. Some storm events are not necessarily classed as “significant impact” for the mechanical effect on poles and wires, but for the combined effect of dealing with multiple outages in bad weather on field crews, access issues due to flooding or damage to roading, or the prioritisation of equipment for personnel safety - issues that combine to affect our ability to restore supply.</p> <p>We therefore see very little value for the administration and cost that will be required to provide this.</p> <p>If required, it could be provided on a case-by-case basis if the Commission has a specific concern about an EDBs performance.</p>
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Target Area 3: Asset Management

3.2 Outcome sought:

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.

3.2.4. Problem with ID requirements:

There appears to be a minor clarification required around what is classified as “Overhead circuit requiring vegetation management” with values ranging from 0% to 100%. More accurate data on the proportion of an EDB’s network that requires vegetation management can help stakeholders better understand the efficiency of EDBs’ vegetation management expenditure

AM6	1	<p>Potential changes to the definition of ‘overhead circuit requiring vegetation management’ so that it is based upon a maximum distance between vegetation and an overhead circuit.</p> <p>We welcome feedback on what this distance should be or how else it can be consistently defined in the ID determination</p>
		<p>Network Waitaki response:</p> <p>We agree that the definition needs to be clarified to enable sensible comparative analysis where required by stakeholders.</p>

Target Area 3: Asset Management

3.2 Outcome sought:

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.

3.2.5. Problem with ID requirements:

Current reporting requirements on lifecycle asset management planning:

- a) do not cover vegetation management related maintenance; and*
- b) lack sufficient detail to properly justify the expenditure projections of each asset category.*

AM7	1	<p>Potential changes to the lifecycle asset management planning provisions to:</p>
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		<p>a) include vegetation management-related maintenance; and b) include sufficient detail on the assumptions, modelling and economic justifications underpinning the relevant policies, programmes, actions and expenditure projections of each asset category</p>
		<p>Network Waitaki response:</p> <p>Although we support the concept of transparency of expenditure on particular asset activities Network Waitaki does not support the addition of this provision.</p> <p>Lifecycle asset management planning is already included in the AMP in a high-level summary format. Requiring this level of detail deviates from the concept of light-handed regulation to the Regulator becoming immersed in the operational aspects of EDBs.</p>
<p>Target Area 3: Asset Management</p> <p>3.3 Outcome sought:</p> <p><i>Improved confidence in forecasts disclosures:</i></p> <ul style="list-style-type: none"> • 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.. <p>3.3.1. Problem with ID requirements:</p> <p><i>Current reporting requirements on lifecycle asset management planning:</i></p> <ul style="list-style-type: none"> a) do not include sufficient information related to the data used to forecast asset replacement and renewal projects and programmes; and b) lack sufficient detail to explain the methodology used by the EDB to determine the forecast expenditure within the AMP planning period. 		
AM8	1	<p>Potential changes to the lifecycle asset management planning provisions to:</p> <ul style="list-style-type: none"> a) include the processes and systems used to gather and verify the data used to forecast asset replacement and renewal projects and programmes; and b) provide sufficient detail on the assumptions, modelling, and consideration of non-network alternatives underpinning the methodology used by the EDB to determine the forecast expenditure within the AMP planning period
		<p>Network Waitaki response:</p> <p>We do not support this proposed addition.</p> <p>These potential additions go into more operational detail than would be expected from a light-handed regulatory regime. The ENA and the Electricity Engineers Association are already working collaboratively to develop improved industry practices which Network Waitaki will implement.</p> <p>Providing summary information on the processes and systems used to develop Asset Replacement and Renewal projects (and drive other asset management programmes) is doable, but this requirement will result in too much detail in the AMP resulting in the size ballooning and the document becoming less accessible and user-friendly to key stakeholders, as well as impacting on internal resources who already spend a considerable portion of time preparing AMPs.</p>

		We would encourage that if this approach is taken for specific projects or programmes, that a suitable cost/size threshold is set to prevent an unnecessary regulatory burden on EDBs.
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Target Area 3: Asset Management

3.3 Outcome sought:

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.

3.3.2. Problem with ID requirements:

EDBs must disclose 'single point' values in their forecasting schedules. However, in certain situations it may be beneficial for stakeholders if EDBs were to provide an explanation and exploration of scenarios, in addition to providing a single point forecast.

AM9	1	We welcome further stakeholder feedback on whether it may be beneficial if EDBs were to disclose an explanation and exploration of scenarios, in addition to providing a single point forecast in their forecasting schedules, and if so, in which areas and format would this be most useful
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		<p>Network Waitaki response:</p> <p>Network Waitaki currently uses scenarios in the preparation and presentation of information in the AMP where it is considered to add value (e.g., demand forecasting scenarios), however as a business we need to pick a scenario to follow and base our financial projections on that, making annual adjustments as required.</p> <p>We do not believe that the current IDs need to be changed.</p>
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Target Area 3: Asset Management

3.3 Outcome sought:

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.

3.3.3. Problem with ID requirements:

Schedule 12 forecasts number of new connections (gross increase) but doesn't account for disconnection so that stakeholders can understand the forecast disconnections.

AM10	1	Change the relevant provisions so that stakeholders can understand the number of forecast disconnections on an EDB's network.
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		<p>Network Waitaki response:</p> <p>Network Waitaki supports the clarification of definition of connections where practicable to do so.</p> <p>We do not see a benefit for stakeholders by EDBs reporting forecast permanent disconnections as this is often not known.</p> <p>Disconnections can occur for any number of reasons and are challenging to forecast except for the use of historic averages projected forward.</p>
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Target Area 3: Asset Management

3.3 Outcome sought:

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.

3.3.4. Problem with ID requirements:

Additional information is required to enable stakeholders to better understand, test, and assess EDBs' expenditure. In particular, additional or different data would have better enabled related ID metrics to support our capex forecasting for our last reset.

AM11	1	Potential changes to enable ID data to better inform stakeholders understanding of EDBs' expenditure proposals. Capex forecasts (particularly in the context of decarbonisation and technological change).
		<p>Network Waitaki response:</p> <p>It is unclear what the proposed changes entail. The existing categorisation of expenditure in the IDs is fairly crude and requires lumping programs and projects under a few broad categories, where a single project may combine several categories, such as providing for organic growth, enabling decarbonisation, deferring asset replacement, and improving security of supply.</p> <p>Network Waitaki recommends that any proposed changes to this categorisation should allow for this flexibility.</p>

Target Area 4: Aligning ID with other regulatory rules

4.1 Outcome sought:

ID is aligned with our other regulatory rules.

4.1.1. Problem with ID requirements:

The definitions of "recoverable costs" and "pass through costs" are inconsistent between the ID determination, the IMs and the current price-quality path.

A1	2	Changes proposed to the relevant clauses to ensure consistency of definitions of "recoverable costs" and "pass through costs"
		<p>Network Waitaki response:</p> <p>Agree, improving consistency of definitions is essential.</p>

Target Area 4: Aligning ID with other regulatory rules

4.1 Outcome sought:

ID is aligned with our other regulatory rules.

4.1.2. Problem with ID requirements:

Currently there is no mechanism in ID to allow EDBs to disclose their accelerated depreciation data. In our 2016 IM Review we decided to allow applications for adjustment factors in order to allow non-exempt EDBs, successful in an adjustment factor application, to disclose their accelerated depreciation data.

A2	2	As part of this change, we will consider whether to amend the definition of 'asset or assets with changes to depreciation'
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	<p>NWL response:</p> <p>As an exempt company, this proposal does not affect Network Waitaki directly, but we agree with the ENA position that although clarification and alignment of definitions are good more clarity is required on the problem that the Commission seeks to address here.</p>
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