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Infrastructure Regulation Branch
Commerce Commission

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UNISON AND CENTRALINES SUBMISSION ON TARGETED INFORMATION DISCLOSURE REVIEW – TRANCHE 1 DRAFT DECISION

Unison and Centralines welcome the opportunity to submit on the Commerce Commission's tranche 1 draft decisions for its targeted information disclosure (ID) review. We have contributed to the Electricity Networks Association's submission and endorse its comments and recommendations.

Scope of tranche 1 amendments

Unison and Centralines are pleased to note that the Commission has scaled back its tranche 1 amendment from those proposed in its earlier process and issues paper. Having regard to submissions on the Commission's process and issue paper, we consider that it is appropriate that the Commission has prioritised narrative disclosures in the proposed amendments.

We note that the tranche 1 proposals that did not make it through to the tranche 1 draft decisions have not been abandoned, but only deferred for further consideration within the tranche 2 workstream. This makes for an extensive list of new requirements that may finally be imposed on EDBs.

We reiterate our earlier comments, in our submission to the process and issues paper, regarding the significant cost of making new information disclosures, particularly for non-exempt EDBs for whom funding for making the proposed new disclosure has not been provided in their price-quality paths.

Alignment with other regulation

We note that several of the proposed amendments impose requirements that are similar to those found in price-quality regulation. However, between the two regulatory instruments, there are material differences in the way the requirements are prescribed, including definitional discrepancies.

For example:

- In proposed amendment Q1 (notice of planned interruptions), the supporting definitions are silent on the use of alternate days, leading to ambiguity as to whether reversion to an alternate day may be considered a planned interruption cancelled at short notice.

However, in the DPP3 quality standards and incentive framework, the use of alternate days is specifically provided for. We recommend that the Commission expands the supporting definitions for this proposed amendment to clarify the permitted use of alternate days.

- The current proposal to amend the definition of ‘interruption’ in the ID determination notwithstanding, there is a material inconsistency between the existing definitions of ‘interruption’ contained in the ID determination and the DPP3 determination. We recommend that the Commission aligns the base ID definition of ‘interruption’ with the DPP3 definition, makes its proposed ID definition amendment, and then issues a supplementary DPP3 determination to incorporate the ‘temporary restoration of supply mid-cessation’ inclusion into the DPP3 definition.

With the purpose of ID regulation being to “*ensure that sufficient information is readily available to interested persons to assess whether the purpose of [Part 4] is being met*”, we consider that, to be effective, the ID requirements must be properly reflective of the compliance aspects of Part 4 regulation.

Timing of implementation

We note that there are three distinct timeframes for implementation of the Commission’s various draft decisions:

- 2023 disclosure year (by 31 March 2023 for year beginning disclosures, or by 31 August 2023 for year-ending disclosures);
- Out-of-cycle publication within the 2023 disclosure year (no later than 30 June 2023); and
- 2024 disclosure year (by 31 March 2024 for year beginning disclosures, or by 31 August 2024 for year-ending disclosures).

From a timing perspective, we are generally comfortable with those proposed amendments that are to be first disclosed for the 2024 disclosure year. We are less comfortable with other timing, however.

Several proposed amendments require quantitative disclosure by 31 August 2023 and, for many EDBs including Unison and Centralines, will require the creation of new data sets and associated changes to reporting systems. Further, to comply with the proposed amendments, these changes would need to have been in place by 1 April this year.

Unison and Centralines considers that it is unreasonable to require retrospective reporting and would prefer that the relevant disclosures are rescheduled for first disclosure by 31 August 2024.

In respect of the proposed amendments that require the first narrative disclosure by no later than 30 June, we have concerns over process and efficiency. Firstly, we do not understand, and the Commission has not explained, the urgency of the proposed disclosures. Secondly, while it is understandable that disclosure by 31 March 2023 is unlikely (and probably unreasonable) given the expected timing of the Commission’s final decision, out-of-cycle disclosure is likely to impose additional costs on EDBs as they undertake out-of-cycle assurance processes to facilitate director certification.

Unison and Centralines recommend, unless stated to the contrary below, that the Commission aligns the timing of first disclosure, for all proposed amendments, to either 31 March 2024 or 31 August 2024, as appropriate.

Audit and certification

Unison and Centralines note that there has been no guidance provided on the audit and certification requirements for the proposed amendments. Our working assumption is that:

- Where a disclosure is to be made in a schedule that is normally subject to audit, then the new disclosure will need to be audited;
- Certification of schedular information will remain unchanged; and
- For amendments that are scheduled for first disclosure by 30 June 2023 and, despite the fact that the disclosure may be made in a standalone document, the disclosure requirements are specified in Attachment A of the ID determination (Asset Management Plans), then the disclosure must be certified, as for normal AMP disclosures.

We consider that it would be appropriate for the Commission to clarify audit and certification requirements when publishing its reasons paper on the final decision.

In addition to the ENA's detailed submission, Unison and Centralines make the following comments

No.	Draft decision	Unison and Centralines comment
Q1	<p>New Schedule 10(vi) of the electricity distribution information disclosures:</p> <ul style="list-style-type: none"> • the number of planned interruptions that were cancelled with short 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. <p>New Schedule 10(vii) of the electricity distribution information disclosures:</p> <ul style="list-style-type: none"> • the proportion of planned interruptions proceeding on date notified and completed within the notified interruption window. <p>Requirement for EDBs to describe how it provides notice and communicates planned and unplanned interruptions, including any plans for changes.</p>	<p>We agree, in principle, to adding more information regarding adherence to notified timeframes. Improvement of notification processes has been our focus for some time, and we have recently rolled out improvements to our Hawke's Bay customers that include a 6-week advanced notice letter, a 10-day reminder by email/letter, and a final 24-hour reminder by SMS.</p> <p>We recommend, however, that the proposed amendments are considered further so that they align with the DPP requirements, including definitions, to the maximum extent possible. DPP alignment will support efficient reporting.</p> <p>In terms of reporting outage over-runs, we consider that the measure should contain some form of impact measurement (likely SAIDI impact). Under the proposed amendment, a 1-minute overrun would not be distinguished from a 2-hour overrun.</p> <p>Reporting the number of planned interruptions executed without giving notice is unlikely to provide meaningful information to interested persons as, for most EDBs, this will be close to zero.</p> <p>We do not support the proposed implementation timetable for reasons set out above, and recommend that the first narrative disclosure is required by 31 March 2024 and the first quantitative disclosures is required by 31 August 2024.</p>
Q2	<p>Requirement for EDBs to describe their practices for monitoring voltage quality (including any plans for improvements) including:</p> <ul style="list-style-type: none"> • 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. 	<p>Unison and Centralines do not anticipate any issues with making the proposed disclosure; however, we do not support the proposed implementation timetable for reasons set out above, and recommend that the first disclosure is required by 31 March 2024.</p>

No.	Draft decision	Unison and Centralines comment
Q3	<p>New Schedule 9e(i) of the electricity distribution information disclosures:</p> <ul style="list-style-type: none"> • 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. <p><i>(EDBs are required to break down this information by the consumer classes it defines, aggregated to a maximum of 10 where applicable)</i></p> <p>Requirement for EDBs to describe their customer connection practices, including:</p> <ul style="list-style-type: none"> • 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. 	<p>For this proposed disclosure to be workable, we consider that greater attention to the precision of definitions will need to be given, including alignment to definitions and practices prescribed in the Electricity Industry Participation Code.</p> <p>We do not support the proposed implementation timetable for reasons set out above, and recommend that the first narrative disclosure is required by 31 March 2024 and the first quantitative disclosure is required by 31 August 2024.</p>
Q4	<p>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>Unison and Centralines do not anticipate any issues with making the proposed disclosure; however, we do not support the proposed implementation timetable for reasons set out above, and recommend that the first disclosure is required by 31 March 2024.</p>

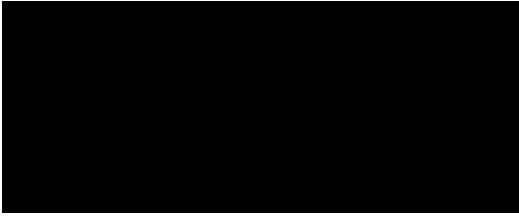
No.	Draft decision	Unison and Centralines comment
Q5	<p>Requirement for EDBs to maintain up to date copies of the following on their website:</p> <ul style="list-style-type: none"> • the EDB’s existing customer charters including guaranteed service levels, if any; and • information about existing customer 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>Because this proposed disclosure requirement relates to existing customer charters and consumer compensation scheme, there is little or no additional work required and the proposed implementation date of 31 March 2023 is workable.</p>
Q11	<p>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.</p> <p><i>(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)</i></p>	<p>Unison and Centralines do not anticipate any issues with making the proposed disclosure, as we record sufficient information to be able report using either method; however, we question whether counting successive interruptions on the multi-count basis provides better information for interested persons.</p> <p>We do not support the proposed implementation timetable for reasons set out above, and recommend that the first disclosure is required by 31 August 2024.</p>
Q13	<p>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.</p> <p>The new table of additional third party reporting categories includes:</p> <ul style="list-style-type: none"> • ‘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 	<p>Unison and Centralines question the extent to which this proposed disclosure provides greater value to interested persons. Sufficient information is already provided by disclosing that the interruptions was both unplanned and beyond the reasonable control of the EDB.</p> <p>To be able to make this disclosure, we would be required to make changes to our advanced distribution management system (ADMS) and, because changes require ADMS vendor support, there is no guarantee that the information could be captured (or back-cast) for the 2023 disclosure year.</p> <p>We do not support the proposed implementation timetable for reasons set out above, and recommend that the first disclosure is required by 31 August 2024.</p>

No.	Draft decision	Unison and Centralines comment
D2	<p>Require EDBs to disclose a description of:</p> <ul style="list-style-type: none"> • how the EDB assesses the impact that new network loads will have on its network, including: <ul style="list-style-type: none"> ○ 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; e.g., the network location of new loads; and • how the EDB assesses and manages the risk posed by uncertainty regarding new network loads. 	<p>We consider that the proposed amendment will be a valued addition for interested persons; however, we do not support the proposed implementation timetable for reasons set out above, and recommend that the first disclosure is required by 31 March 2024.</p>
D4	<p>Require EDBs to describe their innovation practices, including:</p> <ul style="list-style-type: none"> • 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. <p>Innovation Practice is proposed to be defined as: <i>in respect of the provision of electricity lines services in New Zealand means an activity or practice that is focused 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.</i></p>	<p>Unison and Centralines do not anticipate any issues with making the proposed disclosure, as our AMPs already consider this content.</p> <p>We do not support the proposed implementation timetable for reasons set out above, and recommend that the first disclosure is required by 31 August 2024.</p>

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AM6	<p>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.</p>	<p>We consider that, to be cost effective, classifying 'overhead circuit requiring vegetation management' according to the new definition is likely to only be achievable by relying on LiDAR surveys, or similar. However, the new definition is likely to introduce reporting volatility, year on year, as vegetation is maintained and moves in and out of the notice zone, leading to the additional cost of more frequent LiDAR surveys.</p> <p>We support the proposed implementation timeframe.</p>
AM7A/B	<p>AM7A</p> <ul style="list-style-type: none"> • 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. <p>AM7B</p> <ul style="list-style-type: none"> • The modelling approach, and rationale used to inform capital expenditure forecasts for their assets. 	<p>Unison and Centralines do not anticipate any issues with making the proposed disclosure, as our AMPs already consider this content; however, the Commission does not provide any guidance as to the degree of disclosure. We consider that disclosure should not compromise our intellectual property.</p> <p>We support the proposed implementation timeframe.</p>

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AM8A/B	<p>AM8A</p> <p>Require EDBs to provide a description of:</p> <ul style="list-style-type: none"> • 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. <p>AM8B</p> <p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>Unison and Centralines do not anticipate any issues with making the proposed disclosure, as our AMPs already consider this content; however, the Commission does not provide any guidance as to the degree of disclosure. We consider that disclosure should not compromise our intellectual property.</p> <p>We support the proposed implementation timeframe.</p>
AM9	<p>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.</p>	<p>We support this amendment as a voluntary disclosure, and further support the proposed implementation timeframe.</p>
AM10	<p>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>We consider that the proposed disclosure is relatively easy to make, as most EDBs will have ready access to the required data in their billing and registry management systems. We question, however, whether disconnection is the measure that the Commission should focus on. Disconnections are generally undertaken with a reasonable expectation and prospect that a reconnection will take place within a reasonable period. Decommissioning, on the other hand, represents the permanent removal of of a connection from the network, and seems to be more aligned with the Commissions concerns.</p> <p>Because of the reasonable expectation that existing data can be used, we are not concerned by the proposed implementation dates.</p>

AM13	<p>EDBs to disclose to the Commission their actual and forecast cybersecurity operational expenditure in Schedule 6b(ii) and Schedule 11b respectively.</p> <p>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>Cybersecurity is proposed to be defined as:</p> <p><i>The application of technologies, processes and controls to protect systems, networks, programmes, devices, and data.</i></p>	<p>We support the disclosure of actual and forecast cybersecurity expenditure, as this is an area of increasing concern for EDBs and one which has been contributing to EDBs input costs. We note, however, that because of the integrated nature of ICT, there is likely to be difficulty in isolating cybersecurity costs in many cases. We also question why the Commission has required disclosure of operational expenditure only, as non-network capital expenditure (e.g., commission a new firewall) can be material.</p> <p>For reasons set out above, we do not support the proposed timing of the first disclosure of actual cybersecurity costs and recommend that the first disclosure be required 31 August 2024. We are comfortable with the proposed timing of the first forecast disclosure.</p>
A1	<p>Update the following definitions:</p> <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. 	<p>Unison and Centralines support the alignment of definitions across the regulatory framework.</p>



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