

4 May 2022

Regulation Branch
Commerce Commission
44 The Terrace
PO Box 2351
Wellington 6140

Vector Limited
101 Carlton Gore Road
PO Box 99882
Newmarket
Auckland 1149
+64 9 978 7788 / vector.co.nz

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

EDB Targeted ID Review – Vector cross submission

1. This is Vector's cross submission on the Commerce Commission's (Commission) Process and Issues Paper (PIP), dated 24th March 2022, for the Targeted Information Disclosure (ID) review. No part of this submission is considered confidential.

Regulatory burden

2. Many submitters noted the timeliness of this review but displayed an overall concern with the regulatory burden being imposed on EDBs. The themes we noted on this subject and agree with are:
 - a. The 'devil will be in the detail' – we agree with the ENA and Network Waitaki that without the clarity and mechanics behind many of the proposals it is difficult to support them other than in principle;
 - b. The proposals are either vague or complex – the Commission must either provide more detail or a further understanding of the effort the proposals will take EDBs to implement; and
 - c. The benefits of additional ID must outweigh the costs – as stated by the ENA "each proposed new disclosure should have its use case closely examined to ensure its benefits in meeting the objectives of Part 4 (Section 52A(1)) outweigh the costs of collation, audit and submission.
3. An additional point on regulatory burden is the one raised by Aurora which we would like to re-emphasise here. Several of the Commission's proposals have been drawn from the additional ID requirements imposed on Aurora for its customised price-quality path (CPP). As noted in Aurora's submission, those measures were introduced to respond to specific issues raised by Aurora's customers and may not apply to other customers in New Zealand. The very nature of a CPP is to cater for specific network requirements that a default price-quality path (DPP) cannot. Consequently, ID requirements for a specific CPP should not be imposed more widely on non-exempt (or exempt) EDBs.
4. Many submitters agreed with our stance that the aim of this review must be to avoid increasing the regulatory burden by requiring the gathering and reporting of data and

information that is not used or useful. This needs to include the identification of superfluous ID requirements that can be removed during this process.

Links to IM review and DPP reset

5. Unison and Centralines outlined that in the DPP3 reset opex allowances have been constrained to trend allowances for growth in network length and customer numbers, but no “steps” were allowed for new EDB costs. We agree with them that consideration should be given to better data capture related to new or revised regulatory requirements leading to new costs. Both decarbonisation and digitalisation will lead to higher opex costs that need to be accounted for in DPP4. An example is expenditure related to cyber security where under DPP3 rules these costs were not allowed.

Trials and innovation

6. EDBs have a key role in the decarbonisation of society. Crucial to achieving New Zealand’s net zero target by 2050 is the uptake of electric vehicles (EVs) in each of our network areas. To assess the most efficient investment decisions and network management in response to EV uptake, EDBs have been running trials on their networks. Vector recently finished its EV Smart Charging Trial and shared its findings via the media and through the Energy Systems Integration Group (ESIG) in the form of a webinar¹.
7. These trials are essential for EDBs to understand how their customers and networks respond to different uptake and charging scenarios. Therefore, we disagree with the question raised by Trustpower that EDBs running separate EV trials is a duplication of effort and whether the trials are in the long-term benefit of consumers. Each EDB has different network configurations (for e.g. rural/ urban, underground/ overhead ratios) and different customers who will have varying wants and needs.
8. EDBs also collaborate by sharing the lessons learned from these trials. This is done through industry working groups such as the ENA Regulatory Working Group (RWG). Vector welcomes sharing this type of information with our stakeholders, but this is best achieved through direct engagement rather than through ID.
9. Finally, trials are a great vehicle to innovate and as noted by SolarZero: some of the regulatory settings inhibit innovation. The Commission needs to listen to these concerns and identify ways to encourage innovation across the system and suggest looking overseas.

Role of the EDB

10. As noted above the role of the EDB is evolving. In order to achieve net zero by 2050 EDBs are taking on significant roles in decarbonisation by enabling the electrification of transport

¹ <https://www.esig.energy/event/webinar-ev-smart-charging-trial/>

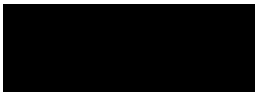
and homes. An argument was raised by Lawrence Muijlwijk, Ron Smits, Stephanie O'Callaghan that there is an increasing trend for EDBs to be involved in initiatives that are outside of their core responsibilities and that their focus should remain on their core activities. We would counter that position with the following points:

- a. To facilitate least cost decarbonisation the industry needs to digitalise to provide real-time information for a more flexible and smarter energy system;
- b. To ensure EDBs are playing their own role in achieving net zero as socially responsible companies – we must reduce our own carbon footprint and help our contractors to reduce theirs;
- c. To respond to customer expectations – we must digitise to provide customers with up to date information on outages and connections; and
- d. None of the above should prevent us from performing our core role as EDBs under Part 4.

Next steps

11. Vector agrees with Powerco - in-person conversations with stakeholders are an essential next step. The Commission must engage in conversation with stakeholders to understand what information would be helpful to them and what decisions it would inform. This exercise will also help with the prioritisation of information and a review of the impact of the proposals on EDBs.

Yours sincerely
For and On Behalf of Vector Limited



Richard Sharp
GM Economic Regulation and Pricing