



5 October 2023

EDB Targeted ID Review (2024) draft decision: cross-submission

Electra Limited (Electra) welcomes the opportunity to cross-submit to the matters raised by submissions to the Commerce Commission *Targeted Information Disclosure Review (2024) – Electricity Distribution Businesses - Draft decisions – Reasons paper*, 17 August 2023 (the TIDR 2024 Draft Decision). Nothing in this cross-submission is confidential.

The focus of our cross-submission is on the responses to the proposed amendments—

- To introduce new reporting requirements actionable by 31 August 2024, we support submitters' recommendations to extend these amendments by one disclosure year (i.e., push the first disclosure date out to 31 August 2025).
- AM6 – vegetation management reporting, Schedule 9c, measure overhead circuit at risk from vegetation; we support the recommendation (made by various submitters) to adopt the metric at clause 1.6.4 of the [information disclosure determination](#) to measure the percentage of the network that has been inspected and felled, trimmed, removed or sprayed, which currently only applies to Aurora Energy.
- D5 – work and investment on flexibility resources; we support Aurora Energy's and Horizon Energy's recommendations to workshop the proposal to replace the term 'non-network solution' with 'non-traditional solution' with stakeholders before making its final decision.
- D6 – standardised pricing components, including transmission costs, we do not support Powerco's alternative approach to mandate exempt EDBs provided the information required under the DPP.

Retrospective reporting requirements are not appropriate

Where the Commission has proposed to introduce new reporting actionable by 31 August 2024, we support the recommendation (made by several submitters) to extend the effective date to 31 August 2025 for the following seven amendments:

- **Schedule 9e:** additional reporting related to transformer capacity
- **Disclosure of zone substation information as geospatial data:** in a GIS-compatible format

- **Schedule 5b:** new opex expenditure category of ‘Non-traditional solutions provided by a third-party service supplier’
- **Schedule 6b:** new opex expenditure category of ‘Non-traditional solutions provided by a third-party service supplier.’
- **Schedule 7:** new opex expenditure category, actual and forecast, of ‘Non-traditional solutions provided by a third-party service supplier’
- **Schedule 8:**
 - structural changes to ‘standardise’ the reporting of prices
 - removing the ‘Notional revenue foregone from posted discounts (if applicable)’ from s8(ii).
- **Schedule 16:** Definition of terms used in Schedules 1 to 15

The Commission does not intend to make its final decision on the amendment until February 2024, making the amendments that require reporting at 31 August 2024 retrospective. We agree with our peers¹ that the timing of this amendment (i.e., coming into effect after the start of the disclosure year to which they apply) makes these amendments retrospective. Retrospective regulations are not appropriate. Accordingly, we support the submitter's recommendations that the proposed new reporting requirements be actionable no earlier than 31 August 2025 (i.e., extended by one disclosure year).

AM6 – vegetation management reporting

In our submission, we supported the Commission's proposed AM6 vegetation management reporting amendment to remove the ‘Overhead circuit requiring vegetation management’ and replace it with a more consistent metric. Several submitters², including Aurora Energy³, recommended that the Commission adopt clause 1.6.4 of the information disclosure determination. We support that recommendation.

Clause 1.6.4 of the information disclosure determination states—

‘for the purpose of vegetation management, the percentage of the network that
Aurora

has—

- (a) Inspected; and
- (b) Felled, trimmed, removed, or sprayed’

The metric appears to be a pragmatic solution, which—

¹ Aurora Energy's submission, Commerce Commission Targeted Information Disclosure Review (2024) – Electricity Distribution Businesses Draft Decision – Reasons Paper, paragraph 96; Firstlight network, Targeted Information Disclosure Review (2024), page 1, 6, 7 and 9; Horizon Energy Distribution Limited (Horizon Networks) submission on Targeted Information Disclosure Review (2024), paragraphs 6, 7, 10, 16 and 23; Orion, Targeted Information Disclosure Review (TIDR) 2024, page 6; and Vector, Targeted Information Disclosure Review (TIDR) 2024 – Vector's submission to Draft Decision, paragraphs 3 and 26.

² Alpine Energy Limited's submission on the Commerce Commission's Targeted Information Disclosure Review (2024), paragraph 16; ENA submission draft decision targeted information disclosure (2024), submission to the Commerce Commission, page 6; Network Tasman, Targeted Information Disclosure Review (2024) – Electricity Distribution Business (Draft Decision Paper), page 2; and Orion, Targeted Information Disclosure Review (TIDR) 2024, page 6.

³ Aurora Energy's submission, Commerce Commission Targeted Information Disclosure Review (2024) — Electricity Distribution Businesses Draft Decision — Reasons Paper, paragraph 73.

'...measures the proportion of a feeder maintained during the disclosure year based on the outstanding maintenance tasks on that feeder at year-end.'⁴

After considering the measure, we believe we could adopt it, and given Aurora Energy recommended the adoption of the metric in its submission, we are comfortable that the metric is proven, reportable, and relatable. Based on the submitter's views, the metric would provide a consistent measure of vegetation management for all EDBs.

D5 – work and investment in flexibility resources

We agree with the ENA, Firstlight Network, and Network Waitaki's views that the definition of non-traditional solution is ambiguous and needs to be considered further by the Commission before it makes its final decision.

ENA	'The definition of "Non-traditional solutions" requires clarity. For example, would the use of diesel generators, a technology that has been used for many decades, be classified as a non-traditional solution?' ⁵
Firstlight Network	'...the definition of "non-traditional solutions" needs is well defined to be robust. Diligent attention and care are required to prevent potential unintended [consequences] and ensure that there are no perverse outcomes. For example, some may view the use of diesel generators as a "non-traditional solution", but it may not necessarily align with the intended purpose of disclosure.. ⁶
Network Waitaki	'To avoid ambiguity and ensure consistent reporting, more clarity on the definition of non-traditional solutions will be necessary.' ⁷

In its submission, Vector agreed with the ENAs' view 'that the definition of 'non-traditional solution requires clarity'⁸ and proposed using the alternative term 'non-wired' alternative or solution.'⁹ WELL proposed that the definition of non-traditional solutions could be 'improved to capture non-wired solutions'¹⁰, which put another dimension to Vectors' alternative term.

While we agree that the definition of non-traditional solution needs clarity, we are not certain that the term non-wired alternative or solution is any clearer or that another dimension adds value.

The views on this seemingly simple proposed amendment indicate that the issue is more complex than first thought, and further work needs to be done. We support Aurora Energy's and Horizon Energy's recommendations that the Commission hold workshops to facilitate the necessary clarity through workshops.

⁴ Supra n3, paragraph 74.

⁵ ENA submission draft decision targeted information disclosure (2024), Submission to the Commerce Commission, Page 5.

⁶ Firstlight network, Targeted Information Disclosure Review (2024), page 6.

⁷ Network Waitaki, Targeted Information Disclosure Review (2024), page 5.

⁸ Vector, Targeted Information Disclosure Review (TIDR) 2024 – Vector's submission to Draft Decision, Paragraph 17.

⁹ Supra n8.

¹⁰ Wellington Electricity Lines Limited (WELL), Submission to Targeted Information Disclosure Review 2024, Section 3.4.

Aurora Energy	'...to workshop the proposed changes to Schedules 6b, 12b, and the 'terminology change and definition of 'non-traditional solutions' with stakeholders before making its final decision.' ¹¹
Horizon Energy	'Prior to issuing decisions, the Commerce Commission workshop potential solutions and timing with EDBs and affected stakeholders to ensure potential solutions and timeframes are achievable, practical and will provide meaningful information for stakeholders.' ¹²

We agree with our peers that the Commission must further understand EDB systems and processes before proposing amendments. Powerco stated the unintended consequences of not doing so succinctly—

'Although distributed flexibility can address various network constraints, the continued emphasis on non-traditional solutions for major projects obstructs the deployment of flexibility for other network purposes and the recognition of customers contributing to flexibility.'¹³

We believe that Powerco's recommendation should be explored further by the Commission before reaching its final decision—

'Instead of evaluating non-traditional solutions separately for each AMP major project, an alternative approach is to encourage discussions about long-term programs and policies that promote demand-side flexibility within AMPs.'¹⁴

A workshop (or series of workshops) with stakeholders would be an effective way to deliver an appropriate and effective measure of the work and investment in flexibility resources by EDBs.

Workshopping the amendments proposed by Aurora Energy and Horizon Energy allows the Commission to land the amendments right the first time. The risk of proceeding as intended undermines the competitive market for non-traditional solutions. We are of the view that avoiding such an occurrence is of paramount importance.

D6 – standardised pricing components, including transmission costs

We support the Commission's proposed D6 – standardised pricing components, including the amendment of transmission costs. The submissions, however, were mixed on the benefits of this proposed amendment. Powerco, for example, stated—

'We do not oppose the introduction of standardised price components into Schedule 8, as we find this feasible. However, it's worth noting that this would significantly widen the schedule (increase the number of columns) compared to the existing one, potentially affecting user-friendliness.'¹⁵

On the premise that the purpose of amendment D6 is to—

'... streamline the Electricity Authority's analysis of pricing.'¹⁶

¹¹ Supra n3, paragraph 9

¹² Horizon Energy Distribution Limited (Horizon Networks) [submission](#) on Targeted Information Disclosure Review (2024). 14 September 2023, paragraph 20.

¹³ Powerco, [submission to the TIDR 2024 Draft Decision](#), 14 September 2023,, page 5

¹⁴ Supra n13, page 1

¹⁵ Ibid n14.

¹⁶ Ibid n14.

Powerco offered an alternative approach whereby the information proposed to be provided via the amended Schedule 8 could be provided via the—

‘...PxQ pricing schedules already disclosed by non-exempt EDBs in their DPP Pricing Setting and Annual Compliance Statements.’¹⁷

The limitation of this alternative approach is that exempt EDBs¹⁸ do not report PxQ information as they are not subject to the default price-quality path (DPP). To address this limitation, Powerco propose—

‘...an alternative approach could involve mandating that exempt EDBs also disclose this data.’¹⁹

We do not support Powerco’s proposed alternative approach to mandate exempt EDBs to provide information required under the DPP. It is inappropriate for the Commission to ‘mix and match’ regulatory instruments and impose obligations set under price-quality regulation onto EDBs that are not subject to that regulation.

Closing Comments

We hope the Commission finds our cross-submission useful in reaching its final decision. We would be pleased to answer any questions and discuss the views conveyed in our cross-submission further with the Commission at any time.

Sincerely

Sara Carter, Acting Regulatory and Pricing Manager

¹⁷ Ibid n14, page 6.

¹⁸ Section 54D of the Commerce Act 1986 provides for EDBs that are [consumer owned](#) and meet prescribed criteria to be exempt from the price-quality framework under Part 4. Electra is one of 13 EDBs that meet that criteria and are accordingly ‘exempt EDBs’ for the purposes of the DPP.

¹⁹ Supra n13, page 6.