

EDB Productivity Study 2024

The productivity of Electricity Distribution Businesses (EDBs), measured as their outputs relative to inputs, is an important performance indicator. Over time, we and other stakeholders expect EDB productivity to increase as they become more efficient and able to deliver the same services using fewer inputs.

Improvements in EDB productivity are consistent with competitive market outcomes and maintaining incentives to improve efficiency is part of the purpose of regulation in Part 4 (section 52A) of the Commerce Act.

The Commission engaged Cambridge Economics Policy Associates (CEPA) to undertake an EDB Productivity study. We did this as part of the summary and analysis of disclosed information we publish to understand changes in EDB performance over time, including their efficiency and productivity.

Transparency helps to incentivise improvements in EDBs' performance by highlighting drivers of productivity changes and areas of strength and weakness. This information can guide business decisions, leading to improved business models, asset management practices and other relevant changes that can improve productivity. Ultimately, this will benefit both consumers and EDBs.

Measuring EDB productivity is challenging and not an exact science. However, we also think it is an important area to understand better. CEPA's work provides a foundation to build upon. We plan to continue to collaborate with stakeholders, including EDBs, to improve productivity measurement and understanding.