

## Notice to supply information to the Commerce Commission under section 53ZD of the Commerce Act 1986

To: Powerco Limited  
Level 2  
Npdc Civic Centre  
84 Liardet Street  
New Plymouth 4310

### 1. Purpose of the Notice

1.1 For the purpose of carrying out its functions and exercising its powers under Part 4 of the **Act**, the **Commission** requires, under section 53ZD(d) of the **Act**, that **Powerco** provides the **Commission** with the information and **director** certifications specified in this notice.

### 2. Interpretation

2.1 Unless the context otherwise requires:

- (a) terms in bold type in this notice, including its schedules, have the meaning given to those terms in clause 4.2 of the *Powerco Limited Electricity Distribution Customised Price-Quality Path Determination 2018, [2018] NZCC [XX]*;
- (b) terms used in this notice that are defined in the **Act** but not in this notice have the same meanings as in the **Act**;
- (c) terms used in this notice that are defined in the **IM determination** but not in this notice have the same meanings as in the **IM determination**;
- (d) any reference to a period of time is interpreted in accordance with section 35 of the Interpretation Act 1999; and
- (e) a word which denotes the singular also denotes the plural and vice versa.

### 3. Annual Delivery Report

3.1 Within 5 months and 5 **working days** after the end of each **assessment period**, **Powerco** must provide to the **Commission** and make publicly available on its website an Annual Delivery Report relating to the most recent completed **assessment period**.

3.2 The Annual Delivery Report, intended to allow stakeholders to assess **Powerco's** progress in delivering the projects and programmes approved as part of its customised price-quality path, must include-

- (a) volumetric measures as specified in clause 3.3;

- (b) qualitative measures as specified in clause 3.4; and
- (c) a certificate in the form set out in Schedule 1, signed by at least one **director of Powerco**.

3.3 For the purpose of clause 3.2(a), **Powerco's** Annual Delivery Report must include volumetric measures containing-

- (a) 'total actual expenditure' for each completed **assessment period** of the **CPP regulatory period**, the 'forecast total expenditure' for each **assessment period** of the **CPP regulatory period** and the variance between forecast total expenditure and total actual expenditure for each completed **assessment period** of the **CPP regulatory period**;
- (b) capital expenditure forecasts for the **assessment period**, capital expenditure actuals for the **assessment period** and the variance between capital expenditure forecasts and capital expenditure actuals for the **assessment period**, for each capex category including-
  - (i) 'total system growth and security' expenditure, and security growth and security expenditure disaggregated by 'major', 'minor' and 'reliability';
  - (ii) 'total asset replacement and renewal expenditure less capital contributions', 'capital contributions funding asset replacement and renewal', 'total asset replacement and renewal expenditure' and asset replacement and renewal expenditure disaggregated by 'subtransmission lines', 'subtransmission cables', 'zone substations', 'distribution and LV cables', 'distribution substations and transformers', 'distribution switchgear', 'overhead structures', 'overhead conductors' and 'other network assets';
  - (iii) 'total consumer connections less capital contributions' and 'capital contributions funding consumer connections expenditure';
  - (iv) 'asset relocations';
  - (v) 'total expenditure on other network assets';
  - (vi) 'total expenditure on non-network assets', and expenditure on non-network assets disaggregated by 'ICT', 'facilities' and 'other non-network assets'; and
  - (vii) 'total capital expenditure on assets';
- (c) operational expenditure forecasts for the **assessment period**, operational expenditure actuals for the **assessment period** and the variance between operational expenditure forecasts and operational expenditure actuals for the **assessment period**, including-

- (i) 'vegetation management';
  - (ii) 'corrective maintenance and inspection';
  - (iii) 'preventative maintenance and inspection';
  - (iv) 'reactive maintenance';
  - (v) 'other network opex';
  - (vi) 'non-network opex' expenditure, and non-network opex disaggregated by 'system operations and network support', 'corporate opex', 'ICT', 'facilities' and 'other non-network opex'; and
  - (vii) 'total operational expenditure';
- (d) conductor replacement forecasts for the **assessment period**, conductor replacement actuals for the **assessment period** and the variance between conductor replacement forecasts and conductor replacement actuals for the **assessment period**, including-
- (i) 'kms replaced by region'; and
  - (ii) 'unit cost/km replaced (\$000)';
- (e) overhead structures forecasts for the **assessment period**, overhead structures actuals for the **assessment period** and the variance between overhead structures forecasts and overhead structures actuals for the **assessment period**, including 'units replaced – concrete poles/steel structure', 'units replaced – wood poles', 'units replaced – other pole types', 'units replaced – zone substation switchgear', 'unit cost/unit replaced – concrete poles/steel structure (\$000)', 'unit cost/unit replaced – wood poles (\$000)', 'unit cost/unit replaced – other pole types (\$000)', 'unit cost/unit replaced – zone substation switchgear (\$000)' and 'total unit cost/unit replaced – overhead structures (\$000)'.
- (f) transformer replacement forecasts for the **assessment period**, transformer replacement actuals for the **assessment period** and the variance between transformer replacement forecasts and transformer replacement actuals for the **assessment period**, including 'units replaced – assets up to 6.6kV', 'units replaced – assets 6.6kV to 22kV', 'units replaced – assets 22kV to 110kV', 'total units replaced – transformer replacement', 'unit cost/unit replaced – assets up to 6.6kV (\$000)', 'unit cost/unit replaced – assets 6.6kV to 22kV (\$000)', 'unit cost/unit replaced – assets 22kV to 110kV (\$000)' and 'total unit cost/unit replaced – transformer replacement (\$000)'.
- (g) other renewal programmes forecasts for the **assessment period**, other renewal programmes actuals for the **assessment period** and the variance

between other renewal programmes forecasts and other renewal programmes actuals for the **assessment period**, including-

- (i) 'units completed – other renewal programmes'; and
  - (ii) 'total unit cost/unit completed – other renewal programmes (\$000)';
- (h) for each major growth and security capital expenditure project (a project with total expenditure of more than \$5 million), its 'project reference', 'project/programme name', 'capex category', a 'brief description of project/programme', 'forecast costs in constant prices for the assessment period (\$000)', 'actual costs in constant prices for the assessment period (\$000)', 'variance between major growth and security capital expenditure project forecasts and major growth and security capital expenditure project actuals for the assessment period', 'reference to primary supporting information' and a 'description of progress of major project';
- (i) for each major growth and security operational expenditure project (a project with total expenditure of more than \$5 million), its 'project reference', 'project/programme name', 'opex category', a 'brief description of project/programme', 'forecast costs in constant prices for the assessment period (\$000)', 'actual costs in constant prices for the assessment period (\$000)', 'variance between major growth and security operational expenditure project forecasts and major growth and security operational expenditure project actuals for the assessment period', 'reference to primary supporting information' and a 'description of progress of major project';
- (j) for minor growth and security capital expenditure projects (projects with total expenditure of between \$1 million and \$5 million)-
- (i) 'forecast costs in constant prices for the assessment period (\$000)';
  - (ii) 'actual costs in constant prices for the assessment period (\$000)';  
and
  - (iii) 'variance between minor growth and security capital expenditure projects forecast costs and minor growth and security capital expenditure projects actual costs for the assessment period';
- (k) for minor growth and security operational expenditure projects (projects with total expenditure of between \$1 million and \$5 million) -
- (i) 'forecast costs in constant prices for the assessment period (\$000)';
  - (ii) 'actual costs in constant prices for the assessment period (\$000)';  
and

- (iii) 'variance between minor growth and security operational expenditure projects forecasts and minor growth and security operational expenditure projects actuals for the assessment period';
- (l) 'number of corrective maintenance and inspection backlogs', a 'description of progress on clearing corrective maintenance and inspection backlogs, including distinguishing vegetation management backlogs and routine backlogs', 'number of capex and opex defects' and 'number of new defects added in assessment period';
- (m) 'number of preventative maintenance and inspection backlogs', a 'description of progress on clearing preventative maintenance and inspection backlogs, including distinguishing vegetation management backlogs and routine backlogs', 'number of capex and opex defects' and 'number of new defects added in assessment period';
- (n) 'number of reactive maintenance backlogs', a 'description of progress on reactive maintenance backlogs, including distinguishing vegetation management backlogs and routine backlogs', 'number of capex and opex defects' and 'number of new defects added in assessment period';
- (o) 'number of poles inspected by region in assessment period', 'km of lines inspected by region in assessment period', 'number of service boxes + link boxes inspected by region in assessment period', 'number of ground mounted transformers/substations inspected by region in assessment period' and 'number of two pole transformers/substations inspected by region in assessment period';
- (p) vegetation management work, including 'total km inspected forecast in assessment period', 'total km inspected actuals in assessment period', 'total km inspected variance between forecasts and actuals in assessment period', 'total km cleared forecast in assessment period', 'total km cleared actual in assessment period', 'total km cleared variance between forecasts and actuals in assessment period', 'rates/km forecast in assessment period (\$000)', 'rates/km actuals in assessment period (\$000)', 'rates/km variance between forecasts and actuals in assessment period (\$000)', 'number of trees permanently removed (planned and unplanned)' and 'number of trees permanently removed (reactive)';
- (q) Enterprise Resource Planning progress, including a description of **Powerco's** forecast for the **assessment period** and its progress against its forecast for the **assessment period**;
- (r) 'number of full-time equivalent staff recruited forecast in the assessment period', 'number of full-time equivalent staff recruited actuals in the assessment period', 'number of full-time equivalent staff recruited variance between forecasts and actuals in the assessment period', and 'description of

areas of work for full-time equivalent staff recruited in the assessment period’;

- (s) SAIDI and SAIFI performance by network planned outages information, including ‘SAIDI limit by region for assessment period’, ‘SAIDI assessed value by region for assessment period’, ‘SAIFI limit by region for assessment period’, ‘SAIFI assessed value by region for assessment period’, ‘total SAIDI limit for assessment period’, ‘total SAIDI assessed value for assessment period’, ‘total SAIFI limit for assessment period’ and ‘total SAIFI assessed value for assessment period’.
- (t) SAIDI and SAIFI performance by network unplanned outages information, including ‘SAIDI limit by region for assessment period’, ‘SAIDI assessed value by region for assessment period’, ‘SAIFI limit by region for assessment period’, ‘SAIFI assessed value by region for assessment period’, ‘total SAIDI limit for assessment period’, ‘total SAIDI assessed value for assessment period’, ‘total SAIFI limit for assessment period’ and ‘total SAIFI assessed value for assessment period’.
- (u) average length of planned outages and unplanned outages information, including ‘average length of planned outages for assets up to 6.6kV (minutes)’, ‘average length of planned outages for assets 6.6kV to 22kV (minutes)’, ‘average length of planned outages for assets 22kV to 110kV (minutes)’, ‘average length of unplanned outages for assets up to 6.6kV (minutes)’, ‘average length of unplanned outages for assets 6.6kV to 22kV (minutes)’ and ‘average length of unplanned outages for assets 22kV to 110kV (minutes)’. -
- (v) worst served **consumers** performance information, including ‘worst served consumers – number of planned outages’, ‘worst served consumers – average length of planned outages (minutes)’, ‘worst served consumers – average length of restoration time for planned outages (minutes)’, ‘worst served consumers – number of unplanned outages’, ‘worst served consumers – average length of unplanned outages (minutes)’, ‘worst served consumers – average length of restoration time for unplanned outages (minutes)’, ‘outages proceeding as planned (%)’, ‘outages proceeding on reserve day (%)’, ‘outages proceeding within notified timeframe (%)’ and ‘number of worst performing feeders (reported by classes F1-F5)’; and
- (w) complaints information, including-
  - (i) ‘average initial response time to consumer queries in the assessment period (minutes)’;
  - (ii) ‘average initial response time to consumer complaints in the assessment period (days)’;
  - (iii) ‘total number of complaints received in the assessment period’;

- (iv) 'number of consumer experiencing more than 5 planned interruptions during the assessment period';
- (v) 'complaints resolved within 1 working day during the assessment period (%)';
- (vi) 'complaints resolved within 1 month during the assessment period (%)';
- (vii) 'number of complaints deadlocked and referred to Utility Disputes Limited during the assessment period'; and
- (viii) 'complaints deadlocked and referred to Utility Disputes Limited during the assessment period (%)'.

3.4 For the purpose of clause 3.2(b), **Powerco's** Annual Delivery Report must include qualitative measures containing-

*Introduction*

- (a) an introduction from **Powerco's** board or Chief Executive Officer, including-
  - (i) an explanation of **Powerco's** key achievements in delivering the projects and programmes approved as part of its customised price-quality path;
  - (ii) how **Powerco** is progressing towards delivery of the projects and programmes approved as part of its customised price-quality path;
  - (iii) any instances where **Powerco** is not delivering the projects and programmes approved as part of its customised price-quality path; and
  - (iv) why **Powerco** is not progressing, or is progressing in the manner identified in clause 3.4(a)(ii);

*Delivery of Outcomes*

- (b) the steps taken by **Powerco** to ensure that the projects and programmes approved as part of its customised price-quality path are achieved and put into practice as efficiently as possible;

*Innovation initiatives*

- (c) **Powerco's** innovation initiatives, including-
  - (i) what projects has it assessed and worked on in the **assessment period**;

- (ii) an explanation of progress on the Whangamata major growth and security project, key learnings to date, and how this is benefitting **consumers**;
- (iii) how it is working and sharing knowledge with the wider energy industry;
- (iv) what has it learnt in the **assessment period**; and
- (v) what areas does it envision as becoming important for innovation in the future;

*Data improvement/information quality programmes*

- (d) **Powerco's** data improvement and information quality programmes, including
  - (i) what programmes and initiatives it has been undertaken in the **assessment period**;
  - (ii) what has it learnt in the **assessment period**; and
  - (iii) how its programmes and initiatives are benefitting **consumers**;

*Development of asset health framework*

- (e) **Powerco's** asset health framework, including-
  - (i) its progress in attaining ISO55000 by the end of the **CPP regulatory period**;
  - (ii) its progress in developing an asset health criticality framework which allows for condition based assessments to link with its future expenditure needs and reliability needs; and
  - (iii) what specific assets are being improved and to what extent, including asset health trends on all major asset categories specified in clause in clause 3.3;

*Streamlined works delivery*

- (f) **Powerco's** streamlined works delivery, including-
  - (i) what it has achieved in streamlined works delivery during the **CPP regulatory period**; and
  - (ii) how what it has achieved during the **CPP regulatory period** benefits **consumers**, with particular reference to its effect on unit rates across all expenditure categories identified in clause 3.3;



*Enterprise Resource Planning programme*

- (g) the ongoing implementation of **Powerco's** Enterprise Resource Planning, including-
  - (i) an explanation of its progress against its overall programme milestones;
  - (ii) the extent to which it is on track for successful delivery of its programmes;
  - (iii) when **consumers** will benefit from the programme; and
  - (iv) details of expected efficiency gains and business process quality improvements achieved through the implementation of the Enterprise Resource Planning programme;

*Stakeholder engagement initiatives*

- (h) what **Powerco** has done to inform **consumers** of its customised price-quality path work programme in the **assessment period**;
- (i) how it has notified **consumers** of increased planned outages in the **assessment period**;
- (j) what initiatives it has implemented for-
  - (i) the worst served **consumers** in the **assessment period**;
  - (ii) vulnerable **consumers**;
  - (iii) providing faster connections, including quotations and physical connections; and
- (k) its wider community work in the **assessment period**;

*Safety and hazard control initiatives*

- (l) **Powerco's** safety and hazard control initiatives, including-
  - (i) what initiatives it has implemented internally and what initiatives it has implemented publically to improve safety and hazard control; and
  - (ii) how the overall resilience of its network is improving, and how **Powerco** is measuring this improvement;

*Environment*

- (m) **Powerco's** environmental measures, including-

- (i) its oil losses from all sources during the **assessment period**, with particular reference to its losses on cables and transformers; and
- (ii) what work and initiatives it has undertaken to reduce the overall environmental impacts of its operations during the **assessment period**;

*Customer satisfaction*

- (n) how **Powerco** has improved consumer satisfaction during the **assessment period**; and
- (o) what engagement **Powerco** has had with Utility Disputes Limited during the **assessment period**.

Dated at Wellington: [date]

Signed by:

[Commissioner]

**Schedule 1: Form of director's certificate**

I/We, *[insert full name/s]*, being director/s of Powerco certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached Annual Delivery Report of Powerco is true and accurate \**[except in the following respects]*.

\**[insert description of non-compliance]*

*[Signatures of directors]*

*[Date]*

\*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$100,000 in the case of an individual or \$300,000 in the case of a body corporate.