



22 June 2023  
Ben Woodham  
Manager, Electricity Distribution  
Commerce Commission  
PO Box 2351  
Wellington 6140  
By email to [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz)

Dear Ben,

## **Alpine Energy Limited's submission on the Commerce Commission's Proposed scope and process for the Default price-quality paths for electricity businesses from 1 April 2025**

### **Overview**

1. This is Alpine Energy Limited's (**Alpine Energy**) submission on the Commerce Commission's (**Commission**) proposed scope and process paper on the default price-quality paths (**DPP**) for electricity distribution businesses (**EDBs**), dated 25 May 2023.
2. We welcome the Commission's proposed scope and process paper to allow price-quality regulated EDBs and other interested parties to plan for future engagement on the DPP-settings process.
3. Alpine Energy supports the Electricity Networks Aotearoa's (**ENA**) submission on the Commission's process paper, and at this stage in the process, we have responded below on matters of concern. We look forward to further engagement with the Commission as it develops the next DPP for EDBs, which will take effect from 01 April 2025.

### **Context**

4. We acknowledge the Commission's recognition of the pressures and uncertainty in the changing landscape for EDBs and consumers in the current DPP reset and its importance to support Aotearoa New Zealand's response to climate change and technological change.
5. Alpine Energy's current Asset Management Plan (**AMP**)<sup>1</sup>, explains the pressures to support growth in the next 10 years. For example, the current peak load on our network is 144MW. Current forecasts for Alpine Energy are predicting an uplift of between 60 - 80MW over the next 1 - 5 years.

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<sup>1</sup> [https://www.alpineenergy.co.nz/\\_\\_data/assets/pdf\\_file/0029/18983/AMP-2023-WEB\\_FINAL.pdf](https://www.alpineenergy.co.nz/__data/assets/pdf_file/0029/18983/AMP-2023-WEB_FINAL.pdf)

## **Process**

6. Alpine Energy broadly supports the Commission's proposed DPP-setting process and proposed scope of the next DPP. We welcome the Commission's proposed process to share preliminary versions of financial models relatively early in the DPP process.
7. Alpine Energy, however, request a longer submission period on the DPP Issues Paper. Given the significance of the issues likely to be included in the Issues Paper in October 2023, and the concurrent work required by EDBs to respond to s53ZD notices, a six-week submission process will result in a higher quality engagement and supporting evidence from EDBs. We believe this will support high quality decision-making and ultimately improve outcomes for both EDBs and consumers, in line with Part 4 of the Commerce Act.
8. Alpine Energy supports the inclusion of stakeholder workshops, including targeted workshops of the DPP process. We encourage the Commission to consider hosting regional, or South Island workshops, recognising the travel cost and time commitment required by regional EDBs.

## **Outputs from review of 2023 Asset Management Plans**

9. In the Commission's process paper, it is recognised that AMPs are an important consideration in the process of setting DPP allowances, where already disclosed information plays a role in achieving the low-cost of the DPP process. The Commission also emphasised the importance of external review of the AMPs.
10. Alpine Energy encourages the Commission to provide clarity on the expected outputs from the external review of 2023 AMPs. For example, greater clarity on the timeframe for this review, how EDBs will be expected to engage with the outputs and recommendations of the review. This clarity will enable EDBs to plan accordingly for any further inputs and considerations to the DPP and early AMP disclosure processes.

## **Disclosure of 2024 expenditure forecasts**

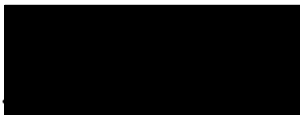
11. The Commission anticipates using information from the 2023 AMPs for the draft decision and updated information in 2024 AMPs for the final decision. In this, the Commission note the risk that 2024 AMPs may have significant increased expenditure compared to the 2023 AMPs, which may make it difficult to incorporate significant changes between the draft and final DPP decisions.

12. To better understand the risk, the Commission proposes to seek information from EDBs on the expected change between 2023 and 2024 in late 2023. Alpine Energy supports this proposal to advance the completion of the AMP process for those components with material change. However, Alpine Energy request that the Commission provides clear guidance of:
  - a. The scope of the s53ZD information requests
  - b. The expected level of detail required
  - c. Expected timelines.
13. The earlier EDBs have a clear understanding of the nature of these requests, the better we will be able to plan for and deliver high-quality information disclosures to support the process.
14. Alpine Energy also supports the ENA's submission that any requests for information outside of s53ZD need to be accompanied by clear guidance on the level of detail necessary, and assurance.
15. Alpine Energy notes that advancing the completion of the full 2024 AMP is not achievable, given the complexity and scale of the full AMP, and the inputs required from across the organisation. Smaller EDBs are not resourced to deliver this on an expediated timeline.

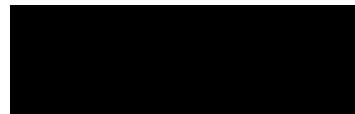
#### **Other issues**

16. In previous DPP resets the Commission used a combination of historical information and projections to reset DPPs, and the Commission intends to consider an appropriate approach for the current DPP reset. Alpine Energy encourages the Commission to provide greater clarity on the approach to forecasting expenditure. The approach adopted by the Commission will have a material impact on forward looking allowances, and therefore, EDBs ability to deliver efficient and planned investments in an uncertain and changing landscape.
17. Alpine Energy supports retaining a 5-year period in the next DPP.

Yours sincerely,



Marisca MacKenzie  
Acting CFO



Fabia Fox  
Regulatory & Sustainability Manager

