



14 September 2023

Targeted Information Disclosure Review (2024) — Electricity Distribution Businesses, Draft decisions – Reasons paper

Electra Limited (Electra) welcomes the opportunity to submit 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 submission is confidential.

Overall, we support the Commission’s proposed changes to the ID Determination¹. We believe the changes are achievable and have the potential to meet the Commission’s objectives. However, aspects of the proposed changes require further consideration before the Commission makes its final decision.

- Amendment D3, disclosure of zone substation information as geospatial data, is achievable but needs to be pushed out to 31 August 2025 to give EDBs time to establish the processes to support this requirement.
- Schedules 5b, 6b, 7 and 11b at Amendment D5, non-traditional solutions, the introduction of a new opex expenditure category of ‘Non-traditional solutions provided by a third-party service supplier’, need be pushed out to 31 August 2025 (year-end reporting) and 31 March 2026 (year beginning reporting) to give EDBs time to establish the processes to support this requirement.
- Revisit the proposal to replace the term ‘Non-network solutions’ with ‘Non-traditional solutions’, as the proposed term is too broad, and the definition risks capturing commonly used lifecycle asset management practices, which we do not believe was the Commission’s intention when making this proposed amendment.
- Schedule 6b at Amendment AM6, vegetation management reporting, we recommended the Commission wait for MBIE² to complete its review³ of the Tree Regulations⁴ before making its final decision.

¹ Commerce Commission, Electricity Distribution Information Disclosure Determination 2012, consolidated as at 6 July 2023.

² The Ministry of Business, Innovation & Employment.

³ MBIE, [Strengthening the ‘Tree Regulations’ to improve resilience of electricity supply](#).

⁴ Electricity (Hazards from Trees) Regulations 2003.

- Schedule 10 at Amendment Q14 expands the ID requirements to include the requirement to disclose raw interruption data. While we support providing raw interruption data to the Commission at year-end, we do not support publicly disclosing raw interruption data. We recommend that the Commission reevaluate its proposed Schedule 10a and instead require EDBs to provide raw interruption data to the Commission and in Excel Workbook only.

We would also like to take this opportunity to recommend that the Commission revisit its decision at the Tranche 1⁵ review to require EDBs to report expenditure on Cybersecurity (Commission only) in Schedules 6a, 6b and 7. We believe Cybersecurity (Commission only) should be disclosed in a standalone Schedule provided to the Commission only, similarly to Schedules 5f and 5g and not be a disclosed measure in the publicly disclosed Schedules 1-10.

Summary of our views

Included in Table 1 is a summary of our views on the changes proposed by the Commission in its TIDR 2024 Draft Decision.

Table 1: Summary of our views on the proposed changes to the Information Disclosure Reporting Requirements

| Amendment | Description | Proposed Timeframe | View |
|--------------------------------------|--|--------------------|--|
| <i>D3, Network Constraints</i> | Schedule 9e: additional reporting related to transformer capacity | 31 August 2024 | Support |
| | Disclosure of zone substation information as geospatial data: in a GIS-compatible format | 31 August 2024 | In principle support, we recommend pushing the time frame to 31 August 2025. |
| | Schedule 12b – Capacity forecast: significant changes proposed to the Schedule to report network constraints at the zone substation | 31 March 2025 | Support |
| | AMP: additional reporting requirements relating to constraints. | 31 March 2026 | Support |
| <i>D5, Non-traditional solutions</i> | Schedule 5b: new opex expenditure category of 'Non-traditional solutions provided by a third-party service supplier' | 31 August 2024 | In principle support, we recommend pushing the time frame to 31 August 2025. |
| | Schedule 6b: new opex expenditure category of 'Non-traditional solutions provided by a third-party service supplier' | | |

⁵ Commerce Commission, Targeted Information Disclosure Review — Electricity Distribution Business, Draft decisions paper – Tranche 1, 3 August 2022, Amendment AM13, pages 29, 104 to 105.

| Amendment | Description | Proposed Timeframe | View |
|--------------------------------------|--|--|---|
| | <p>Schedule 7: new opex expenditure category, actual and forecast, of 'Non-traditional solutions provided by a third-party service supplier'</p> | | |
| | <p>Schedule 11b: disclose a 10-year forecast of 'Non-traditional solutions provided by third-party service supplier'</p> | 31 March 2025 | In principle support, we recommend pushing the time frame to 31 August 2026. |
| | <p>AMP: additional reporting requirements relating to investigations of non-traditional solutions under Attachment A.</p> | 31 March 2026 | Support |
| | <p>Terminology change: replacing the term 'Non-network solutions' with 'Non-traditional solutions' in the ID Determination</p> | 31 March 2025 | Do not support, and we recommend the Commission revisit its proposed term and definition. |
| D6, Standardised pricing components | <p>Schedule 8:</p> <ul style="list-style-type: none"> <input type="checkbox"/> structural changes to 'standardise' the reporting of prices <input type="checkbox"/> , removing the 'Notional revenue foregone from posted discounts (if applicable)' from s8(ii). | 31 August 2024 | Support |
| AM6, Vegetation management reporting | <p>Schedule 6b: expand opex to record details of expenditure on vegetation management</p> | 31 August 2025 | Do not support, and we recommend waiting for MBIE to complete its review of the Tree Regulations. |
| | <p>Schedule 9c:</p> <ul style="list-style-type: none"> <input type="checkbox"/> remove 'Overhead circuit requiring vegetation management <input type="checkbox"/> introduce additional reporting requirements to disclose overhead circuits for which a tree hazard has been identified or a trim notice issued | <p>31 March 2025</p> <p>31 August 2025</p> | <p>Support</p> <p>Support</p> |

| Amendment | Description | Proposed Timeframe | View |
|---|--|--|--|
| | Schedule 10: <ul style="list-style-type: none"> <input type="checkbox"/> Remove 'Normalisation SAIFI and SAIDI' <input type="checkbox"/> Add 'Other cause' <input type="checkbox"/> breakdown of interruptions caused by vegetation into subgroups | 31 August 2024 31 August 2024 31 August 2025 | Support Support In principle support, we recommend revisiting the definition of 'related to inclement weather.' |
| <i>Q14, Raw interruption data and information on worst-performing feeders</i> | Schedule 10: Expand the reporting requirements in s10 to include s10(iv): Worst-performing feeders. | 31 August 2025 | Support |
| | Schedule 10a: Introduce the requirement to publicly disclose raw interruption data in the format specified in s10a | 31 August 2025 | In principle, we support providing the Commission with raw interruption data, but we do not support publicly disclosing raw data or the Schedule 10a format. |
| <i>A3, Amend the definition of 'gains / (losses) on asset disposals'</i> | Schedule 16: Definition of terms used in Schedules 1 to 15 | 31 August 2024 | Support |

Amendment D3, disclosure of zone substation information as geospatial data

We, in principle, support the Commission's proposed amendment to require EDBs for each zone substation to disclose geospatial data about their networks in a generic geospatial file format. While we can meet this new requirement for the 31 August 2024 disclosure year, we recommend the Commission push the effective date for this requirement out to 31 August 2025 to allow EDBs to create the underlying process needed to meet this requirement and support director certification.

We also request that the Commission engage with stakeholders when scoping what it will do with this data to meet its objective to 'support a national constraint map in the future.'⁶ A national map is aspirational. However, we are concerned that such a map will prove expensive and of little value to consumers.

The data will be provided only once a year and five months after the disclosure year's end, meaning the map is static and constantly out-of-date. We appreciate what the Commission is trying to achieve in making this amendment, but we question if there is a more effective and cost-effective way to do so. The Commission may find the ENA an appropriate conduit for further discussions with EDBs, ERANZ, MEUG, and other stakeholders on the practicalities of the national map.

⁶ TIDR 2024 Draft Decision, page 41.

Amendment D5, disaggregation of opex on non-traditional solutions

We, in principle, support the Commission's proposed new requirement to report disaggregated opex on innovative solutions (i.e., non-traditional solutions). We do not support the use of the term 'non-traditional' nor do we support the Commission's proposed definition of non-tradition solution to mean—

'a non-traditional solution to a network constraint or risk, and includes distributed generation, electricity storage, demand response and resilience measures.'

'Non-traditional' implies that distributed generation, electricity storage, demand response, and resilience measures do not, and have not, formed part of EDB asset life cycle management practices in the normal course and therefore, opex expended in these areas is somehow unusual and distinctive in some way.

EDBs have used distributed generation, electricity storage, and demand response and have taken account of resilience measures for decades. The asset lifecycle practices the Commission would capture using its amendment as proposed are nothing new or innovative for EDBs; questioning if Amendment D5 will meet the Commission's objective.

Disaggregating opex by approach to asset lifecycle practice is achievable but only meaningful where the application and definition of the term are unambiguous. We believe the Commission's proposed term non-traditional is ambiguous and too broad, and the definition is even more so. As currently proposed, the disaggregated opex is likely to differ significantly between EDBs not because some EDBs are more innovative than others but because the term and definition were interpreted differently.

Accordingly, we recommend the Commission revisit this proposed amendment with the assistance of stakeholders before making its final decision.

Amendment AM6, vegetation management reporting

We do not support the proposed changes to Schedule 6b. The Commission's proposed disaggregated categories align with the current Tree Regulations, which soon will be surpassed by the MBIE's extensive review of the Tree Regulations.

The MBIE review will drive extensive changes to the Tree Regulations and, therefore, EDB vegetation management practices, negating all expenditure disaggregation reported before the MBIE review is completed. Moving on the Commission's proposed amendment now (i.e., for the 31 August 2025 disclosure year) will only introduce cost, as EDBs will need to make extensive system changes to capture the disaggregated expenditure, with little benefit to consumers, as the measures will not provide a time-series against which to base EDB performance.

We believe the pending amendments to the Tree Regulations will result in significant changes to vegetation management practices in the short term, making the measures reported for the 31 August 2025 disclosure year useless and invalid for use in a time series. Accordingly, recommend the Commission wait for MBIE to complete its review of the Tree Regulations before making its final decision on the disaggregation of expenditure on vegetation management.

We, in principle, support the proposed changes to Schedule 10 to report a breakdown of interruptions caused by vegetation into subgroups. We believe the subgroups will add value

to interested persons to understand better where the causes of interruptions were inside and outside our reasonable control.

We recommend the Commission revisit the subcategory 'related to inclement weather' as the application of this subcategory is unclear and appears superfluous. It is unclear how an interruption caused by vegetation during cold and stormy weather might be differentiated from an interruption caused by vegetation 'In-zone', 'Out-of-zone', or 'Wind-blown debris' as these interruptions are unlikely to occur on a day other than one that is inclement.

Amendment Q14 expand ID requirements to include raw interruption data

We, in principle, support the Commission's proposed amendment to Schedule 10a as we see benefit in providing the Commission with raw interruption data in an Excel Workbook at year-end. However, We do not believe the proposed Schedule 10a format is appropriate for a large data set or that publicly disclosing the raw interruption data will benefit consumers.

Providing raw interruption data at year-end in an Excel Workbook would support the Commission in delivering the quality standards under the price-quality path regulation in the least cost way. And though Electra is an exempt EDB under s54D of the Commerce Act 1986, and as such, we are not subject to price-quality path regulation, we support the amendment as the amendment supports least cost compliance for New Zealanders.

The Schedule 10a format, however, is unworkable and will introduce hundreds of rows of data into our published Schedules 1-10 (this must be thousands of rows for the large EDBs); we see no value in providing that information in the format proposed in Schedule 10a. Further, we see little benefit to consumers in publicly disclosing this data.

We recommend that the Commission rephrase Amendment Q14 to require EDBs to provide to the Commission only the raw interruption data in Excel format.

Cybersecurity (Commission only) should not be a line item in the publicly disclosed in Schedules 1-10

We want to take this opportunity to raise a practical issue with the Commission's new requirement that EDBs report 'Cybersecurity (Commission only)' in Schedules 1-10 for the 31 August 2024 disclosure year.

The Commission consulted on the new reporting requirement Cybersecurity (Commission only) in its Targeted Information Disclosure Review – Electricity Distribution Businesses, Draft decisions paper – Tranche 1, 3 August 2022 (Tranche 1). Amendment 13 requires EDBs to disclose confidential operational expenditures on cybersecurity. In May 2023, the Commission released its Schedule 1-10 Templates, giving effect to the Commission's new reporting requirement.

Including cybersecurity expenditure in Schedules 6a, 6b, and 7 has highlighted a practical issue: EDBs must 'publicly disclose' two sets of Schedule 1-10 and potentially two Schedule 15 voluntary notes each year. One set of Schedules would be published on the EDB website, excluding cybersecurity expenditure. A second set of Schedules would be provided to the Commission, including expenditure on cybersecurity.

We do not believe the Commission intended a double-up of Schedules 1-10 when it made its final decision. The pragmatic solution is to move the reporting of Cybersecurity (Commission only) in Schedules 6a, 6b, and 7 to a standalone Schedule, which would only be provided to the Commission and not disclosed on EDB websites.

Closing Comments

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

Sincerely

Sara Carter, Acting Regulatory and Pricing Manager