

**Submission of PowerNet Limited
To Commerce Commission
On the Information Disclosure Review Process and Issues**

19 April 2022

1. Introduction

- 1.1 PowerNet Limited (PowerNet) appreciates the opportunity to make a submission to the Commerce Commission on the issues and process paper for the targeted Information Disclosure (ID) review for electricity distribution businesses (EDBs).
- 1.2 PowerNet is an electricity management company with head offices based in Invercargill. We manage the non-exempt EDB's of Electricity Invercargill Limited (EIL) and OtagoNet Joint Venture Limited (OJV), the exempt EDB of The Power Company Limited (TPCL) and the non-grid connected Stewart Island Electric Supply Authority (SIESA). PowerNet is a joint venture company, owned (50/50) by TPCL and EIL.
- 1.3 PowerNet manage an asset base and investments in excess of NZ\$1 billion. It provides services to over 73,000 customers through more than 14,100 circuit kilometres and manage the fourth largest suite of EDB assets in New Zealand. TPCL operates in Southland and West Otago, EIL in Invercargill and Bluff, OJV in Frankton, Cromwell and Wanaka and the rural and coastal Otago region that surrounds Dunedin City and SIESA on Stewart Island.
- 1.4 This PowerNet submission is on behalf of EIL, TPCL, and OJV and provides feedback with respect to the process and issues paper published by the Commerce Commission.
- 1.5 PowerNet supports the Electricity Networks Association (ENA) submission to the Commerce Commission. Accordingly we do not intend to replicate or restate points made in the ENA submission. This submission addresses a few key points where the networks PowerNet manage wish to highlight or emphasise particular issues. This is not intended however to lessen the relevance or emphasis of any of the points in the ENA submission.

2. Comments

- 2.1 ***Commission's potential options Q1 – Expand ID requirements related to how much notice of planned outages is given to consumers, including planned outages that are booked but not carried out.***

PowerNet comment – It is unclear what this measure is trying to achieve. Our current experience is that there is inconsistency with timing and information shared by retailers (who receive the planned outage notice from PowerNet retailers), and in some instances consumers forget about notices when they are provided too far in advance of an outage, causing increased disruption and displeasure for all parties.

2.2 Commission's potential options Q6 - Expand ID requirements on response time to outages.

PowerNet comment – CAIDI or Customer Average Interruption Duration Index was removed from ID reporting at the last review. CAIDI can be calculated by dividing SAIDI by SAIFI.

2.3 Commission's potential options Q10 - Expand ID requirements to include disaggregated SAIDI and SAIFI by network category (e.g. urban, rural) and region.

PowerNet comment – This measure is not supported as we have feeders that cover both urban and rural; making this measure complex to calculate, and resulting in limited or no useful information for consumers.

2.4 Commission's potential options Q11 - Refine ID requirements on interruptions by clarifying definitions to ensure successive interruptions are recorded consistently.

PowerNet comment – Strongly agree and needs restating to achieve consistency. Raw SAIDI and SAIFI data would be useful for consistency through periods as recent changes such as major event days, planned outage percentage weightings have made reported SAIDI and SAIFI different over recent years.

Consistency between default price-quality path and ID data needs to be addressed.

2.5 Commission's potential options D1 - The range of changes that could be made to ID for EDBs to provide more information on their LV networks fall along a spectrum. At the more prescriptive end of the spectrum, there could be a requirement for EDBs to provide detailed and potentially much more frequent information about metrics of their LV network, such as those on capacity and power quality. A less prescriptive approach would be for EDBs to disclose their plans to develop and improve their LV network practices. This would be similar to the approach adopted for Aurora. The Commission welcomes feedback from stakeholders on the appropriate approach to take.

PowerNet comment – this requirement is not supported under the current environment. Networks such as OJV that do not have their own smart meters have restricted access to data. Reporting is difficult and problematic for networks such as OJV, particularly in comparison to networks that own their own smart meters - such as EIL and TPCL. This makes for incredibly inconsistent reporting and reflects poorly on networks like OJV, through no fault of their own. The effort required to communicate and endeavour to educate consumers will place undue and unnecessary pressure and workload on OJV.

2.6 Commission's potential options D2 - There are various approaches that could be used to require EDBs to report more consistently and provide greater transparency, which would allow stakeholders to better understand the magnitude and effect of new large electricity loads on EDBs' networks. One example of this would be a requirement for an EDB to identify and report on the top 10 fossil-fuel loads in their area that could convert to electricity and the effect on their network and how they were preparing. Alternatively, a threshold (either absolute or proportional) could be introduced which required EDBs to report this information on new loads above a certain size.

PowerNet comment – this requirement is not supported. How do we access such information? The fossil fuel load may not even be a current EDB customer. Experience in the Southland region in recent times has been that new loads have come to light due to GIDI subsidies. These new loads had not been indicated or considered until recently due to customers not engaging with the EDB – making it impossible to forecast and report in advance.

- 2.7 Commission’s potential options D3 - We want stakeholders to be better able to understand the current and likely future constraints on EDB networks. This includes helping those providing new technology or services to be able to plan to compete to offer a solution to the constraints and helping those planning to connect to the system to choose where to locate. There is a spectrum of options, from simply requiring EDBs to report on their plans and progress and different scenarios in this area, to more prescriptive approaches that could require EDBs to provide information on current and expected constraints in a standardised (geo-spatial) format. The Commission wants to understand how ID can help facilitate a shift to national-level reporting of constraints with an approach that does not impose an unnecessary regulatory burden on EDBs. For example, would simply expanding the requirements so that they apply to all EDBs be sufficient or do the existing requirements not capture all of the information necessary.**

PowerNet comment – the use of heat maps could be very useful, but requires good data on network models to be accurate. PowerNet networks currently indicate level of substation loading already, but to take it to distributor level could have its challenges.

- 2.8 Commission’s potential options – Disclosure of DER/Flexibility information**

PowerNet comment – for this to be useful to an EDB, the information disclosed about DERs needs to be higher resolution rather than aggregated to EDB level, and information should be for each DER (e.g. a house may have Solar panels and battery storage, which are two types of DER, with different characteristics).

In addition to the already mentioned bullet list, it should include:

- Location, e.g. street, so EDBs can identify the network area the DER is connected to and analyse the potential impact and benefits on the network area from its operation and control (e.g. if customer participates in DSO market).
- If energy storage device installed, then capacity of energy storage (kWh) and its discharge/charging rate (kW)

This information needs to be provided in timely manner so EDBs (and flexibility providers) have the time to act to resolve any potential issues. It would be good to have this type of information available within month of DER registering. Ideally, it would be right after registration.

2.9 **Commission's potential options – Investment from EVs**

PowerNet comment – Similar comment to above in terms of information needs to be at higher resolution for it to be useful to EDBs. EVs and EV chargers are DERs. So additional information would be:

- Location of EV and charger, e.g. street, so EDBs can identify the network area the EV is connected to and analyse the potential impact and benefits on the network area from its operation and control (e.g. if customer participates in DSO market).
- Size of EV battery

Similar view on needing this information to be disclosed in timely manner for EDBs and other parties to digest and use for efficient network and customer services.

2.10 **Commission's potential options AM1 - Possible improvements to improve the specificity of asset age data disclosed under ID include: finding an appropriate way to report what is currently designated as 'unknown' in the asset age category; and splitting out asset age data at a level that is more granular than by decade for assets installed before 2000.**

PowerNet comment – it is not always possible to improve on the specific age of equipment. This is highly detailed and resource intensive.

2.11 **Commission's potential options AM2 - Identifying cost categories with known or observable relationships to other data that can enable better understanding of the efficiency of EDBs' expenditure plans. Unit costs are one basic approach the Commission might explore, including: capex unit costs e.g. asset replacement cost per unit (poles, conductors, transformers etc); and opex unit costs e.g. vegetation management expenditure/per km cut.**

PowerNet comment – there is great variability in unit rates that were explored under the old Optimised Deprival Valuation handbook issued in 2004, including factors such as urban, central business district, remoteness and ruggedness. Due to PowerNet supporting three different networks we have consistent experience of using different unit rates for the same scope of work. Networks are designed differently, accessibility is different, and the level of service we provide to consumers can differ.

2.12 **Commission's potential options AM5 - Require a summary report of each significant storm event. This could be informed by internal reporting and recording that could include the following: wind speed and wind direction data; and whether the wind speed actually exceeded the design tolerances of the network.**

The Commission is seeking further feedback on this from stakeholders to achieve a cost-effective solution that is useful to stakeholders.); and opex unit costs e.g. vegetation management expenditure/per km cut.

PowerNet comment – this is strongly opposed. It is simply not practical or viable to monitor wind speeds continuously on every part of our networks. Interpretation differences already exist between EDB's as to the portion of the network affected by vegetation, further analysis would be less than useful until vegetation affected areas are better defined. Vegetation types and growth rates also vary greatly between areas and EDB's which would make cost analysis less than useful.

2.13 Commission's potential options AM10 - Change the relevant provisions so that stakeholders can understand the number of forecast disconnections on an EDB's network.

PowerNet comment – Historically there has been confusion around disclosing connection data. It was uncertain whether it was Current ICP's or New ICP's for DG and EDB's disclosed a mixture of both initially - perhaps both should be disclosed? AM10 touches on forecast disconnections, what about actual? Maybe even a table of opening, new, disconnects etc, transfers within groups, and closing – by capacity and total. Could a similar table be used for DG?

2.14 ENA proposed – Lease treatments – Schedule 6(a) (i) and Schedule 4(iv).

PowerNet comment - Following IFRS treatment is not supported. ID's should abandon IFRS treatment on leases and simply report raw rental costs. Three key issues are:

- lease costs such as rent will end up being converted to a mixture of depreciation and interest costs. Interest is not included in ID's as a cost.
- Capitalising a new long term lease could potentially see an asset addition that could flow into IRIS capex calculations.
- Some Transpower Customer investment Contracts would be regarded as an asset purchase under IFRS 16, causing confusion on DPP statements, ID capex and opex, and IRIS calculations

2.15 ENA comment – Definition of 'subnetwork' and reporting of Schedules 9a, 9b, 9c, 9e and 10 by subnetwork.

PowerNet comment – This definition is in dire need of being tidied up. Networks such as TPCL have urban rural pricing differences and cost reflective locational pricing for individual customers. (e.g. significant charging differences exist for hotels with the same capacity in Invercargill compared with the remote location of Te Anau).

2.16 ENA comment – Clause 2.4.19 (2) (b).

PowerNet comment – this requirement is outdated and should be removed and substituted with internet and maybe notification to retailers with Use of System Agreements.

3. General Observation

- 3.1 We thank the Commerce Commission for the work to date and appreciate the opportunity to make a submission. We look forward to receiving further detail and clarity.

PowerNet Contact

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or