

# Targeted Information Disclosure Review (2024) – Electricity Distribution Businesses

Draft decision - Reasons paper

**Date of publication:** 17 August 2023

Commerce Commission

New Zealand



## Associated documents

Publication date	Reference	Title
1 October 2012	N/A	<a href="#">NZCC 22/2012 Electricity Distribution Information Disclosure determination</a>
1 October 2012	ISBN 978-1-869452-09-4	<a href="#">Information disclosure for EDBs and GPBs – Final Reasons Paper</a>
24 March 2015	ISSN 1178-2560	<a href="#">[2015] NZCC 6 Amendment to the Electricity Distribution Information Disclosure Determination 2012</a>
24 March 2015	ISBN 978-1-869454-42-5	<a href="#">Amendments to information disclosure determinations for electricity distribution and gas pipeline services – Final reasons paper</a>
21 December 2017	ISSN 1178-2560	<a href="#">[2017] NZCC 33 Electricity distribution information disclosure amendments determination 2017</a>
21 December 2017	ISBN 978-1-869456-21-4	<a href="#">Amendments to information disclosure determinations for airport services, electricity distributions services, and gas pipeline services – Companion paper</a>
20 May 2019	N/A	<a href="#">Partna Consulting Group – Expert report – AMP review of EDB risk preparedness</a>
29 April 2021	N/A	<a href="#">Open letter – Ensuring our energy and airports regulation is fit for purpose</a>
26 July 2021	ISBN: 978-1-869459-04-8	<a href="#">Reporting of asset management practices by EDVs – a targeted review of potential improvements</a>
31 August 2021	ISBN 978-1-869458-75-1	<a href="#">Electricity Distribution Information Disclosure (Aurora Energy Limited) – Amendment Determination</a>
31 August 2021	ISBN 978-1-8694591-24-6	<a href="#">Aurora Energy Limited – Additional Information Disclosure Requirements – Reasons paper</a>
12 October 2021	N/A	<a href="#">Open letter on priorities for Energy and Airports – Summary of key themes from submissions</a>
18 November 2021	ISBN: 978-1-869459-48-2	<a href="#">Review of Electricity Distribution Businesses’ 2021 Asset Management Plans in relation to decarbonisation</a>
7 December 2021	N/A	<a href="#">Summary and feedback on workshop on the impact of decarbonisation on electricity lines services</a>
9 December 2021	ISBN 978-1-869459-59-8	<a href="#">Electricity Distribution Information Disclosure Determination 2012 – Consolidated version</a>
23 March 2022	ISBN 978-1-869459-96-3	<a href="#">Targeted Information Disclosure Review - Electricity Distribution Businesses – Process and Issues Paper</a>
3 August 2022	ISBN 978-1-99-101219-7	<a href="#">Targeted Information Disclosure Review – Electricity Distribution Businesses – Draft decisions paper – Tranche 1</a>
3 August 2022	ISBN 978-1-99-101220-3	<a href="#">[Draft] Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022</a>

Publication date	Reference	Title
25 November 2022	ISBN 978-1-99-101247-0	<a href="#">Targeted Information Disclosure Review – Electricity Distribution Businesses – Final decisions paper – Tranche 1</a>
25 November 2022	ISSN 1178 – 2560	<a href="#">[2022] NZCC 36 Electricity Distribution Information Disclosure (Targeted Review Tranche 1) Amendment Determination 2022</a>
27 March 2023	N/A	<a href="#">Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop presentation</a>
27 March 2023	N/A	<a href="#">Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes</a>
27 April 2023	N/A	<a href="#">Explanatory note for non-material amendment to the Electricity Distribution Information Disclosure Determination 2012</a>
27 April 2023	ISSN 1178 - 2560	<a href="#">[2023] NZCC 6 Electricity Distribution Information Disclosure (Non-material) Amendment Determination 2023</a>
27 April 2023	N/A	<a href="#">EDB Information Disclosure – Issues and guidance register</a>
18 May 2023	ISBN 978-1-99-101297-5	<a href="#">Electricity Distribution Information Disclosure Determination 2012 (consolidated)</a>
30 May 2023	ISBN 978-1-99-101296-8	<a href="#">Targeted Information Disclosure Review (2024) – Electricity Distribution Businesses – Process paper</a>
28 June 2023	ISBN 1178 - 2560	<a href="#">[2023] NZCC 12 Electricity Distribution Information Disclosure (Non-material) Amendment Determination June 2023</a>
6 July 2023	ISBN 978-1-991085-23-8	<a href="#">Electricity Distribution Information Disclosure Determination 2012 (consolidated)</a>
17 August 2023	ISBN 979-1-99-101298-2	Part 4 Targeted Information Disclosure Review – Framework paper
17 August 2023	ISBN 978-1-991085-8	[Draft] Electricity Distribution Information Disclosure (Targeted Review 2024) Amendment Determination 2024 [2024] NZCC [XX]

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## Glossary

Acronyms	
<b>ADR</b>	Annual Delivery Report
<b>AER</b>	Australian Energy Regulator
<b>AMP</b>	Asset Management Plan
<b>CPP</b>	Customised price-quality path
<b>DPP</b>	Default price-quality path
<b>DER</b>	Distributed Energy Resource
<b>DG</b>	Distributed Generation
<b>DNSP</b>	Distribution Network Service Providers
<b>DYE</b>	Disclosure year ending
<b>EA</b>	Electricity Authority
<b>EDBs</b>	Electricity Distribution Businesses
<b>EEA</b>	Electricity Engineers' Association
<b>EECA</b>	Energy Efficiency and Conservation Authority
<b>ENA</b>	Electricity Networks Aotearoa <sup>1</sup>
<b>EV</b>	Electric vehicle
<b>GAAP</b>	Generally accepted accounting practices
<b>ID</b>	Information Disclosure
<b>TIDR</b>	Targeted Information Disclosure Review
<b>IMs</b>	Part 4 input methodologies
<b>IM Review</b>	Input Methodologies Review
<b>IPAG</b>	Innovation and Participation Advisory Group
<b>LV</b>	Low voltage (in reference to network types) <sup>2</sup>
<b>MBIE</b>	Ministry of Business, Innovation and Employment
<b>MV</b>	Medium voltage
<b>Opex</b>	Operational expenditure
<b>Part 4</b>	Part 4 of the Commerce Act 1986
<b>PIP</b>	Process and Issues Paper
<b>PQ</b>	Price-quality
<b>SAIDI</b>	System Average Interruption Duration Index
<b>SAIFI</b>	System Average Interruption Frequency Index
<b>ToU</b>	Time of use
<b>UDL</b>	Utility Disputes Limited

<sup>1</sup> The Electricity Networks Association rebranded as Electricity Networks Aotearoa in April 2023. See: <https://www.ena.org.nz/news-and-events/news/new-brand-underpins-ena-refocus/>

<sup>2</sup> 'Low voltage' is defined in the [ID determination](#) as the nominal Alternating Current (AC) voltage of less than 1000 volts or the assets of the EDB that are directly associated with the transport or delivery of electricity at those voltages.

## Executive summary

### We propose changes to information disclosure requirements in 2024 to improve public information on electricity distribution businesses' performance, and we want to hear your views

- X1 We are reviewing the information disclosure (ID) requirements for electricity “distribution businesses (EDBs) to ensure that sufficient information is available to enable stakeholders to assess EDBs’ performance and to ensure the ID requirements remain fit for purpose in a changing environment.<sup>3</sup>
- X2 We are reviewing the information disclosure (ID) requirements for electricity distribution businesses (EDBs) to ensure that sufficient information is available to enable stakeholders to assess EDBs’ performance and to ensure the ID requirements remain fit for purpose in a changing environment.<sup>4</sup>
- X3 As part of this targeted information disclosure review (TIDR), we propose changing some existing ID requirements and adding some new ID requirements for EDBs within particular themes. These changes will enable stakeholders (including consumers) to better understand how EDBs are performing now and in the future.
- X4 This paper outlines our draft decision for changes we are considering making to the Electricity Distribution Information Disclosure Determination 2012 (ID determination) in 2024 as part of our ongoing work programme.<sup>5</sup>
- X5 We want to hear your views on our draft decision. Your feedback will inform our final decision, which we intend to publish in early 2024. You can submit your views to us by 14 September 2023.

### Our draft decision is designed to improve the quality of disclosed information and prepare for the future

- X6 For this information disclosure review we have targeted the following areas:
- X6.1 **Decarbonisation:** Expand reporting requirements to capture more information on network constraints, non-traditional solutions, and pricing;

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<sup>3</sup> Commerce Act 1986, Part 4, ss 53A and 52A. Unless stated otherwise, all references to statutory provisions are references to the provisions of the Commerce Act 1986.

<sup>4</sup> Commerce Act 1986, Part 4, ss 53A and 52A. Unless stated otherwise, all references to statutory provisions are references to the provisions of the Commerce Act 1986.

<sup>5</sup> NZCC 22 *Electricity Distribution Information Disclosure determination 2012*. A copy of the current consolidated determination (i.e. including subsequent amendment determinations for ease of reference), which is not the legal authority, can be accessed via our website Commerce Commission "[Electricity-Distribution-Information-Disclosure-Determination-2012](#)" (6 July 2023).

- X6.2 **Asset management:** Refine reporting requirements on vegetation management to capture more fulsome and consistent information on EDB practices and capability;
- X6.3 **Quality of service:** Extend reporting requirements on quality of service to capture more granular information on quality and reliability of EDB services; and
- X6.4 **Other important changes:** Clarifying definitions and updating assurance standards.
- X7 We have tailored the proposed timing and format of our draft decision to ensure sufficient information on EDB performance is available to stakeholders, while accounting for EDB circumstances (like the time required to implement new requirements) and uncertainty in the sector.

**We will undertake an ongoing review of ID requirements with prioritisation of issues**

- X8 Through the consultation process during Tranche 1 and the subsequent engagement with stakeholders at the technical elements workshop in March 2023, we identified a number of potential changes to the ID determination that can improve or clarify the ID requirements in a way that better reflects the purpose of ID regulation.<sup>6 7</sup>
- X9 We now consider that our work on amending the ID requirements for EDBs would be better described as ongoing, rather than the targeted review in two tranches which we signalled in our March 2022 Process and Issues paper (2022 PIP).<sup>8</sup> The potential changes that we have identified have been appropriately prioritised and will be regularly reviewed through the ongoing TIDR project.
- X10 We also note that we intend for the ongoing TIDR project to be broader, covering all sectors subject to ID regulation, and not be limited only to electricity distribution.

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<sup>6</sup> We noted that we did not completely address some issues in our Tranche 1 final decision and signalled that we intend to follow up in “Tranche 2” or in a future project. See Commerce Commission ["Targeted Information Disclosure Review for Electricity Distribution Businesses - Tranche 1 final decisions reasons paper"](#) (25 November 2022), paras 2.3 and 3.29 and Attachment B.

<sup>7</sup> [Commerce Commission "Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop presentation" \(27 March 2023\)](#), [Commerce Commission "Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes" \(27 March 2023\)](#).

<sup>8</sup> [Commerce Commission "Targeted Information Disclosure Review - Electricity Distribution Businesses - Process paper" \(30 May 2023\)](#), para 2.

X11 To reflect this amended approach to the TIDR we have moved away from grouping and labelling issues into “tranches”. In any year in which we undertake a review we will refer to the year in which the amendment determination is expected to be published. Therefore, we refer to the “Targeted Information Disclosure Review (2024)” - TIDR (2024) - rather than “Targeted Information Disclosure Review (Tranche 2)”.

### **EDBs continue to face a changing environment**

X12 The energy sector is in a period of change, particularly in relation to the transition to a low carbon economy, other impacts of climate change (including network resilience in the face of more frequent and severe adverse weather events), and the challenges and opportunities posed by new technology. We are carrying out this targeted review of ID requirements for EDBs because they are likely to be impacted significantly and in multiple ways.

X13 We are seeing signals of this in the Government’s first Emissions Reduction Plan published in May 2022.<sup>9 10</sup>The plan lays out major actions on a range of topics including electrifying the economy, phasing out fossil fuels in transport and heating, increasing access to electric vehicles (EVs) and developing a national energy strategy.

### **Our draft decision reflects feedback from stakeholders and our analysis**

X14 We have identified several ways we can improve our ID requirements for EDBs based on our observations since the requirements were set. Over time we have seen information disclosed by EDBs mature and improve and seen trends emerge for key metrics. We have also undertaken several pieces of analysis using ID data.<sup>11</sup>

X15 Our draft decision is informed by feedback received from stakeholders, including feedback in response to our:

X15.1 resets of EDB price-quality (PQ) paths;<sup>12</sup>

X15.2 April 2021 open letter;<sup>13</sup>

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<sup>9</sup> [Ministry for the Environment Manatū Mō te Taiao “Aotearoa New Zealand’s First Emissions Reduction Plan” \(2022\).](#)

<sup>10</sup> The Ministry of Business Innovation and Employment (MBIE) is currently consulting on advancing New Zealand’s energy transition. MBIE’s consultation supports work towards developing the national energy strategy. See: <https://www.mbie.govt.nz/have-your-say/consultation-on-advancing-new-zealands-energy-transition/>.

<sup>11</sup> Our public pieces of performance analysis using ID data are available on our website [here](#).

<sup>12</sup> We set PQ paths that restrict the revenue these EDBs can earn and require them to deliver services at a quality that consumers would expect.

<sup>13</sup> [Commerce Commission, “Open letter - ensuring our energy and airports regulation is fit for purpose” \(29 April 2021\).](#)



- X15.3 2022 PIP;<sup>14</sup> and
- X15.4 draft decision for Tranche 1 of this review.<sup>15</sup>
- X16 We have received feedback from a wide group of stakeholders, including EDBs, retailers, consumer groups, and third parties in the sector (including providers of non-traditional solutions). We value the clarity, comprehensiveness, and depth of engagement in the feedback we have received.
- X17 Following requests from EDBs and other stakeholders, we held a workshop in March 2023 to discuss some issues raised in submissions on our Tranche 1 draft decision in more detail.<sup>16</sup> The purpose of the workshop was to inform our approach to developing ID requirements in certain areas. Feedback received and discussion during this workshop has helped to inform our prioritisation and analysis of issues for the TIDR.
- X18 Some of our draft decision differs from what we discussed in Tranche 1, informed by further analysis and feedback from stakeholders, including at the technical elements workshop. Key differences include:
- X18.1 expanding the amendments to standardised pricing components (D6) to include amendments to the reporting of transmission costs; and
  - X18.2 revising vegetation management reporting more broadly, rather than focusing only on revising the definition of “overhead circuit requiring vegetation management” (AM6); and
  - X18.3 expanding reporting requirements on quality (Q14) to include information about worst-performing feeders.

### **We set ID requirements to enable stakeholders to assess the performance of EDBs**

- X19 We set ID requirements for EDBs to publicly disclose information regularly about how they are performing, including how they are responding to changing consumer demands and planning for the future. The types of information that EDBs must disclose include data on prices, measures of quality, financial information and forward-looking information on managing and investing in the network (including expenditure forecasts).

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<sup>14</sup> [Commerce Commission "Targeted Information Disclosure Review - Electricity Distribution Businesses – Process and Issues Paper" \(23 March 2022\).](#)

<sup>15</sup> [Commerce Commission "Targeted Information Disclosure Review – Electricity Distribution Businesses – Draft decisions paper – Tranche 1" \(3 August 2022\).](#)

<sup>16</sup> [Commerce Commission "Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop presentation" \(27 March 2023\), Commerce Commission "Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes" \(27 March 2023\).](#)

X20 The purpose of this form of regulation is to ensure sufficient information is available to stakeholders (including consumers) to be able to assess EDBs' performance.<sup>17</sup> We produce a summary and analysis of this information to make it more accessible and understandable for stakeholders.<sup>18</sup>

**This proposal is for a second package of material changes we are considering making as part of ongoing targeted reviews and our wider work programme**

X21 This is our draft decision for TIDR (2024) which is the second package of material changes we are considering making to ID requirements for EDBs under the TIDR project. We intend to publish our TIDR (2024) final decision in early 2024 with the proposed changes coming into force in a staggered approach over 2024 and 2025.

X22 We are working on a broader range of issues as part of our wider work programme. This work includes a review of the 2023 asset management plans (AMPs) provided by the EDBs, including checking that that the AMPs are fulfilling the purpose of ID regulation and to understand EDBs approaches to significant issues such as resilience and climate change.<sup>19</sup>

X23 We plan to continue undertaking periodic reviews for incremental minor improvements of the ID requirements, including error corrections and clarifications, if appropriate.<sup>20</sup> In April 2023 and June 2023, we made such changes by publishing non-material amendment determinations.<sup>21</sup> TIDR (2024) proposes similar amendments.<sup>22</sup>

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<sup>17</sup> Sections 53A and 52A.

<sup>18</sup> Our public pieces of performance analysis using ID data are available on our website [here](#).

<sup>19</sup> Further information on the work we doing to review 2023 AMPs can be found in the TIDR (2024) Process Paper: Commerce Commission "[Targeted Information Disclosure Review \(2024\) - Electricity distribution businesses process paper](#)" (30 May 2023), paras 30-35.

<sup>20</sup> We have previously referred to these reviews as a "tidy-up".

<sup>21</sup> Commerce Commission "[Explanatory note for publication of non-material amendments to Electricity Distribution Information Disclosure Determination](#)" (27 April 2023) and [Electricity Distribution information Disclosure \(Non-material\) Amendment Determination 2023 \[2023\] NZCC 6](#) (27 April 2023).

Commerce Commission "[Explanatory note for publication of non-material amendments to Electricity Distribution Information Disclosure Determination 2012](#)" (28 June 2023) and [\[2023\] NZCC 12 Electricity Distribution Information Disclosure \(Non-material\) Amendment Determination \(red-lined version\)](#) (28 June 2023).

<sup>22</sup> We intend to clarify definitions and update assurance standards; see para 3.227.

X24 The EDB Information Disclosure – Issues and guidance register (Issues Register) was published alongside the non-material amendment determination we published in April 2023.<sup>23</sup> The Issues Register responds to stakeholder feedback that results in ID amendments; provides guidance and clarification on certain existing ID requirements and lists outstanding issues that may be considered for future reviews. We intend to keep stakeholders informed of any issues or potential changes identified through regular updates in our Issues Register.

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<sup>23</sup> Commerce Commission [“EDB Information Disclosure - Issues and guidance register”](#) (27 April 2023).

## Chapter 1 Introduction

### **We propose changes to information disclosure requirements in 2024 to improve public information on electricity distribution businesses' performance, and we want to hear your views**

- 1.1 We propose changes to the information disclosure (ID) requirements that apply to electricity distribution businesses (EDBs) under Part 4 of the Commerce Act 1986 (Part 4).<sup>24</sup>
- 1.2 This proposal is for changes we are considering making to the Electricity Distribution Information Disclosure Determination 2012 (ID determination) in 2024 as part of our ongoing targeted review.<sup>25</sup>
- 1.3 We are seeking your views on our draft decision, which will inform our final decision. Submissions are due by 14 September 2023. You can find details of how to submit at the end of this chapter.

### **We set ID requirements to enable stakeholders to assess the performance of EDBs**

- 1.4 ID is a regulatory tool provided for under Part 4. We use it to regulate certain markets where there is little or no competition (and little prospect of future competition) by requiring suppliers in those markets to publicly disclose information about their performance.
- 1.5 The purpose of ID regulation is to ensure that sufficient information is readily available to interested persons (stakeholders) to assess whether the purpose of Part 4 is being met.<sup>26</sup> We also analyse and summarise that information into a form that is helpful for consumers and other stakeholders to understand.
- 1.6 An effective ID regime provides transparency to stakeholders on the performance of regulated suppliers. Information is disclosed regularly, to provide an ongoing source of information so that multi-year trends can be identified and monitored over time. This allows stakeholders to assess whether, in relation to a regulated supplier, outcomes are broadly consistent with what is expected in a competitive market.

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<sup>24</sup> Commerce Act 1986, Part 4. Unless stated otherwise, all references to statutory provisions are references to the provisions of the Commerce Act 1986.

<sup>25</sup> *NZCC 22 Electricity Distribution Information Disclosure determination 2012*. A copy of the current consolidated determination (ie, including subsequent amendment determinations for ease of reference), which is not the legal authority, can be accessed via our website Commerce Commission "[Electricity-Distribution-Information-Disclosure-Determination-2012](#)" (6 July 2023).

<sup>26</sup> Section 53A. See Commerce Commission, *Part 4 Targeted Information Disclosure Review – Framework paper* (17 August 2023), paras 6-20.

- 1.7 Publishing our analysis of the information that a supplier publicly discloses can also promote incentives for the supplier to improve its performance, by highlighting performance levels, relative performance, and performance trends to stakeholders including other suppliers.
- 1.8 We also set price and quality (PQ) controls for EDBs that are not “consumer-owned” (referred to as non-exempt EDBs).<sup>27</sup> We set “price-quality (PQ) paths” that restrict the revenue these EDBs can earn and impose minimum standards for the quality of service that consumers receive.
- 1.9 EDBs that are consumer-owned (currently 13 of the 29 EDBs) are exempt from PQ paths because Parliament has decided that their consumers have enough input into how the business is run, reducing the need for PQ paths. In exempt businesses, there is an alignment of interest between business owners and consumers which reduces the incentives of the owners to exercise market power at the expense of consumers.

**We are reviewing our ID requirements to ensure our regulation remains fit for purpose as the external context changes**

- 1.10 We are undertaking this “targeted” review of ID requirements that apply to EDBs to ensure sufficient information is available for stakeholders to assess EDBs’ performance and continue to do so in a changing environment. This is part of ensuring our regulation remains fit for purpose as the external context changes. It is important that our rules and processes ensure that EDBs have incentives to continue to invest and innovate to maintain reliable services, while responding to changing consumer preferences, technology, government policy and other environmental factors, including climate change.<sup>28</sup>
- 1.11 The energy sector is in a period of change, particularly in relation to the transition to a low carbon economy and other impacts of climate change, and the challenges and opportunities posed by new technology. EDBs are likely to be impacted significantly and in multiple ways. In May 2022, the Government released the first Emissions Reduction Plan.<sup>29</sup> <sup>30</sup>The plan lays out some major actions over the next few years, including the ones below which are affecting EDBs directly or indirectly:

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<sup>27</sup> ‘Consumer-owned’ suppliers are defined in s 54D. Information disclosure is the only form of regulation to which consumer-owned EDBs (‘exempt EDBs’) are subject to under Part 4.

<sup>28</sup> Commerce Commission [“Ensuring our energy and airports regulation is fit for purpose”](#) (23 February 2022).

<sup>29</sup> [Ministry for the Environment Manatū Mō te Taiao “Aotearoa New Zealand’s First Emissions Reduction Plan” \(May 2022\).](#)

<sup>30</sup> The Ministry of Business Innovation and Employment (MBIE) is currently consulting on advancing New Zealand’s energy transition. MBIE’s consultation supports work towards developing the national energy strategy. See: <https://www.mbie.govt.nz/have-your-say/consultation-on-advancing-new-zealands-energy-transition/>.

- 1.11.1 developing a gas transition plan to manage the phasing-out of fossil gas, and developing a national energy strategy;
  - 1.11.2 supporting development and efficient use of transmission and distribution infrastructure to further electrify the economy, as well as ensuring the electricity system can support high levels of renewables, as part of ensuring the electricity system is ready to meet future needs;
  - 1.11.3 increasing access to electric vehicles (EVs), beginning the process of decarbonising heavy transport and freight and helping more people to walk, cycle and take public transport;
  - 1.11.4 supporting businesses to improve energy efficiency and move away from fossil fuels such as coal by continuing to roll out the Government Investment in Decarbonisation Industry fund; and
  - 1.11.5 banning new low- and medium-temperature coal boilers and phasing out existing ones.
- 1.12 Climate change will also increasingly pose other challenges to EDBs, including for network resilience to weather events, as shown by the effects of the Auckland floods and cyclones Hale and Gabrielle in early 2023.
- 1.13 We are continuing to work closely with the Electricity Authority (EA), especially on how decarbonisation affects EDBs. The EA has recently consulted on its work in related areas, such as its issue paper on *Updating the regulatory settings for distribution networks*.<sup>31</sup>

**Our draft decision reflects past stakeholder feedback and our increased experience of regulation**

- 1.14 We have identified several ways we can improve our ID requirements for EDBs based on our observations since the requirements were set. Over time we have seen information disclosed by EDBs mature and improve and seen trends emerge for key metrics. We have also undertaken several pieces of analysis using ID data.<sup>32</sup>

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<sup>31</sup> The EA’s consultation on “Updating regulatory settings for distribution networks” is available on its website [here](#).

<sup>32</sup> Our public pieces of performance analysis using ID data are available on our website [here](#).

- 1.15 Our draft decision is also heavily informed by our past engagement with stakeholders and the detailed and useful feedback they have provided us. Before we began this review in 2022,<sup>33</sup> we considered issues and areas for improvement that had already been identified in the following:
- 1.15.1 feedback from EDBs on their experience in producing information to meet our requirements;<sup>34</sup>
  - 1.15.2 our analysis of trends in EDB performance;<sup>35</sup>
  - 1.15.3 our 2020 reset of EDB PQ paths;<sup>36 37</sup>
  - 1.15.4 feedback on our April 2021 open letter;<sup>38</sup>
  - 1.15.5 recommendations on our regime by the EA’s Innovation and Participation Advisory Group (IPAG);<sup>39</sup>
  - 1.15.6 our review of EDB asset management practices and the 2019 Partna review of EDB risk preparedness which we commissioned;<sup>40</sup> and
  - 1.15.7 our recent review of EDBs’ reporting on their preparedness for decarbonisation, and the decarbonisation workshop we ran with stakeholders on 7 December 2021 and subsequent written submissions.<sup>41</sup>
- 1.16 In March 2022, we published our Process and Issues paper (2022 PIP) which detailed the process we plan to follow (including undertaking the review in two tranches), the scope of the review, and specific areas on which we wanted feedback.

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<sup>33</sup> We launched the TIDR in a letter to stakeholders: Commerce Commission [“Ensuring our energy and airports regulation is fit for purpose”](#) (23 February 2022).

<sup>34</sup> A register of issues raised in the past on EDB and gas pipelines ID requirements is available on our website [here](#).

<sup>35</sup> [Commerce Commission “Trends in local lines company performance” \(2020\)](#).

<sup>36</sup> [Commerce Commission “Default price-quality paths for electricity distribution businesses from 1 April 2020 – Final decision” \(2019\)](#).

<sup>37</sup> [ENA Working Group on Quality of Service Regulation “Interim Report to the Commerce Commission” \(2018\)](#).

<sup>38</sup> [Commerce Commission, “Ensuring our energy and airports regulation is fit for purpose” \(29 April 2021\)](#), [Commerce Commission, “Summary of submissions received on letter published 29 April 2021” \(12 October 2021\)](#).

<sup>39</sup> [IPAG “Equal Access” \(2019\)](#), [IPAG “Access to input services draft advice” \(2019\)](#), [IPAG “Transpower DR programme review” \(2021\)](#).

<sup>40</sup> [Commerce Commission “Reporting of asset management practices by EDBs – a targeted review of potential improvements” \(2021\)](#), [Partna Consulting Group, “AMP Review of EDB Risk Preparedness” \(May 2019\)](#).

<sup>41</sup> [Commerce Commission “Workshop on the impact of decarbonisation on electricity lines services \(summary of stakeholder views\)” \(February 2022\)](#).

- 1.17 In August 2022, we published our draft decision for Tranche 1.
- 1.18 We received submissions and cross-submissions on the 2022 PIP and Tranche 1 draft decision from a wide group of stakeholders, including EDBs, retailers, third parties in the sector and consumer groups. We valued the clarity, comprehensiveness, and depth of engagement in these submissions.
- 1.19 We published our final decision for Tranche 1 on 25 November 2022, alongside the relevant ID amendment determination giving effect to our final decision.<sup>42</sup>
- 1.20 In March 2023, we held a technical elements workshop to discuss issues raised by stakeholders in Tranche 1 submissions that we had excluded from Tranche 1 because we thought further consideration on these issues was required. We received valuable feedback from the workshop that has helped to inform our priorities and our approach to developing ID requirements in the following areas:
- 1.20.1 asset management plan (AMP) requirements;
  - 1.20.2 new connection measures;
  - 1.20.3 breaking down System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) values;
  - 1.20.4 network visibility and information; and
  - 1.20.5 vegetation management.<sup>43</sup>
- 1.21 In April 2023, we published a “tidy-up” non-material amendment determination and issues and guidance register (Issues Register) for EDB ID requirements, with the intention of reducing uncertainty for stakeholders by correcting minor errors and clarifying language in the ID determination.<sup>44 45</sup>

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<sup>42</sup> [Commerce Commission "Targeted Information Disclosure Review – Electricity Distribution Businesses – Final decision paper – Tranche 1" \(25 November 2022\), \[2022\] NZCC 36 Electricity Distribution Information Disclosure \(Targeted Review Tranche 1\) Amendment Determination 2022.](#)

<sup>43</sup> [Commerce Commission "Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop presentation" \(27 March 2023\), Commerce Commission "Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes" \(27 March 2023\).](#)

<sup>44</sup> [\[2023\] NZCC 6 Electricity Distribution Information Disclosure \(Non-material\) Amendment Determination 2023 \(27 April 2023\).](#) This link will download a copy of the Issues Register: [Commerce Commission “EDB Information Disclosure – Issues and guidance register” \(27 April 2023\).](#)

<sup>45</sup> We published the non-material amendment determination in April 2023 in response to feedback in submissions on our [Process and Issues paper](#) to prioritise “tidy ups”.



- 1.22 In May 2023, we published a process paper, in which we noted that our work on amending the ID requirements for EDBs would be better described as ongoing, rather than as the targeted review in two tranches we noted in the 2022 PIP (see paragraph 1.16).<sup>46</sup> This change in process is due to the impracticality of addressing the number of issues identified and recognises that potential solutions may still be evolving.
- 1.23 In June 2023, we published a non-material amendment determination to clarify existing requirements and correct minor drafting and typographical errors.<sup>47</sup>
- 1.24 We intend to keep stakeholders informed of any issues or potential changes identified through regular updates in our Issues Register. This would give stakeholders visibility of the pipeline of issues to be resolved in future ID reviews and, where relevant, how the issues have been resolved.

**We propose to refine existing requirements and add new ones to improve information on quality of service and to prepare for future changes in the sector**

- 1.25 The targeted information disclosure review (TIDR) focuses on EDBs in particular because of the increasing pace of change and potentially significant challenges EDBs are facing from decarbonisation and new technology. We are seeing signals of this in the Government’s first Emissions Reduction Plan published in May 2022.<sup>48</sup>
- 1.26 TIDR (2024) is focused on three key themes:
- 1.26.1 decarbonisation;
  - 1.26.2 asset management; and
  - 1.26.3 quality of service.
- 1.27 We also propose other important changes such as clarifying a definition and updating assurance standards.
- 1.28 As a result of these proposed changes, we also intend to refine and clarify definitions and remove any redundancy where appropriate.

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<sup>46</sup> Commerce Commission “[Targeted Information Disclosure Review – Electricity Distribution Businesses – Process paper](#)” (30 May 2023), paras 17-22.

<sup>47</sup> [\[2023\] NZCC 12 Electricity Distribution Information Disclosure \(Non-material\) Amendment Determination June 2023](#) (28 June 2023); Commerce Commission “[Explanatory note for publication of non-material amendments to Electricity Distribution Information Disclosure Determination \(June 2023\)](#)” (28 June 2023).

<sup>48</sup> [Ministry for the Environment Manatū Mō te Taiao “Aotearoa New Zealand’s First Emissions Reduction Plan”](#) (May 2022).

- 1.29 Our draft decision proposes further changes following on from Tranche 1, after further analysis and feedback from stakeholders, including at the technical elements workshop.
- 1.30 We intend to publish our final decision in Q1 2024 and propose the changes come into force in a staggered approach over 2024 and 2025. We will consider delaying these timeframes if necessary and welcome your feedback on them.
- 1.31 Chapters 2 and 3 contain further detail on the proposed changes in our draft decision.

## Next steps

- 1.32 Table 1.1 sets out the key dates of TIDR (2024) from here onwards:

**Table 1.1 Key dates and milestones for TIDR (2024)**

Indicative date	Publication/event
<b>17 Aug 2023</b>	Draft decision and decision framework
<b>14 Sep 2023</b>	Submissions due (4 weeks)
<b>5 Oct 2023</b>	Cross-submissions due (2 weeks)
<b>Q1 2024</b>	Final decision

## How you can provide your views

### Scope of submissions

- 1.33 The draft decision includes:
- 1.33.1 this reasons paper detailing the proposed changes to be made in 2024 and the rationale for these changes;
  - 1.33.2 a draft ID amendment determination that shows how we would intend to give effect to the proposed changes;<sup>49</sup> and
  - 1.33.3 the Part 4 Targeted Information Disclosure Review – Framework paper (TIDR framework) that summarises the legal framework we have applied in reaching our draft decision on setting these proposed ID requirements.<sup>50</sup>

<sup>49</sup> Commerce Commission “[Draft] Electricity Distribution Information Disclosure (Targeted Review 2024) Amendment Determination 2024” (17 August 2023).

<sup>50</sup> Commerce Commission “Part 4 Targeted Information Disclosure Review – Framework paper” (17 August 2023).

- 1.34 We welcome your feedback on:
- 1.34.1 the changes proposed in this paper, including the determination drafting to give effect to them;
  - 1.34.2 any suggestions of amendments to the proposed changes that better meet the desired outcomes;
  - 1.34.3 any potential amendments to the proposed changes which would enable the disclosure outcome sought to be met more easily by EDBs;
  - 1.34.4 the proposed timing for when EDBs must first comply with the draft requirements for each change;
  - 1.34.5 any concerns regarding the costs of compliance associated with the changes proposed, including specific information regarding your assessment of such costs; and
  - 1.34.6 the TIDR framework.

#### **Interaction with other regulatory projects**

- 1.35 We are working on a number of other regulatory projects relating to the electricity sector, including the 2025 reset of the default PQ paths for EDBs (DPP Reset), Transpower individual PQ path reset, and the Part 4 input methodologies review (IM Review).<sup>51</sup>
- 1.36 Where submissions on TIDR (2024) relate to other regulatory projects and are not relevant to TIDR (2024), we will not consider such submissions in coming to our final TIDR (2024) decision.
- 1.37 We have received submissions and cross-submissions on our draft decisions for the IM Review. Material we create, and submissions and cross-submissions received, as part of TIDR (2024) will form part of the record for the IM Review.<sup>52</sup> Likewise, submissions from our consultation on our draft decisions for the IM Review, where relevant and the timing is appropriate, may be taken into account in coming to our final decision on TIDR (2024).

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<sup>51</sup> See: [2025 reset of the electricity default price-quality path](#); we must make a decision on the next DPP to apply by 30 November 2024. We are reviewing the rules and processes that underpin the Commission's regulation of airport, electricity lines and gas pipeline services, see: [2023 input methodologies review](#).

<sup>52</sup> Commerce Commission, "[Part 4 Input Methodologies Review 2023 – Process and Issues paper](#)" (20 May 2022), para. 2.17.7.

### Process and timeline for submissions

- 1.38 Submissions are due by 5pm on **14 September 2023** and cross-submissions by 5pm on **5 October 2023**.
- 1.39 Please email your submissions to: [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz), and include “EDB Targeted ID Review (2024)” in the subject line.
- 1.40 We prefer submissions in formats suitable for data analysis and for publication on our website, such as a Microsoft Word or a PDF document.

### Confidential submissions

- 1.41 We encourage public submissions so that all information can be tested in an open and transparent manner. We recognise that there may be cases where parties wish to provide information in confidence. We offer the following guidance:
  - 1.41.1 if it is necessary to include confidential material in a submission, the information should be clearly marked, with reasons why that information is considered to be confidential;
  - 1.41.2 where commercial sensitivity is asserted, submitters must explain why publication of the information would be likely to unreasonably prejudice their commercial position or that of another person who is the subject of the information;
  - 1.41.3 both confidential and public versions of the submission should be provided and clearly labelled accordingly; and
  - 1.41.4 the responsibility for ensuring that confidential information is not included in a public version of a submission rests entirely with the party making the submission.
- 1.42 Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we do not publish unless good reason existed under the Official Information Act 1982 to withhold it. We would normally consult with the party that provided the information before any disclosure is made.

## Chapter 2 Summary of our draft decision

- 2.1 This chapter provides a summary of our draft decision including:
  - 2.1.1 a description of the key elements of our draft decision;
  - 2.1.2 a table of all proposed requirements in our draft decision;
  - 2.1.3 a timeline of when EDBs would start being required to comply with our proposed requirements; and
  - 2.1.4 a brief discussion on how we have considered complexity and cost of compliance.

### We propose to refine and expand existing requirements

- 2.2 The key elements of our draft decision are:
  - 2.2.1 changes to existing requirements for backward-looking information (schedules 1-10);
  - 2.2.2 changes to existing requirements, and new requirements for narrative information, for forward-looking information (AMPs and schedules 11-13);
  - 2.2.3 the addition of a new schedule 10a for raw interruption data; and
  - 2.2.4 other changes such as to update assurance standards, clarify definitions, and remove redundancy resulting from any proposed changes.
- 2.3 Table 2.1 summarises the proposals in our draft decision, including objectives, and the proposed timing and form of disclosure.
- 2.4 As appropriate, for each of the proposals in our draft decision, we have proposed to add, amend or remove definitions in the ID determination in clause 1.4.3 and Schedule 16. For new and amended definitions in Schedule 16, we have used capitalisation to indicate where a defined term is used. We intend to implement this approach in the future for existing definitions.
- 2.5 Our TIDR (2024) draft decision touches on some issues that we will continue to focus on in the longer term. For example:
  - 2.5.1 issues that we considered in the Tranche 1 process but remain unresolved because we believe that the context and potential solutions may be still evolving, such as innovation; and

- 2.5.2 issues that we identified in the Tranche 1 process that whilst not in scope for TIDR (2024) have significant benefits to consumers and/or strategic importance for the industry such as network resilience (which will be considered in our review of 2023 AMPs) and contingency planning and low voltage (LV) network information.

### **Information disclosed under these proposed amendments may be subject to audit and director certification**

- 2.6 We propose information disclosed under these new requirements may be subject to audit and director certification.
- 2.7 For amendments to existing schedules and the AMP, this is determined by the following principles:
- 2.7.1 information that must be disclosed within an existing schedule is subject to the same audit and/or director certification obligations that apply to that schedule;
- 2.7.2 information that must be disclosed in the AMP is subject to the same director certification obligations that apply to the AMP; and
- 2.7.3 information that must be disclosed in either the AMP or separate document(s) on the EDB's website, is subject to the same director certification obligations that apply to the AMP.
- 2.8 For amendments requiring a new schedule or alternative form of disclosure, we have followed the verification framework established when we first set the ID requirements under Part 4.<sup>53</sup>

We require suppliers to provide:<sup>54</sup>

- general director certification for all disclosed information except prices and /or prescribed terms and conditions.
- specific director certification that the information used to prepare the nonfinancial schedules is sufficient and appropriate, the objectivity and reasonableness of assumptions used for forecasts, and the value of certain related party transactions.
- an audit opinion of the historical financial information disclosed, and for EDBs.. the SAIFI and SAIDI network reliability statistic, which provides the "complied, in all material respects with" level of assurance.

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<sup>53</sup> Commerce Commission "[Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper](#) (1 October 2012), p. 115, Chapter 9 Assurance and Certification.

<sup>54</sup> Ibid, p. 115, para 9.1.

- 2.9 We have also listed the audit and/or director certification obligations against each proposed amendment in Table 2.1 below. For details of these obligations, refer to clauses 2.8 and 2.9 of the Draft Electricity Distribution Information Disclosure (Targeted Review 2024) Amendment Determination 2024.<sup>55</sup>
- 2.10 We propose to align existing audit and director certification obligations in the ID determination to the verification framework, where appropriate. Proposed amendments are explained from paragraph 3.242.

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<sup>55</sup> Commerce Commission “[Draft] Electricity Distribution Information Disclosure (Targeted Review 2024) Amendment Determination 2024” (17 August 2023).

**Table 2.1 Proposals in our draft decision**

<b>Amendment D3 – Network constraints</b>		
<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Stakeholders are able to better comprehend whether EDBs understand their network constraints, have a plan for addressing those constraints, and how they communicate their constraints with potential new connecting parties and flexibility service providers.</p>	<p>Our draft decision is to require EDBs to disclose the following information for each existing zone substation in Schedule 12b(i) of the ID determination:<sup>56</sup></p> <ul style="list-style-type: none"> <li>• the current peak load period (ie, the season current peak load occurred);</li> <li>• the installed operating capacity (at the zone substation’s assigned security level);</li> <li>• whether it is constrained or forecast to be constrained (ie, by selecting a “Current constraint type” or “Forecast constraint type”);</li> <li>• if a zone substation is currently or forecast to be constrained: <ul style="list-style-type: none"> <li>○ whether it is a capacity or security constraint;</li> <li>○ the cause of the constraint;</li> <li>○ the type of solution (where known) to the constraint; and</li> <li>○ if the solution is temporary, how long it is expected to be in place (required for current constraints only).</li> </ul> </li> <li>• if a zone substation is not currently constrained, the available capacity before it becomes constrained;</li> <li>• forecast available capacity in 5 years and an approximate range of forecast available capacity in 10 and 20 years; and</li> <li>• forecast peak load period and forecast security of supply classification in 5 and 10 years.</li> </ul> <p>We also propose a minor amendment to Schedule 9e(iii) of the ID determination.</p>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose information in Schedule 9e(iii) by 31 August 2024 for DYE 31 March 2024. The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> <li>• Geospatial information is first required to be disclosed by 31 August 2024 for DYE 31 March 2024 and will be subject to director certification.<sup>59</sup> The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> <li>• Narrative information required by clause 17.2.2 of Attachment A is first required to be disclosed by 31 August 2024 in a document publicly available on the EDBs’ websites and will be subject to director certification.<sup>60</sup> The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> </ul>

<sup>56</sup> We are also proposing to remove some requirements. See para 3.29.3 for more information.

<sup>59</sup> Proposed clause 2.5.2A.

<sup>60</sup> Proposed clause 2.6.1B.



## Amendment D3 – Network constraints

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
	<p>To improve comparability with capacity in Schedule 12b(i), we propose zone substation transformer capacity is reported as EDB owned capacity and non-EDB owned capacity.</p> <p>We propose EDBs disclose data about their networks in a generic geospatial file format (such as Geopackage or Shapefile). We are proposing EDBs disclose, for each zone substation:</p> <ul style="list-style-type: none"> <li>• its name, location (in coordinates), the names of any feeders connected to it, the voltage(s) it primarily transforms, and the boundary of the area it serves.</li> </ul> <p>We propose amending Attachment A of the ID determination to require EDBs to provide the following:</p> <ul style="list-style-type: none"> <li>• a description of any policies or practices for providing sufficient information on current and forecast constraints (including LV network constraints where known) to inform the decision-making of potential consumers connecting to the network and potential providers of non-traditional network solutions;<sup>57</sup> and</li> <li>• regarding load and injection constraints on LV networks, a description of:<sup>58</sup> <ul style="list-style-type: none"> <li>○ any challenges, and progress, towards collecting or procuring data required to inform the EDB of current and forecast constraints on its LV network, including historic consumption data; and</li> <li>○ any analysis and modelling (including limitations and assumptions) the EDB undertakes, or intends to undertake, with that constraint-related data.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose information in Schedule 12b(i) by 31 March 2025. The entry into force date (for these proposed amendments to the ID determination) is 1 January 2025.</li> <li>• Information required by Attachment A (excluding clause 17.2.2) is first required to be disclosed within the next AMP. The next mandatory AMP is due by 31 March 2026. The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> <li>• Consistent with existing requirements: <ul style="list-style-type: none"> <li>○ Schedule 9e(iii) is subject to audit and director certification; and</li> <li>○ Schedule 12b(i) and AMPs are subject to director certification only.</li> </ul> </li> </ul>

<sup>57</sup> Proposed clauses 11.12.3 and 17.4.5 of Attachment A.

<sup>58</sup> Proposed clause 17.2.2 of Attachment A.

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**Amendment D3 – Network constraints**

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*Objective**Draft decision**Proposed timing and form of first disclosure*

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As appropriate, for each of the new disclosure requirements above, we have proposed to add, amend, and remove definitions in Schedule 16 of the ID determination.

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## Amendment D5 – Work and investment on flexibility resources (non-traditional solutions)

Objective	Draft decision	Proposed timing and form of first disclosure
<p>Stakeholders better understand how well each EDB is performing regarding its consideration and uptake of flexibility resources, to provide a cheaper or better-quality distribution service.</p>	<p>Our draft decision is to require EDBs to disclose the following information in their AMP:</p> <p>A detailed description of the investigations undertaken towards the potential for non-traditional solutions to be more cost effective than network augmentations and vice versa. This should specify if any non-related parties were approached in relation to non-traditional solutions. For the purposes of disclosing this information an EDB is not required to include commercially sensitive or confidential information.</p> <p>We propose to replace all instances of “non-network solutions” in the ID determination with “non-traditional solutions”. We also propose to insert a definition for “non-traditional solutions” in clause 1.4.3 of the ID determination:</p> <p>“means a non-traditional solution to a network constraint or risk, and includes <b>distributed generation</b>, electricity storage, demand response and resilience measures”</p> <p>We propose to insert a clause 4.2.7 in Attachment A:</p> <p>the capacity of any non-traditional solutions:</p> <ul style="list-style-type: none"> <li>(a) provided by a third-party provider; and</li> <li>(b) not provided by a third-party provider.</li> </ul> <p>We also propose to replace the term ‘distributed generation’ with the term “non-traditional solutions” in several instances where it is mentioned in Attachment A.</p> <p>EDBs will be required to disclose “non-traditional solutions” as a separate operational expenditure (opex) line item in Schedules 5b(i) and (iii), 5d(i), 5f, 6b(i), 7(iii) and 11b.</p>	<ul style="list-style-type: none"> <li>• Information required by Attachment A is first required to be disclosed within the next AMP. The next mandatory full AMP is due by 31 March 2026. The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> <li>• This disclosure is part of the AMP, so it is subject to director certification.</li> <li>• EDBs are first required to disclose the new opex information in: <ul style="list-style-type: none"> <li>○ Schedules 5b(i), 5b(iii), 5d(i), 5f, 6b(i), and 7(iii) by 31 August 2024 for DYE 31 March 2024. The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024; and</li> <li>○ Schedule 11b by 31 March 2025. The entry into force date (for this proposed amendment to the ID determination) is 1 January 2025.</li> </ul> </li> <li>• The disclosure of Schedule 11b will be subject to director certification.</li> <li>• The disclosures of Schedules 5b(i), 5b(iii), 5d(i), 5f, 6b(i), and 7(iii) will be subject to audit and director certification.</li> </ul>

## Amendment D6 – Standardised pricing components including transmission costs

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
<p>Stakeholders can better compare and analyse EDBs' prices, including the ability to assess cost reflective pricing.</p>	<p>Our draft decision is to amend the following requirements in Schedules 8(i) and (ii) of the ID determination:</p> <ul style="list-style-type: none"> <li>• Addition of standardised connection types, with an option of "other".</li> <li>• Addition of standardised price components, with an option of "other".</li> <li>• Disaggregate the "distribution" and "transmission" components of the billed quantities and line charge revenue fields.</li> <li>• Removal of the "unit charging basis" and "rate" fields – as these would be built into the standardised price components.</li> </ul> <p>In Schedule 8(ii) we propose removing the field "Notional revenue foregone from posted discounts (if applicable)".</p> <p>In Schedule 16 we propose including definitions for each standardised connection type and price component.</p>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose this information (within the schedules) by 31 August 2024 for DYE 31 March 2024. The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> <li>• This disclosure is part of Schedule 8, so it is subject to director certification.</li> </ul>

## Amendment AM6 – Vegetation management reporting

Objective	Draft decision	Proposed timing and form of first disclosure
<p>Stakeholders better understand the risks to an EDB's network from vegetation, as well as the effectiveness of EDBs' vegetation management strategies.</p>	<p>Our draft decision is to require EDBs to publicly disclose new information in Schedules 6b(i), 9c and 10(ii).</p> <p>In Schedule 6b(i), EDBs will be required to disclose opex relating to vegetation at a further disaggregated level, for the following:</p> <ul style="list-style-type: none"> <li>• service interruptions and emergencies, which is vegetation-related;</li> <li>• routine and corrective maintenance and inspection which relates originally to a vegetation-caused fault; and</li> <li>• vegetation management in new subcategories (assessment and notification costs, felling or trimming vegetation – in-zone, felling or trimming vegetation – out-of-zone, and other).</li> </ul> <p>We are not proposing to require EDBs to disclose this disaggregated vegetation-related opex information in schedules 5b, 5d, 7 or 11b.</p> <p>In Schedule 9c, EDBs will be required to disclose the number of overhead circuit sites on their network that are at high risk from vegetation damage. This will replace the existing metric in Schedule 9c, “overhead circuit requiring vegetation management (km/%)”.</p> <p>We propose to define the new reporting requirement as:</p> <p>“overhead circuit sites for which an EDB has</p> <ol style="list-style-type: none"> <li>a) identified a hazard tree; or</li> <li>b) given a cut or trim notice or a hazard warning notice to a tree owner under the <i>Electricity (Hazards from Trees) Regulations 2003</i>”.<sup>61</sup></li> </ol>	<ul style="list-style-type: none"> <li>• EDBs are first required to disclose this information (within the schedules) by 31 August 2025 for DYE 31 March 2025. The entry into force date (for these proposed amendments to the ID determination) is 1 January 2025.</li> <li>• The new vegetation opex information is part of Schedule 6b and is therefore subject to audit and director certification.</li> <li>• The new reporting requirement ‘Number of overhead circuit sites at high risk from vegetation damage’ is part of Schedule 9c and is therefore subject to director certification.</li> <li>• The new vegetation interruption information is part of Schedule 10 and is therefore subject to audit and director certification.</li> </ul>

<sup>61</sup> [ENA and EEA "Risk Based Vegetation Management Guide" \(July 2016\)](#)  
[Electricity \(Hazards from Trees\) Regulations 2003 \(2003\)](#).

## Amendment AM6 – Vegetation management reporting

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing and form of first disclosure</i>
	<p>We propose that the different categories of “sites” can be described by each EDB, and EDBs will be required to set out the number of sites within each category, and number sites involving critical assets within each category, in a table within the schedule.</p> <p>In Schedule 10, EDBs will be required to disclose information on causes of unplanned interruptions at a further disaggregated level.</p> <ul style="list-style-type: none"> <li>• We propose to require EDBs to break down reporting of Class C interruptions caused by vegetation in Schedule 10(ii). The new table of additional vegetation reporting categories includes in-zone, out-of-zone, wind-borne debris, related to inclement weather, and other.</li> </ul> <p>As appropriate, for each of the new disclosure requirements above, we have proposed new definitions in Schedule 16 of the ID determination. We have also proposed one clarification change to the existing definition of “routine and corrective maintenance and inspection” in the interpretation section of the ID determination.</p>	

## Amendment Q14 – expand ID requirements to include raw interruption data and information on worst-performing feeders

Objective	Draft decision	Proposed timing and form of first disclosure
<p>Disclosed information reflects the consumer’s experience of quality of service, enabling a more meaningful assessment of quality.</p>	<p>Our draft decision is to require EDBs to publicly disclose the following each year:</p> <ul style="list-style-type: none"> <li>raw interruption data, consistent with that provided by non-exempt EDBs in advance of PQ resets, including location, cause and SAIDI and SAIFI values as well as other data, in a new Schedule 10a;<sup>62</sup>and</li> <li>information on the worst-performing feeders in the distribution network in Schedule 10 (new section 10(vi)).<sup>63</sup> Worst-performing feeders are defined as: <p style="margin-left: 40px;">the feeder lines on an EDB’s network that, in respect of the most recent disclosure year, are in the 90th percentile or higher for one or both of: (a) feeder SAIDI and (b) feeder SAIFI.<sup>64</sup></p> </li> </ul> <p>We propose removing the existing requirement for disclosure of normalised SAIFI and SAIDI from Schedule 10(i).</p> <p>We also propose adding an additional cause category termed “other cause” to the breakdown of SAIDI and SAIFI in Schedule 10(ii), to align with the cause categories proposed in the raw interruption data in new Schedule 10a</p>	<ul style="list-style-type: none"> <li>EDBs are first required to publicly disclose this information and cease reporting normalised SAIFI/SAIDI by 31 August 2025 for disclosure year end (DYE) 31 March 2025. The entry into force date (for these proposed amendments to the ID determination) is 1 January 2025.</li> <li>Raw interruption data in Schedule 10a will be subject to audit and director certification.</li> <li>Information on unplanned SAIDI and SAIFI by cause and the worst-performing feeders is part of Schedule 10 and is therefore subject to audit and director certification.</li> </ul>

<sup>62</sup> For a full list of information proposed to be included in Schedule 10a, see para 3.193.

<sup>63</sup> For a full list of information proposed to be included in Schedule 10(vi), see para 3.201.

<sup>64</sup> Where Feeder SAIDI/SAIFI “means, in respect of a feeder line on a network, the contribution to network SAIDI/SAIFI of interruptions occurring on the feeder line” We propose to use the definition of worst-performing feeders that we apply to Aurora. See clause 1.4.3 of the [ID determination](#).

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**Amendment A3 – Amend the definition of 'gains / (losses) on asset disposals'**


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*Objective*

Reduce risk of related party valuation requirements being misinterpreted by EDBs.

*Draft decision*

Our draft decision is to amend the Schedule 16 definition of “gains / (losses) on asset disposals” to clarify the rules around asset disposal to a related party. This will reduce the risk of EDBs misinterpreting the accounting rules around asset sales to related parties.

We also propose to remove the definition “Asset disposals (other than below)” as it is no longer required.

*Proposed timing*

- The new definitions will first have to be applied for the disclosures due August 2024 (for the DYE 31 March 2024). The entry into force date (for this proposed amendments to the ID determination) is 1 April 2024.
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## Other changes

<i>Objective</i>	<i>Draft decision</i>	<i>Proposed timing</i>
<p>Update assurance standards to reduce the risk that auditors may not be able to undertake an engagement or issue an opinion on the basis of an incorporated standard where it has been changed or superseded.</p>	<p>Our draft decision is to amend clause 1.4.3 to update the definitions of “ISAE (NZ) 3000” and “SAE 3100” to the current version of these assurance standards.</p> <p>These standards are incorporated by reference under Schedule 5 of the Commerce Act into the ID determination. We must consult on this amendment,<sup>65</sup> which we will do at the same time as we consult on the TIDR (2024) draft decision.</p> <p>We also propose to remove the definition for “ISA (NZ) 550” as this term is not needed.</p>	<ul style="list-style-type: none"> <li>The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> </ul>
<p>Align existing audit and director certification obligations to the verification framework</p>	<p>Our draft decision is to align existing audit and director certification obligations in the ID determination to the verification framework. Proposed amendments are explained from paragraph 3.242</p>	<ul style="list-style-type: none"> <li>The entry into force date (for these proposed amendments to the ID determination) is 1 April 2024.</li> </ul>

<sup>65</sup> Section 7(1)(b) of Schedule 5 requires us to consult before material is incorporated by reference where “the Commission proposes to make a Part 4 determination adopting amended or replacement material...”.

## We have tailored our proposed enforcement timing for practicality

- 2.11 In the table below, we have laid out our proposed timing for when EDBs would first have to comply with the new requirements. We tailored our proposed timing to the different elements of our draft decision package after considering feasibility and alignment with existing ID requirements.
- 2.12 As an example, we are proposing that EDBs must disclose information for the new Schedule 1-10 requirements (in relation to amendments A3, D3, D5, and D6) by 31 August 2024 (for disclosure year 2024). Given that we expect our final decision to be published in Q1 of 2024, we contemplated proposing that these requirements apply from disclosure year 2025 (ie, first disclosure due on 31 August 2025). However, we consider that these requirements in particular are not too burdensome for EDBs to comply with for disclosure year 2024 (for example, EDBs already collect the information required, and minimal work would be required to report this information in the schedules).
- 2.13 We note that EDBs must comply with the new Attachment A requirements when their next AMP is published, which at the latest will be 31 March 2026 as EDBs may elect to disclose an AMP update in 2025.
- 2.14 However, we consider the information required by clause 17.2.2 of Attachment A to be sufficiently important (and not so deeply integrated into the AMP unlike other new Attachment A requirements) that we are proposing EDBs disclose it by 31 August 2024 in a document publicly available on the EDBs' websites. We have aligned the disclosure of this information with the due date of backward-looking disclosures to reduce the burden on EDBs.
- 2.15 We welcome feedback on our proposed timing.

**Table 2.2 Proposed timing of changes in our draft decision**

Date disclosure is due	Information to be disclosed	Form of disclosure <sup>66</sup>
<b>31 August 2024</b>	Backward-looking information is first required to be disclosed consistent with changed requirements* (A3, D3, D5, D6)  *Some backward-looking information is only required from 2025 as below.	Schedules 1-10
	Geospatial information is first required to be disclosed (D3)	Generic geospatial file format

<sup>66</sup> In the [ID determination](#), unless otherwise stated.

Date disclosure is due	Information to be disclosed	Form of disclosure <sup>66</sup>
	Information required by clause 17.2.2 of Attachment A is first required to be disclosed (D3)	In a document published on the EDBs' websites
31 March 2025	Forward-looking information is first required to be disclosed consistent with the changed requirements (D3, D5)	Schedules 11-13
31 August 2025	Backward-looking raw interruption data is first required to be disclosed (Q14)	Schedule 10a (new)
	Backward-looking information is first required to be disclosed consistent with changed requirements (Q14, AM6)	Schedules 1-10
31 March 2026	Information required by Attachment A is required to be disclosed consistent with the changed requirements (D3, D5)	Within the AMP.* <sup>67</sup>  *EDBs may disclose narrative information within the AMP, or separate to the AMP in a document publicly available on the EDBs' websites

- 2.16 All of the information that we propose to be publicly disclosed must also be provided to us no later than five working days after it is published on the EDB's website.

### **We have considered cost and complexity in designing our draft decision**

- 2.17 ID regulation is a statutory requirement, meaning that in setting ID requirements that enable stakeholders to assess EDBs' performance we are required to give effect to the purpose of ID regulation in s 53A and promote the Part 4 purpose in s 52A.
- 2.18 We recognise however that the information we require EDBs to disclose comes at a cost to EDBs, some of which is ultimately borne by consumers.<sup>68</sup> In designing our draft decision, we have therefore considered the potential costs of new disclosure requirements for EDBs and ultimately for consumers.

<sup>67</sup> EDBs can disclose either an AMP or an AMP update in 2025. If an EDB chooses to disclose an AMP in 2025, it must comply with the new requirements set out in Attachment A.

<sup>68</sup> We acknowledge this point, made by various submitters, including Electricity Networks Association "[Submission on Targeted ID review – Electricity Distribution Businesses](#)" (20 April 2022), p. 1; Wellington Electricity Lines Limited "[Targeted Information Disclosure Review – Electricity Distribution Businesses – Process and Issues paper](#)" (20 April 2022), p. 2; Powerco "[Submission on EDB Targeted ID review](#)" (20 April 2022), p. 1.

- 2.19 We have sought to balance the benefits from greater transparency that more comprehensive and detailed ID requirements would provide against the costs of complying with the requirements. In our draft decision, we:
- 2.19.1 consider EDBs' existing practices and capability, including by looking at the scope and detail of their disclosures under existing ID requirements (such as what information EDBs already disclose voluntarily);
  - 2.19.2 propose new or expanded requirements only where we consider it valuable to meeting the ID purpose in s 53A;
  - 2.19.3 align ID with other parts of the Part 4 regime;
  - 2.19.4 seek technical input from electricity sector stakeholders on the design and implementation of our proposed requirements; and
  - 2.19.5 consider relevant obligations imposed on EDBs by other agencies.
- 2.20 If you want to make a submission on any concerns regarding the costs of compliance associated with our draft decision, please provide specific information regarding your assessment of such costs. We would also find it useful if you can provide alternative proposals that would enable stakeholders to understand the relevant area of performance.

## Chapter 3 Reasons for our draft decision

**This chapter discusses our reasons for our draft decision, including how we have responded to feedback**

- 3.1 The purpose of this chapter is to explain our draft decision to change ID requirements for EDBs. We have set out the proposals in our draft decision for each issue in the following four categories:
  - 3.1.1 decarbonisation;
  - 3.1.2 asset management;
  - 3.1.3 quality of service; and
  - 3.1.4 other amendments.
- 3.2 In this chapter, we summarise for each issue:
  - 3.2.1 the nature of the issue;
  - 3.2.2 the purpose of our proposal;
  - 3.2.3 stakeholders' past feedback relating to these issues;<sup>69</sup>
  - 3.2.4 our draft decision; and
  - 3.2.5 how our draft decision addresses the issue.

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<sup>69</sup> Based on submissions on the 2022 PIP or our Tranche 1 draft decision, and/or feedback from our technical elements workshop.

## Decarbonisation

- 3.3 EDBs face an increasing pace of change and potentially significant challenges from decarbonisation, for example:
  - 3.3.1 increased load on the network caused by phasing out fossil fuels across the economy; and
  - 3.3.2 new technology means there are more applications connected to and using the network, two-way power flows and more participants (eg, non-traditional solutions).
- 3.4 An EDB's preparedness for such changes will affect its performance and ability to meet consumers' needs. An EDB must plan to ensure, especially in the context of these changes, that:
  - 3.4.1 assets are maintained and replaced, as appropriate;
  - 3.4.2 it innovates and invests in cost-efficient solutions (such as working with third parties to provide solutions);
  - 3.4.3 it is prepared to manage potential future changes in demand; and
  - 3.4.4 its ongoing operations enable it to deliver service at a quality that reflects consumer demand.
- 3.5 Submitters on the 2022 PIP made some general points about ID requirements on decarbonisation:
  - 3.5.1 broad engagement and coordination are required;
  - 3.5.2 ID requirements should integrate and complement our regulation through PQ paths;
  - 3.5.3 workshops would be a valuable method of engagement; and
  - 3.5.4 there are several challenges to data access which is relevant to EDBs preparedness for decarbonisation.

- 3.6 We agree that broad engagement and coordination are required on the topic of decarbonisation given the complexity and the interconnected issues. Decarbonisation has been a focus of our recent stakeholder engagement including our April 2021 open letter and December 2021 workshop.<sup>70</sup> Decarbonisation continues to be a focus of our work and consultation in our current work programme, including beyond ID.
- 3.7 We engage regularly with other government agencies working in this area. For example, the EA has done work on regulatory changes that may be needed in response to changes in the electricity sector, which has strong parallels to our work on ID.<sup>71</sup>
- 3.8 We also engage with the Energy Efficiency and Conservation Authority (EECA), Ministry of Business, Innovation and Employment (MBIE) and others. We recognise that it is important for different government regulators to work together effectively to support the best outcomes.
- 3.9 In the case of non-exempt EDBs, our ID requirements and PQ path regulations should work together in a complementary way. ID requirements support transparency of EDBs' performance, and both forms of regulation support the overarching purpose of our regulation—to promote the long-term benefit of consumers.<sup>72</sup>
- 3.10 We heard strong calls from submitters for us to facilitate workshops on decarbonisation issues. As outlined in paragraph 1.20, we held a technical workshop in March 2023 to discuss some of the issues raised by submitters, which included the lack of visibility of EDBs' LV networks and network constraints.
- 3.11 In response to the 2022 PIP and at the technical workshop, EDBs described significant and varying data access challenges that EDBs face, particularly in relation to LV network information. We have designed our proposed requirements to ensure that EDBs could comply with them despite data access challenges by designing high-level narrative requirements, including on information about data access. This gives EDBs the opportunity to qualify and contextualise the information they disclose.
- 3.12 We also consider data access to be an important topic for ID in many cases, especially in the context of decarbonisation.

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<sup>70</sup> [Commerce Commission, "Open letter - ensuring our energy and airports regulation is fit for purpose" \(29 April 2021\), Commerce Commission "Workshop on the impact of decarbonisation on electricity lines services" \(summary of stakeholder views, February 2022\).](#)

<sup>71</sup> The EA's work on updating regulatory settings for distribution networks can be found [here](#).

<sup>72</sup> Sections 52A and 53A.

- 3.13 For constraints on LV networks, given the challenges with data that EDBs currently face, we are not proposing to add prescriptive requirements at this time. We may add more prescriptive requirements in the future as the sector overcomes those challenges, and we intend to monitor that process through:
- 3.13.1 the Tranche 1 narrative requirement for EDBs to report on LV network voltage quality; and
  - 3.13.2 a proposed new narrative requirement for EDBs to report on their journey towards providing meaningful LV network constraint reporting.



### D3—Network Constraints

*We propose EDBs disclose additional information relating to network constraints and geospatial data to support a national constraints map in the future*

- 3.14 Decarbonisation, the growth in new technologies (eg, EV and DG) and the advent of new business models are likely to lead to increasing network constraints. These constraints will be able to be addressed more efficiently by EDBs, and potentially third parties working with EDBs such as providers of non-traditional solutions, if they are known ahead of time and are made transparent to stakeholders, including consumers and their agents.
- 3.15 The purpose of this amendment is to allow stakeholders to comprehend whether EDBs have visibility of current and forecast constraints on their network and if EDBs are planning for those constraints appropriately. This includes communicating constraint information to third parties to assist decision-making. These third parties include providers of new technologies or services planning to compete on service offerings and parties seeking to connect to the network deciding where to locate.
- 3.16 The information disclosed as a result of this amendment is intended to assist a stakeholder’s assessment of whether EDBs are investing in their assets efficiently and providing services at a quality that reflects consumer demands.<sup>73</sup>

*Most submissions on the 2022 PIP regarding issue D3 supported the introduction of this amendment*

- 3.17 During Tranche 1, we considered proposing requirements for EDBs to provide information on current and forecast network constraints (ie, D3). After feedback from submitters on the 2022 PIP, we made the decision to consider D3 during TIDR (2024).
- 3.18 Most submitters that responded specifically to D3 – both EDBs and other stakeholders – expressed support for the introduction of this amendment.
- 3.19 The ENA, with support from several submitters, recommended changes to the Report on Forecast Capacity in Schedule 12b.<sup>74</sup> The ENA’s recommendations were informed by its Information Disclosure Working Group and surveys of EDBs:<sup>75</sup>

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<sup>73</sup> Section 52A(1)(a)-(b).

<sup>74</sup> [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 52; [Aurora Energy “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 17; [Independent Electricity Generators Association “Cross-submission on EDB targeted ID review process and issues paper” \(4 May 2022\)](#), p. 2; [The Lines Company “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 6.

<sup>75</sup> [Electricity Networks Association “Submission on EDB targeted ID review process and issues paper” \(20 April 2022\)](#), p. 32.

The membership formed an information disclosure working group to review the effectiveness and consistency of information disclosure requirements. The working group consulted with and received feedback from members on areas of concern and issues with information disclosure and followed up with surveys to gather additional details where necessary.

3.20 The ENA stated the results of its surveys indicated that EDBs are likely to be applying different approaches to completing Schedule 12b(i) due to:<sup>76</sup>

- 3.20.1 existing definitions being subject to different interpretations;
- 3.20.2 deterministic metrics not aligning with probabilistic approaches being adopted by some EDBs; and
- 3.20.3 the focus on firm capacity, which does not consider factors EDBs take into account in managing risk of potential overloads and supply interruptions.

3.21 Some submitters highlighted difficulties using network constraint information within AMPs.<sup>77</sup> For example, solarZero stated:

For example, we don't find asset management plans that useful. Some asset management (sic) consider that massive electrification (for example, transport) will not occur until the late 2030's/early 2040s, others much earlier. What we do find useful is talking through the issues a lines company faces with relevant lines company staff, with the asset management plan providing background.

[..] As stated above, we do not find existing asset management plans that helpful for identifying constraints. New tools are (sic) techniques are needed that solution providers can use to have much more informed conversations with staff at lines companies.

3.22 Several submitters suggested that heatmaps (ie, network constraint maps) would be a useful tool to present constraint information, including Trustpower. It stated:<sup>78</sup>

Providing user friendly information on anticipated network expenditure and network constraints for all distributors via maps would overcome challenges associated with gleaning similar information from some asset management plans, which are generally written for a technical audience.

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<sup>76</sup> [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 52.

<sup>77</sup> [solarZero "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), pp. 2-3; [Trustpower "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2.

<sup>78</sup> [Ibid](#), p. 2.

- 3.23 Some submitters suggested we look at international practices on constraint maps, such as Network Opportunity Maps in Australia.<sup>79</sup> Aurora submitted that any geospatial reporting requirement should be system agnostic and not impose material additional costs on EDBs.<sup>80</sup>
- 3.24 Multiple submitters recommended we delink the existing network constraint map disclosure from the related party transaction requirements and instead, require all EDBs to disclose a constraints map.<sup>81</sup> Some proposed that this constraints map be consistent with information reported in Schedule 12b(i).<sup>82</sup>
- 3.25 Some EDBs were concerned about implementation of a solution to this issue, because of data availability limitations within the EDBs and complexity for the Commission in designing a solution that works for everyone.<sup>83</sup>
- 3.26 Powerco submitted it sees the benefits of improving disclosures on constraints but suggested it would be more helpful for stakeholders if we focus on market opportunities.<sup>84</sup>

*We received strong feedback at the technical elements workshop on imposing new network constraint requirements*

- 3.27 At the technical elements workshop, we heard strong views from EDBs against reporting detailed LV network constraint information. Most EDBs are either still developing the capability to collect LV network data (eg, through monitoring equipment), and/or face difficulties obtaining and using smart meter data to report meaningful constraint information.<sup>85</sup>

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<sup>79</sup> [solarZero "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3; [Trustpower "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2.

<sup>80</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 17.

<sup>81</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 17; [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 39; [Independent Electricity Generators Association "Cross-submission on EDB targeted ID review process and issues paper" \(4 May 2022\)](#), p. 2; [The Lines Company "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 6; [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 6.

<sup>82</sup> [Electricity Networks Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 52; [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 6; [Independent Electricity Generators Association "Cross-submission on EDB targeted ID review process and issues paper" \(4 May 2022\)](#), p. 2.

<sup>83</sup> [PowerNet Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3; [Vector "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 7.

<sup>84</sup> [Powerco "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 2.

<sup>85</sup> One roadblock is that, unless prior agreement is given by the retailer, the EA's default Data Template prevents EDBs from merging consumption data with other datasets (such as weather and census data). The EA is currently consulting on potential changes to enhance the workability of the default Data Template.

- 3.28 However, EDBs have much better visibility of the higher voltage layers of their networks and constraints occurring on those layers are generally well understood. Several attendees suggested EDBs have the capability now to create and publish a constraints map of their medium voltage (MV) networks.<sup>86</sup>

*Our draft decision proposes EDBs report more meaningful network constraint (and supporting) information in Schedule 12b(i), publish geospatial data to support a national constraints map in the future, and report additional information in AMPs related to network constraints*

- 3.29 We propose substantial amendments to Schedule 12b(i) of the ID determination, which are:
- 3.29.1 to add the following requirements:
    - 3.29.1.1 the current peak load period for a zone substation (ie, the season current peak load occurred);
    - 3.29.1.2 whether a zone substation is constrained or forecast to be constrained (ie, by selecting a “Current constraint type” or “Forecast constraint type”);
    - 3.29.1.3 if a zone substation is currently or forecast to be constrained – the type of constraint (capacity or security), the primary cause of the constraint, the type of solution (where known) to address a constraint (eg, through a demand response agreement with a large customer or aggregator), and how long any temporary solution is expected to be in place (current constraints only);
    - 3.29.1.4 if a zone substation is not currently constrained, the available capacity before it becomes constrained;
    - 3.29.1.5 forecast available capacity in 5 years and an approximate range of forecast available capacity in 10 and 20 years;
    - 3.29.1.6 forecast peak load period and forecast security of supply classification in 5 and 10 years; and
  - 3.29.2 to amend the following requirements:

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<sup>86</sup> [Commerce Commission "Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes" \(27 March 2023\)](#), p. 29.

- 3.29.2.1 change “Installed Firm Capacity” to “Installed operating capacity” so zone substation operating capacity at its assigned security level (N, N-1, N-2, or N-1 switched) is reported;
- 3.29.2.2 change “Security of supply classification” to “Current security of supply classification” to differentiate it from the new forecast security of supply classification requirements; and
- 3.29.3 to remove the following requirements, which we consider will be superseded by the new requirements:
  - 3.29.3.1 Installed Firm Capacity + 5 years;
  - 3.29.3.2 Installed Firm Capacity constraint + 5 years (cause);
  - 3.29.3.3 Transfer capacity;
  - 3.29.3.4 Utilisation of Installed Firm Capacity %; and
  - 3.29.3.5 Utilisation of Installed Firm Capacity + 5yrs %.
- 3.30 To support the proposed amendments to Schedule 12b(i), we propose EDBs disclose geospatial data about their networks in a generic geospatial file format. We propose EDBs disclose, for each zone substation:<sup>87,88</sup>
  - 3.30.1 its name, location (in coordinates), the names of any feeders connected to it, the voltage(s) it primarily transforms, and the boundary of the area it serves.
- 3.31 We also propose adding the following AMP requirements to Attachment A, which require EDBs to describe:
  - 3.31.1 in relation to both load and injection constraints on LV networks specifically:<sup>89,90</sup>

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<sup>87</sup> Proposed clause 2.5.2A.

<sup>88</sup> We propose to amend the definition of “publicly disclose” in clause 1.4.3 of the [ID determination](#) to remove the effort required for EDBs to convert geospatial information into an electronic format compatible with Microsoft Excel or Microsoft Word, which ultimately would provide little to no value to the Commission.

<sup>89</sup> We propose expanding the voltage quality requirement that focuses on LV networks, under clause 17.2 of Attachment A, to cover LV network constraints.

<sup>90</sup> Under proposed clause 2.6.1B, EDBs must disclose this information in a standalone document by 31 August 2024.

- 3.31.1.1 any challenges, and progress, towards collecting or procuring data used to inform the EDB of current and forecast constraints, including historic consumption data;
- 3.31.1.2 any analysis and modelling (including any assumptions and limitations) the EDB undertakes, or intends to undertake, with that constraint-related data; and
- 3.31.2 any policies or practices for sharing information on current and forecast constraints across the EDB’s network (both load and injection), including any LV network constraint information, to inform the decision-making of potential consumers connecting to the network and potential providers of non-traditional solutions.<sup>91</sup>
- 3.32 We also propose the following disclosures are included in Schedule 9e(iii) of the ID determination:
  - 3.32.1 Zone substation transformer capacity (EDB owned); and
  - 3.32.2 Zone substation transformer capacity (non-EDB owned).<sup>92</sup>
- 3.33 We propose EDBs first disclose the information above by the following dates:
  - 3.33.1 Schedule 9e(iii) – 31 August 2024 for DYE 31 March 2024;
  - 3.33.2 Geospatial information – 31 August 2024 for DYE 31 March 2024;
  - 3.33.3 Clause 17.2.2 of Attachment A – 31 August 2024;
  - 3.33.4 Schedule 12b(i) – 31 March 2025; and
  - 3.33.5 Other Attachment A requirements – 31 March 2026.<sup>93</sup>

*Our draft decision is intended to better reveal how EDBs plan for and manage network constraints*

- 3.34 Our draft decision is intended to better reveal the performance of EDBs in relation to their planning for and management of constraints by:
  - 3.34.1 at the MV network level:

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<sup>91</sup> We propose to add this requirement to Attachment A within existing requirements regarding policies on non-traditional solutions and practices for connecting new consumers.

<sup>92</sup> We also propose removing the words “estimated” in the name of the defined term “Distribution transformer capacity (Non-EDB owned, estimated)”, for consistency with these new definitions.

<sup>93</sup> Unless an EDB elects to disclose an AMP by 31 March 2025.

- 3.34.1.1 significantly improving stakeholders' visibility of current constraints and forecast constraints;
  - 3.34.1.2 supporting the creation of a national constraints map in the future; and
  - 3.34.2 at the LV network level, helping stakeholders get a sense of how well EDBs understand constraints (including progress towards being able to report detailed LV network constraint information), and whether they are prepared for forecast constraints.
- 3.35 We recognise Schedule 12b(i) is not working as intended. Schedule 12b(i) shows current and forecast capacity of existing zone substations, and when paired with utilisation of that capacity, it was intended that a stakeholder could derive whether a substation is constrained or forecast to be constrained. In conjunction with EDBs' AMPs, this information is important to support a stakeholder's assessment of whether EDBs are investing sufficiently.
- 3.36 We understand there is confusion among EDBs about the definitions for some terms used in Schedule 12b(i), particularly "Installed Firm Capacity." A review of a sample of Schedule 12b(i) disclosures showed that EDBs are inconsistently reporting installed firm capacity. Some EDBs are reporting capacity for substations with N-1 type security of supply criteria (consistent with the definition of installed firm capacity), while others are reporting capacity regardless of a substation's security of supply classification.
- 3.37 We are also aware that Schedule 12b(i) does not adequately enable EDBs to report on constraints in a way that provides stakeholders with sufficient and meaningful information to understand and assess constraints.
- 3.38 We are proposing to amend Schedule 12b(i) to have a stronger focus on constraints. We consider the amendments will improve comparability across EDBs and provide clearer constraint information for stakeholders in a simpler form. Rather than proposing to add separate reporting requirements for constraint data, we have prioritised improving the existing reporting requirement (ie, Schedule 12b(i)) as we are mindful of the regulatory burden on EDBs.
- 3.39 Some of our proposed amendments are based on the ENA's recommendations. We have proposed other amendments we consider stakeholders would find useful, and important data that can be used to inform a future constraints map. One such amendment is requiring EDBs to report any progress made toward a solution to a constraint (including no progress), which may assist providers of non-traditional solutions identify potential opportunities to offer competing services.

- 3.40 The ENA recommended we amend Schedule 12b(i) to include a section where EDBs can footnote Current Peak Load policies which may be different across a network's assets or between EDBs. We have not proposed to make this change, but we recognise the usefulness of this supporting information for stakeholders and encourage EDBs to disclose it within the AMP or Schedule 15 (Voluntary Explanatory Notes).
- 3.41 Another amendment we propose is to change "Installed Firm Capacity" to "Installed operating capacity" and amending its definition to capture the capacity of a zone substation consistent with its security of supply classification type.<sup>94</sup> We understand some EDBs use different categories and approaches (eg, probabilistic) to classify zone substation security in reporting outside of Schedule 12b(i) (eg, within AMPs). We consider it is important for classification types to be applied consistently by all EDBs and therefore, have proposed keeping the classification types currently defined in Schedule 16 of the ID determination.<sup>95</sup>
- 3.42 Because actual information might not be available when preparing the disclosures, we propose that requirements to disclose "current" (or "current year") information in Schedule 12b(i) means the disclosure of forecast information for the disclosure year during which the report is prepared, that was prepared in advance of that year. For example, "current" information for the Schedule 12b(i) disclosure due by 31 March 2025 would be the information that was earlier forecasted for disclosure year 2025 (ie, the disclosure year-ending 31 March 2025). We also consider this approach will help ensure consistency and limit confusion across EDBs. This approach applies to zone substations when determining whether there is a current constraint, and is specifically reflected in the definitions of certain terms used in Schedule 12b(i), including:
- 3.42.1 Current peak load;
  - 3.42.2 Current peak load period;
  - 3.42.3 Installed operating capacity;
  - 3.42.4 Current security of supply classification;
  - 3.42.5 Current constraint type; and
  - 3.42.6 Current available capacity.

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<sup>94</sup> For example, installed operating capacity for a zone substation with N type reliability criteria would be the capacity delivered if all zone substation transformers are operating.

<sup>95</sup> Valid classification types, outlined in Schedule 16 of the [ID determination](#) under the definition of Security of supply classification, are N, N minus 1 (or N-1), N minus 2 (or N-2), and N minus 1 switched (or N-1 switched). We also propose that these classification types are separately defined.



3.43 To support the new forecast requirements in Schedule 12b(i), we propose to add and define the following terms:

3.43.1 **Forecast operating capacity** – means the capacity of an existing zone substation that is forecasted to occur at any time in the disclosure year, expressed in MVA, excluding loads during temporary network configurations, as follows:

- (a) for a N substation, the capacity delivered if all transformers are operating;
- (b) for a N minus 1 (or N-1) substation, the capacity delivered following an outage of:
  - (i) the highest capacity item of primary equipment within the zone substation; or
  - (ii) the highest capacity circuit supplying the zone substation.
- (c) For a N minus 2 (or N-2) substation, the capacity delivered after the occurrence of one of the following that reduces total capacity of the substation by the greatest amount:
  - (i) an outage of the two highest capacity items of primary equipment within the zone substation;
  - (iii) an outage of the two highest capacity circuits supplying the zone substation; or
  - (iv) an outage of the highest capacity item of primary equipment within the zone substation and the highest capacity circuit supplying the zone substation.
- (d) For a N minus 1 switched (or N-1 switched) substation, the capacity delivered following a brief interruption during which switching is carried out to re-establish supply following an unexpected outage of the largest zone substation transformer.

For the purposes of this definition, “primary equipment” includes the low voltage circuit of a zone transformer and excludes the low voltage switchboard.

“Forecast operating capacity” must take into account only capacity changes the EDB has committed to implementing by way of contract.

3.43.2 **Forecast total capacity** – means the forecast total continuous rated capacity, expressed in MVA, irrespective of Security of supply classification, of an existing zone substation.

“Forecast total capacity” must take into account only capacity changes the EDB has committed to implementing by way of contract.

3.43.3 **Forecast available capacity** – means the further demand load, expressed in MVA, that is forecasted to be able to be added to the existing zone substation, at peak times during the Peak load period during the disclosure year, until it would be classified as having a Capacity constraint or a Security constraint.

“Forecast available capacity” must take into account confirmed and anticipated changes in demand load, and confirmed capacity changes.

For the purposes of this definition, “confirmed” means the EDB has committed to implementing the changes by way of contract.

3.44 As Schedule 12b(i) is required to be disclosed annually, constraint information will generally become less valuable and reliable over the course of a year (eg, a constraint that initially required a solution may have since been addressed). We recognise the value of timely constraint information for stakeholders and for that reason, we encourage EDBs to voluntarily disclose updated copies of Schedule 12b(i) throughout a disclosure year (without director certification).

3.45 We welcome views, particularly from potential users of Schedule 12b(i), on whether:

3.45.1 we have included the right combination of parameters within the definitions of forecast-related terms (eg, if the forecast capacity definitions take into account the right mix of anticipated and confirmed load and capacity);

3.45.2 the proposed amendments will be beneficial; and

3.45.3 if there are any concerns with removing existing measures.

3.46 We are not proposing to add a requirement for EDBs to produce a constraints map. For constraints on EDBs’ MV networks, we consider the proposed amendments to Schedule 12b(i) will provide stakeholders with clear constraint information in an accessible and easily understood format.

- 3.47 However, we recognise maps are a useful tool to help stakeholders more easily understand the location and significance of current and forecast network constraints. To support an interested stakeholder to create a national constraints map in the future, we propose for EDBs to disclose geospatial data about their networks at the zone substation level.<sup>96 97</sup> We considered whether geospatial data should be an optional disclosure (particularly area boundary information) but have decided to propose it as a less prescriptive mandatory requirement (ie, data can be provided in a generic geospatial format, such as Geopackage or Shapefile).
- 3.48 Our priority at this stage is for EDBs to disclose data (ie, geospatial data and in Schedule 12b(i)) that will help inform the development of a national constraints map. Consistent with what other countries have done, we consider a digital map of constraints at a national level will be more useful to stakeholders in the long term, compared to EDBs publishing localised constraint maps that will likely lack consistency and comparability.
- 3.49 Our proposed requirements are focused on MV network data (ie, at the zone substation level) as we acknowledge the challenges EDBs currently face with obtaining the LV network data required to report meaningful constraint information (particularly quantitative information and resulting constraint maps).
- 3.50 Considering the current data limitations, during Tranche 1 we added a narrative requirement for EDBs to report on their LV network practices. However, that was in respect of voltage quality only. We now propose to expand on the LV network narrative requirements to cover constraints.
- 3.51 We propose EDBs report their journey towards LV network constraint monitoring and reporting, for both load and injection constraints. The proposed requirement is essentially for EDBs to describe any progress toward obtaining LV network constraint-related data (including historic consumption data) and when available, how that data is used, or intended to be used, to inform the EDB of current and forecast constraints. The purpose of this amendment is to help stakeholders understand how well EDBs grasp whether constraints are occurring on their LV networks.

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<sup>96</sup> We propose that geospatial information is first disclosed by 31 August 2024. We do not expect zone substation attributes to change often for most EDBs (eg, the area served by a substation), in which case, an EDB may redisclose the geospatial file it used for the preceding disclosure year.

<sup>97</sup> An EDB may disclose additional geospatial data it considers may be useful for the development of such a map.

- 3.52 We expect EDBs' LV network visibility to improve over time. Some EDBs are installing monitoring equipment at various locations on their LV networks. The EA is also consulting on potential changes to its regulatory settings for distribution networks to improve EDBs' access to smart meter data (including the types of data that can be shared, and how data can be used).<sup>98</sup>
- 3.53 We also propose EDBs describe any policies or practices for sharing constraint information to key stakeholders, including LV network constraint information. We consider it important for stakeholders generally to understand whether EDBs are providing sufficient constraint information to certain stakeholders such as providers of non-traditional solutions.
- 3.54 EDBs sharing such constraint information will assist them and providers of non-traditional solutions to identify opportunities and practices (including EDBs' request for proposals) to address those constraints, which could be met through demand response or DER. This will assist a stakeholders' assessment of whether EDBs are making efficient investment decisions (including in some cases not to invest and rely on DER) and delivering services at a quality that reflects consumer demands.
- 3.55 This amendment will also enable stakeholders to monitor whether EDBs are sharing LV network constraint information with providers of non-traditional solutions, which is a potential issue identified by the EA in its "Updating the regulatory settings for distribution networks" issues paper:<sup>99</sup>

The main issue preventing flexibility traders from getting access to (1) a static picture of current congestion on LV networks, and (2) a projection of likely future congestion on LV networks, is that distributors do not have access to granular historical Consumption Data to calculate congestion on their LV networks.

However, once distributors can calculate network congestion, there are currently no requirements in place for this information to be shared with flexibility traders. It is possible that distributors will be disincentivised to share congestion data if they feel it will be used by flexibility traders to offer services that compete with a distributor's related businesses. However, it should be beneficial to distributors to share this data as flexibility traders could offer solutions to network problems caused by congestion.

- 3.56 We may consider adding more prescriptive requirements for LV network constraint reporting in the future as the sector overcomes challenges associated with the EDBs' visibility of their LV networks. For example, we may consider requiring feeder-level constraint information in Schedule 12b and more granular geospatial data.

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<sup>98</sup> [The Electricity Authority "Issues Paper: Updating the regulatory settings for distribution networks" \(December 2022\).](#)

<sup>99</sup> [The Electricity Authority "Issues Paper: Updating the regulatory settings for distribution networks" \(December 2022\), p. 42.](#)

- 3.57 Our proposed amendment to Schedule 9e(iii) is intended to improve its usability by making zone substation capacity reported more comparable with Schedule 12b(i). Zone substation transformer capacity in Schedule 9e(iii) currently does not differentiate between EDB-owned and non-EDB owned capacity, yet zone substation capacity in Schedule 12b(i) may include non-EDB owned capacity.
- 3.58 We recognise that EDBs may not know the exact capacity of non-EDB owned zone substation transformer. If that is the case, in line with non-EDB owned distribution transformer capacity in Schedule 9e(iii), we propose that an estimated value may be used. However, EDBs should make reasonable inquiries to obtain that estimate.

## **D5— Work and investment on flexibility resources (non-traditional solutions)**

*We propose amendments to expand ID requirements for EDBs to include information on EDB investigations undertaken and improved reporting of non-traditional solutions*

- 3.59 In TIDR Tranche 1, we consulted on a draft decision (D5) requiring information to be disclosed in relation to investigations undertaken and investment into flexibility resources. After considering feedback from submissions, our final decision was to postpone the decision until TIDR (2024).
- 3.60 The AMP does not clearly specify what efforts EDBs are making to consider non-traditional solutions as alternatives to planned network investments. We propose to amend clause 11.10 of Attachment A to clarify what details are expected from EDBs in their AMPs.
- 3.61 To make the existing AMP requirements internally consistent, we propose to replace several instances of “distributed generation” with “non-traditional solutions”.
- 3.62 We propose to replace all instances of “non-network solutions” in the ID determination with “non-traditional solutions” and define the term “non-traditional solutions” (see paragraph 3.7730). “Non-network solutions” is already used in the AMP in several instances and replacing it with “non-traditional solutions” and defining this term will be complementary to those instances.
- 3.63 We propose inserting a clause 4.2.7 in Attachment A requiring EDBs to state the capacity in relation to any non-traditional solutions supplied.
- 3.64 The information disclosures do not currently provide clear visibility in relation to the reported opex EDBs incur or forecast on “non-traditional solutions” ie, expenses such as payments to third-party providers of non-traditional solutions, etc. We propose to include a separate line item in Schedules 5b(i), 5b(iii), 5d(i), 5f, 6b(i), 7(iii) and 11b to capture all opex in relation to non-traditional solutions provided by a third-party service supplier.

*We received mixed feedback in submissions in response to the 2022 PIP*

- 3.65 Utilities Disputes and solarZero supported the requirement for information on investigations into flexibility services. solarZero said that more information in this area would potentially be useful to help them understand lines companies’ approaches and methodologies.<sup>100 101</sup>

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<sup>100</sup> [Utilities Disputes Limited "Submission on EDB targeted ID review process and Issues paper" \(20 April 2022\)](#), p. 6.

<sup>101</sup> [solarZero "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3.

- 3.66 Lawrence Muijlwijk, Ron Smits and Stephanie O'Callaghan stated that they would like more information to be disclosed on the long-term plan for electric vehicle initiatives and how these assets (and the electricity) are funded. They also believe EDB involvement in certain initiatives outside of their core responsibilities of electricity distribution (in particular, EV charging infrastructure) can be detrimental to decarbonisation due to their advantage over competing (non-EDB) businesses. They provided examples in relation to EDBs offering free EV charging and the market being distorted. They note that many EDBs engage in such business through either a subsidiary or a partnership.<sup>102 103</sup>
- 3.67 Network Waitaki and Aurora both said this information is already reported in the AMP. Aurora stated that clause 11.9 of Attachment A sets out the requirements for AMPs including options analysis to be provided, including justification of selected options, discussion of alternatives considered, and planned innovations for efficiency. They went on to say that if the AMP contained an appropriately crafted and compliant network development section, then the considered use of distributed energy resources (DER) and flexibility services would be addressed. They recommended a practice note or guidance that clearly sets out the Commission's expectations regarding disclosure of EDBs' non-traditional solution deliberations.<sup>104 105</sup>
- 3.68 Vector produces forecasts on where the procurement of flexibility services could be an option, including seeking out non-wire alternatives. They say the outlook of NZ adopting flexibility services is still far off and there are currently no flexibility traders in NZ. In Vector's opinion, resource and efforts should be focussed on developing their roadmap and ensuring the right structures are in place to get the best value for their customers when DER is more prevalent.<sup>106</sup>
- 3.69 Electra supported this potential ID change as noted by the Commission, saying this change reflects recommendations from the Innovation and Participation Advisory Group (IPAG) concerning areas such as equal access and the review of Transpower's Demand Response. Electra also noted that in setting this measure, the Commission will need to be mindful that:

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<sup>102</sup> [Lawrence-Muijlwijk, Ron-Smits and Stephanie O'Callaghan "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), para 3.2(b).

<sup>103</sup> *Ibid*, para 2.3.

<sup>104</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 12.

<sup>105</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), para 90.

<sup>106</sup> [Vector Limited "Submission on EDB targeted ID Review process and issues paper" \(20 April 2022\)](#), p. 8.

- 3.69.1 the barriers to entry to DER, such as flexibility services, is a wider market structure issue than EDBs not evidencing that their systems support DER, and
- 3.69.2 there are likely to be non-disclosure agreements (NDA) between EDBs and providers of flexibility services that will limit the release of information specific to projects.
- 3.70 Without careful consideration of the practicalities of this requirement, there is the very real possibility that the information disclosed will be time-consuming and of very little benefit, ie, the costs will outweigh the benefits.<sup>107</sup>
- 3.71 Unison and Centralines acknowledged the concerns expressed by IPAG and the Authority on the seeming lack of flexibility solutions being used in New Zealand to resolve network constraints, but think there needs to be wider consideration of the factors that are leading to this outcome before reaching to a universal disclosure requirement to shed light on the underlying causes of this.<sup>108</sup>
- 3.72 Transpower noted that consideration should be given to ensuring that information around the potential value of non-wires alternatives/flexibility services to distributors doesn't unintentionally create a short-term bias through focussing distributors predominantly on alternatives for the next investment. Transpower also noted that a complete understanding of opportunities across the network over various timescales is likely to lead to the best investment decisions around flexibility resources being made.<sup>109</sup>
- 3.73 Three submitters mentioned that the EA is actively investigating the regulatory setting for distributors for flexibility services.<sup>110 111 112</sup>

*We received the following feedback from The Innovation and Participation Advisory Group (IPAG) in response to our open letter of 29 April 2021 in relation to ensuring our energy and airports regulation is fit for purpose*

- 3.74 IPAG suggested that EDB Directors should be required to warrant that they have fully explored flexibility as an alternative to all material network investments, if EDB behaviour does not improve.<sup>113</sup>

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<sup>107</sup> [Electra Limited "Submission on EDB targeted ID review process and issues paper-\(20-April-2022\)](#), p. 10.

<sup>108</sup> [Unison and Centralines "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 7.

<sup>109</sup> [Trustpower "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3.

<sup>110</sup> [The Lines Company "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 6.

<sup>111</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 12.

<sup>112</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), para 90.

<sup>113</sup> [IPAG "Response to 29 April Open Letter" \(20 July 2021\)](#), p. 18.



- 3.75 IPAG also suggested that EDB’s need to provide assurances that they will not distort markets for flexibility.<sup>114</sup>

*Our draft decision is for EDBs to include information on EDB investigations undertaken and improved reporting of non-traditional solutions*

- 3.76 We propose to amend clause 11.10 of Attachment A, so that it reads in full as follows: “For projects included in the AMP where decisions have been made, the reasons for choosing the selected option should be stated which should include how target levels of service will be impacted. For other projects planned to start in the next five years, alternative options should be discussed, including a detailed description of the investigations undertaken towards the potential for non-traditional solutions to be more cost effective than network augmentations and vice versa. This should specify if any non-related parties were approached in relation to non-traditional solutions. For the purposes of disclosing this information, an EDB is not required to include commercially sensitive or confidential information.”
- 3.77 We propose to define the term ‘non-traditional solutions’ in the ID determination as follows: “means a non-traditional solution to a network constraint or risk, and includes distributed generation, electricity storage, demand response and resilience measures”.
- 3.78 We propose to insert a new clause 4.2.7 in Attachment A:  
 “the capacity of any non-traditional solutions:  
 (a) provided by a third-party provider; and  
 (b) not provided by a third-party provider.”
- 3.79 Replace several instances where “distributed generation” is mentioned in the AMP with the newly defined term “non-traditional solutions”.
- 3.80 The above proposed information required by Attachment A will first be required to be disclosed within the next AMP. The next mandatory full AMP is due by 31 March 2026.
- 3.81 We propose to include a separate line item to capture EDB’s opex for non-traditional solutions provided by a third-party service provider in Schedules 5b(i), 5b(iii), 5d(i), 5f, 6b(i), 7(iii) and 11b.

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<sup>114</sup> [IPAG "Response to 29 April Open Letter" \(20 July 2021\)](#), p. 17.

- 3.82 The proposed changes to Schedules 5b(i), 5b(iii), 5d(i), 5f, 6b(i) and 7(iii) will first be required to be disclosed by 31 August 2024 (for DYE 31 March 2024) and proposed changes to Schedule 11b will first be required to be disclosed by 31 March 2025.

*Our draft decision will help stakeholders better understand how EDBs are considering and implementing flexibility resources*

- 3.83 Replacing “non-network solutions” with “non-traditional solutions” and defining the term in the ID determination will help to provide guidance and certainty when EDBs are completing their AMPs, as “non-network solutions” is currently referred to in several instances. “Non-traditional solutions” will also replace the term “distributed generation” in several instances in Attachment A.
- 3.84 We believe the additional guidance and certainty that results from defining 'non-traditional solutions' is necessary. As noted in the feedback received from Network Waitaki and Aurora; Attachment A already provides EDBs with the opportunity to disclose their network development plans regarding DER and flexibility services. However, some EDBs are not currently disclosing this information adequately. Aurora recommended guidance that clearly sets out the Commission's expectations.
- 3.85 We are of the opinion that adding the requirement proposed in new clause 4.2.7 of Attachment A will lead to improved visibility of each EDB's network configuration in relation to the capacity of any non-traditional solutions.
- 3.86 These amendments will allow stakeholders to better understand how well each EDB is performing regarding their consideration and uptake of flexibility resources to provide a cheaper or better-quality distribution service.
- 3.87 Our proposed amendments will allow stakeholders to better understand the value of flexibility resources available and any barriers to their uptake by EDBs.
- 3.88 There will be an improvement in the efficiency of EDBs by promoting the uptake of efficient flexibility resources.
- 3.89 The proposed amendments will promote the flexibility resources market, allowing more flexibility services to be provided to other types of businesses eg, electricity retail.
- 3.90 Separating out all opex line items for non-traditional solutions provided by a third-party service supplier will result in stakeholders having clear visibility of EDB expenditure in this area. Currently, other types of opex can be included in the same category where non-traditional solutions opex is disclosed.

- 3.91 We have included the non-traditional solutions provided by a third-party service supplier opex category for related party transactions in schedule 5b to address concerns of potential market distortion by EDBs.
- 3.92 We have addressed concerns of potential market distortion in relation to EDB's opex for non-traditional solutions paid to related parties in preference of non-related parties. The new "non-traditional solutions provided by a third-party service supplier" line items in Schedules 5b(i) and (iii) will require EDBs to disclose the details of the opex amount paid and the related party.
- 3.93 We have acknowledged feedback from the above submissions in relation to the potential regulatory burden of complying with this amendment by not going as far as requiring EDB Director certification in relation to any investigations into non-traditional solutions as alternatives to material network investments. We are still considering whether EDB Director certification is required and are seeking further feedback on this as part of this paper. Although, it should be noted that the AMP, as a whole, is already required to be certified by EDB Directors.
- 3.94 The proposed amendments will better promote the purpose of ID regulation because they will allow any interested persons to assess what investments are being made by EDBs in relation to assets or services that are innovative in nature ie, non-traditional solutions. This may also lead to opportunities for market participants to offer non-traditional solutions to EDBs which will increase the supply of electricity and ultimately lower prices for consumers. Improving efficiencies are a limb of s52A.

## D6 – Standardised pricing components including transmission costs

*We propose amendments to ID requirements for EDBs to disclose their prices within standardised disclosure options, including transmission costs*

- 3.95 Under ID, we currently require EDBs to disclose billed revenues and quantities by consumer type and price component. However, this information is not standardised, which makes stakeholders' analysis of EDB pricing unnecessarily difficult.
- 3.96 Without knowing what portion of each pricing component relates to the transmission cost, it is difficult to determine to what extent EDBs are adopting cost reflective pricing. Many EDBs are not currently disclosing the transmission cost portion in Schedule 8(ii) as it is not mandatory to do so.
- 3.97 Understanding EDBs performance is increasingly important, given the increased demands on capacity during peak times due to increased electrification, and the ability of technologies to respond to price signals.

*We received mixed feedback in the submissions regarding the introduction of the standardisation of pricing components amendment, as mentioned in the 2022 PIP of the Targeted Information Disclosure Review*

- 3.98 Three submissions supported the initiative. Utilities Disputes Limited (UDL) said that this would give consumers greater visibility of pricing within EDBs. UDL said they receive complaints and queries from consumers who do not understand EDBs pricing structures.<sup>115 116 117</sup>
- 3.99 Major Electricity Users Group say this should be a priority topic in Tranche 2. There is no change in their view that price disclosures and consultation with consumers about price structures should be a high priority. They go on to say that current disclosures for the treatment of transmission charges to different customer classes are opaque, difficult to replicate, and therefore a barrier to consumers being able to easily test and be satisfied price structures are efficient.<sup>118</sup>

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<sup>115</sup> [Major Electricity Users Group "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), para 8b.

<sup>116</sup> [Utilities Disputes Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 6.

<sup>117</sup> [Lawrence Muijlwijk, Ron Smits, Stephanie O'Callaghan "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), para 1.2.

<sup>118</sup> [Major Electricity Users Group "Cross-submission on EDB targeted ID review draft decision paper" \(19 September 2022\)](#), paras 11 - 13.

- 3.100 solarZero said that pricing performance is very important to ensure an efficient electricity system. solar Zero believe it is critical to have good information on the pricing regime and provide an example of one network that has a holiday peak, but no time of use pricing (ToU) on the peak days because ToU only applies to weekdays. They strongly support lines companies providing more information on pricing, both current pricing and future pricing. They emphasised how important pricing regimes are for flexibility traders to provide services and to improve the productivity of the entire power system.<sup>119</sup>
- 3.101 Electra support this potential ID change in practice, as standardisation would be helpful for retailers and consumers. Electra suggested the Commission may need to take into account:
- 3.101.1 discounts used by several exempt EDBs and failing to do so has the potential to skew prices; and
- 3.101.2 MBIE currently collects and publishes pricing information, which could cause confusion if multiple bodies publish materially different prices.<sup>120</sup>
- 3.102 Wellington Electricity Lines supports the streamlining of reporting to enable analysis of information by stakeholders. They note there may be some challenges finding sensible categories that capture a wide range of different pricing structures.<sup>121</sup>
- 3.103 Unison and Centralines said: "It would be useful to receive an elaboration of what difficulties are caused by current disclosures before commenting on this proposal". They state, "there could be a risk that the proposed free-form 'Other' category becomes a default to accommodate variations in EDBs pricing approaches".<sup>122</sup>
- 3.104 Vector also wanted more information on the proposal and noted that more granular reporting on pricing can be found in Schedule 8 and their Pricing Methodologies.<sup>123</sup>

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<sup>119</sup> [solarZero "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 3.

<sup>120</sup> [Electra Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 10.

<sup>121</sup> [Wellington Electricity "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 7.

<sup>122</sup> [Unison and Centralines "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8.

<sup>123</sup> [Vector Limited "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 8.

- 3.105 The Lines Company, Aurora, Network Waitaki and the ENA said this initiative has regulatory overlap with the EA. The lines company also noted that MBIE already considers prices for residential customers.<sup>124 126 125 127</sup>
- 3.106 Aurora provisionally opposed and recommended the Commission abandons this proposal, saying there is a risk that “standard” price components and categories may be interpreted as “good” (or having the Commission’s seal of approval) by consumers, and non-standard price components and categories interpreted as “bad”.<sup>126</sup>
- 3.107 Aurora and the ENA both questioned if the proposed requirements meet the purpose of ID regulation with the ENA saying the requirements must not stifle innovation.<sup>126 127</sup>

*Our draft decision is to introduce standardised connection types*

- 3.108 We propose to introduce standardised connection types in Schedules 8(i) and (ii). This will include an option for EDBs to select “other” and type in their own free text description. These will first be required to be disclosed by 31 August 2024 (for DYE 31 March 2024).
- 3.109 We also propose to introduce standardised pricing components in Schedules 8(i) and (ii). This will include an option for EDBs to select “other” and define their own price component in the field above.
- 3.110 Definitions for each standardised connection type and pricing component option will be included in Schedule 16 of the ID determination.
- 3.111 We propose to introduce a requirement to disaggregate the distribution and transmission cost portions of each price component, meaning it will be mandatory for EDBs to disclose the transmission portion.
- 3.112 In addition to the substantial proposed amendments described above, we have made some consequential amendments:
- 3.112.1 Remove the “rate (eg, \$ per day, \$ per kWh, etc.)” field from Schedule 8(ii) and include this with the standardised pricing component options; and

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<sup>124</sup> [The Lines Company "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 7.

<sup>125</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 12.

<sup>126</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 30.

<sup>127</sup> [Electricity Network Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 16.

- 3.112.2 Remove the “Notional revenue foregone from posted discounts (if applicable)” field from Schedule 8(ii) as there are now options for customer discounts in the standardised pricing components. We will remove the definition for this term in the ID determination. The new definition for customer discount will be included in Schedule 16 and will align with the IM Determination.

*Our draft decision helps stakeholders better understand EDBs pricing performance*

- 3.113 This proposal helps stakeholders better understand EDBs pricing performance. The EA is one of these stakeholders and it will help their work to monitor EDBs pricing performance. We incorporated the feedback from submissions above and have worked closely with the EA to reach our proposal to ensure there is no regulatory overlap between the two regulators.<sup>128</sup>
- 3.114 We also don’t agree with the feedback suggesting that these proposed changes have regulatory overlap with MBIE. They are focused on residential end consumer prices, whereas we are addressing the tariff structure.
- 3.115 The improvements to the disclosure requirements will significantly improve the timeliness and robustness of stakeholder assessments, support distribution pricing related regulatory decisions, more effectively monitor progress of distributors’ progress towards cost reflective pricing and drive better outcomes for consumers.
- 3.116 Having standardised pricing components will make stakeholder analysis of pricing across all EDBs much easier. Therefore, assessing their performance in relation to pricing will be much easier. If the same or very similar connection types and price components use consistent terminology wherever possible, this will help with stakeholder analysis.
- 3.117 To ensure the proposed standard connection types are as relevant as possible, we have aligned them to the equivalent terms used in the Electricity Industry Participation Code 2010 and the Electricity Industry Act 2010.
- 3.118 We are also interested to hear feedback in relation to the definitions of our draft standardised price components which will be included in Schedule 16.

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<sup>128</sup> Electricity Industry Act 2010, Part 2, s 32(2)(b).

- 3.119 The feedback in relation to not stifling innovation has been taken on board and we have kept the option open for EDBs to use “other” and use their own definitions. This will allow EDBs freedom to innovate and create their own categories when required. We will monitor the “other” options used and will consider if these can later be incorporated as a “standardised option” in the schedules, for all EDBs to use.
- 3.120 Removing the “rate (eg, \$ per day, \$ per kWh, etc.)” field from Schedule 8(ii) and including this with the standardised pricing component options will reduce the risk of errors when EDBs input data.
- 3.121 Removing the “Notional revenue foregone from posted discounts (if applicable)” field from Schedule 8(ii) will reduce the compliance obligations for EDBs.
- 3.122 We believe that having the transmission component disaggregated will allow any stakeholders to better assess cost reflectivity.
- 3.123 We are interested to know if any EDBs are unable to provide a meaningful breakdown of the transmission costs for each price component and the reasons for this.
- 3.124 We would also like to know if EDBs believe there will be problems with inconsistency issues in allocating the fixed portions of transmission costs, eg, the same price components having different transmission cost portions across different EDBs.
- 3.125 We consider this meets the purpose of Part 4 and the purpose of ID regulation under the Commerce Act 1986. These amendments will allow stakeholders to more accurately analyse and better understand the performance of EDBs in the area of pricing, which is an area of efficiency which is a limb of the s52A purpose statement.<sup>129</sup>

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<sup>129</sup> Section 52A(1)(b) and (c).



## Asset management

- 3.126 An EDB's asset management practices underpin its investment and operational activities. Effective asset management enables EDBs to provide more reliable and efficient electricity lines services and helps ensure they provide services at a price and quality that reflects the demands of consumers.
- 3.127 It is important that we adapt our ID requirements on asset management to capture new information relevant to EDBs' changing operating environment. Historic performance may not be a good guide to future outcomes as the external context changes. It is also becoming even more important to assess whether investment is sufficient and efficient as climate change may pose increasing risks to network resilience.
- 3.128 In TIDR (2024), our focus within the asset management section is on vegetation management. Vegetation management refers to an EDB's practices of controlling vegetation (primarily trees) in the proximity of distribution lines and other assets, to reduce the potential for service interruptions, and damage caused by vegetation coming into contact with network assets (primarily overhead lines).
- 3.129 The importance of effective vegetation management is likely to increase as climate change causes more severe and frequent storm events with greater potential for assets to be damaged by nearby vegetation. In addition, some parts of the country are projected to become hotter and drier which could raise the risk of fire damage to networks in those areas from burning vegetation.<sup>130</sup>
- 3.130 Effective vegetation management is also important because it can have a significant impact on consumers, both in terms of prices (vegetation management being a significant cost for many EDBs), and interruptions. In the 2022 disclosure year, EDBs spent \$54.43 million on vegetation management (18% of network opex) and 18.6% of interruptions (class b and c) were caused by vegetation.<sup>131</sup>
- 3.131 To a large extent the occurrence and severity of vegetation-related interruptions on a network can be influenced by an EDB's asset management practices. Deteriorating trends in vegetation-related interruptions can indicate that an EDB's vegetation management practices, including expenditure levels, may need to be reviewed and changed to be more effective.

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<sup>130</sup> Ministry for the Environment "[Climate Change Projections for New Zealand: Atmosphere Projections Based on Simulations from the IPCC Fifth Assessment, 2nd Edition](#)" (2018).

<sup>131</sup> Commerce Commission "[Performance Accessibility Tool – New Zealand electricity distributors – Data and metrics](#)" (11 May 2023).

- 3.132 In TIDR (2024), we propose making a suite of changes to EDBs' ID requirements relating to vegetation management. These are predominantly new disclosure requirements, focussing on vegetation management costs, performance, and risk.

## AM6—Vegetation management reporting

- 3.133 In TIDR Tranche 1, we consulted on a draft decision (AM6) to amend the definition of “overhead circuit requiring vegetation management”. After considering feedback from submissions, our final decision on this issue was to postpone the decision until TIDR (2024).
- 3.134 For TIDR (2024), we have decided to expand the review of AM6 to cover EDBs’ vegetation management reporting as a broader topic. Following feedback received at our technical elements workshop, and also considering the adverse impacts of recent weather events on electricity distribution networks, with a lot of the damage being caused by vegetation, we felt it would be prudent to revise AM6 to cover vegetation management reporting as a broader topic.
- 3.135 Particularly, we have heard from EDBs that a large portion of unplanned vegetation interruptions are caused by trees from out-of-zone, which implies that a large portion of risk to network performance comes from trees from out-of-zone, over which EDBs have less control.<sup>132</sup> Despite this, to date there has been no published data on the risk posed, or the extent of damage caused by trees from out-of-zone.
- 3.136 Our proposed amendments relating to vegetation management reporting fall into two categories: vegetation management performance, and vegetation risk.

*Our draft decision regarding vegetation management performance is to require EDBs to disclose additional information on vegetation management operating expenditure, and vegetation-related interruptions*

- 3.137 Currently, EDBs’ performance relating to vegetation management is not captured well in ID regulation. Existing year-end ID reporting requirements relating to vegetation management performance include opex on vegetation management (which is defined in the ID determination), and SAIDI and SAIFI results for unplanned vegetation interruptions (also defined in the ID determination). We think that this information could be more useful for stakeholders if it was reported at a more disaggregated level.
- 3.138 The purpose of these proposed amendments is to disaggregate information disclosed on vegetation management performance. This will assist stakeholders to understand EDBs’ vegetation management practices and costs, as well as where adverse results may be outside of the EDBs’ control.

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<sup>132</sup> ‘Out-of-zone’ meaning outside of the ‘notice zone’ and the ‘growth limit zone’ as defined in the [Electricity \(Hazards from Trees\) Regulations 2003](#).

*We have had mixed feedback from stakeholders on this issue*

- 3.139 Submitters on our draft decision paper for Tranche 1 of this project noted that the cost of “proactive” vegetation management, for example, routine trimming of vegetation close to overhead lines as part of a multi-year maintenance rotation, could be differentiated from the cost of “reactive” vegetation management, for example, costs associated with dealing with trees falling from outside of the notice zone (as defined in the Electricity (Hazards from Trees) Regulations 2003).<sup>133</sup>
- 3.140 We received feedback at our technical elements workshop that EDBs would like more clarity on where reactive vegetation management costs should be recorded for ID.<sup>134</sup>
- 3.141 We also heard at our technical elements workshop that a large portion of unplanned vegetation interruptions are caused by trees from out-of-zone.<sup>135</sup> There was support at the workshop for disaggregating reporting on vegetation interruptions into more categories (in fact we heard that some EDBs are already collecting interruption information at a disaggregated level for vegetation-caused interruptions). However, it was noted that this should be delayed until the current review of the Electricity (Hazards from Trees) Regulations 2003 is completed.
- 3.142 We are aware that MBIE is currently reviewing the Electricity (Hazards from Trees) Regulations 2003, and that this may result in changes to the regulations at some point in the future. Based on MBIE’s Discussion Document for the review, evidence is key to demonstrating to all stakeholders the impact of the regulations.<sup>136</sup> With this in mind, we are of the view that it would be prudent to collect relevant data as early as possible, and this supports implementing the proposed amendments now, so that stakeholders can understand the current state. Our proposed Schedule 16 definitions for “felling or trimming vegetation – in-zone” and “felling or trimming vegetation - out-of-zone” are tied to the legislative definitions for “notice zone” and “growth limit zone” in the Electricity (Hazards from Trees) Regulations 2003. We note that we can update the ID requirements again in the future if needed to align to any changes made to the Electricity (Hazards from Trees) Regulations 2003 by MBIE.

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<sup>133</sup> Commerce Commission “[Targeted information disclosure review for electricity distribution businesses - Tranche 1 final decisions reasons paper](#)” (25 November 2022), p. 95.

<sup>134</sup> Commerce Commission “[Targeted information disclosure review - Tranche 2 - Technical elements workshop notes](#)” (27 March 2023).

<sup>135</sup> ‘Out-of-zone’ meaning outside of the ‘notice zone’ and the ‘growth limit zone’ as defined in the [Electricity \(Hazards from Trees\) Regulations 2003](#).

<sup>136</sup> MBIE “[Review of the Electricity \(Hazards from Trees\) Regulations 2003, Discussion Document](#)” March 2023.

*Our draft decision is to require EDBs to disclose additional information on vegetation management operating expenditure*

- 3.143 We propose to add additional vegetation-related subcategories to the existing opex categories within Schedule 6b(i). This additional information will be first required to be disclosed by 31 August 2025 for DYE 31 March 2025. The intent of these new subcategories is to require EDBs to clearly record proactive and reactive vegetation management costs separately.
- 3.144 According to the definition in the ID determination, only proactive costs should be included in the “vegetation management” opex category. The proposed new subcategories within the “vegetation management” opex category (assessment and notification costs, felling or trimming vegetation – in-zone, felling or trimming vegetation – out-of-zone, and other) are intended to capture the main types of proactive vegetation management costs. Where vegetation has grown into the notice zone, and trimming/felling is carried out outside of the notice zone (effectively, trimming has taken place both in-zone and out-of-zone), it is intended that this cost is recorded as “felling or trimming vegetation – out-of-zone”.
- 3.145 According to the definitions in the ID determination, immediate reactive vegetation management costs (in response to an unplanned event) should be recorded in the “service interruptions and emergencies” opex category. Any reactive costs following the immediate work (planned follow-up activities resulting from an event which were unable to be permanently repaired in the short term) should be recorded in the “routine and corrective maintenance and inspection” opex category. The new subcategories within “service interruptions and emergencies” (vegetation-related, and other) and “routine and corrective maintenance and inspection” (corrective work relating originally to a vegetation-caused fault, and other) are intended to capture reactive vegetation management costs.
- 3.146 We acknowledge that the definition of “routine and corrective maintenance” opex per the ID determination is not clear on the fact that routine vegetation management costs (particularly routine inspection and trimming costs) are excluded from this category. We propose to also amend the definition of “routine and corrective maintenance” opex to make it clearer that routine vegetation management costs are excluded.
- 3.147 As part of these proposed amendments, we will add new definitions for each of the new opex subcategories to Schedule 16 of the ID determination.
- 3.148 We welcome feedback from stakeholders on the selection of proposed new vegetation management opex subcategories.

*Our draft decision helps stakeholders to learn more about the cost to EDBs of managing the risk of vegetation to the network*

- 3.149 Breaking down the costs of vegetation management to separately show proactive and reactive expenditure (by acting as leading and lagging indicators) will provide customers and other stakeholders with more meaningful and accurate information about the efficiency, nature, and scale (being how much is being spent on vegetation management work) of EDBs' vegetation management activities. We acknowledge that recording these costs at a disaggregated level will potentially require process and system changes for EDBs. However, we consider that in this case, the benefits (such as understanding the expense of managing out-of-zone vegetation risks) outweigh the potential upfront costs of recording and reporting the information.
- 3.150 This proposed amendment promotes the purpose of ID by enabling stakeholders to better understand EDBs' vegetation management activities. This will in turn allow a better assessment of whether the purpose of Part 4 is being met, particularly, an assessment of whether EDBs are incentivised to improve efficiency in their vegetation management activities.

*Our draft decision is to require EDBs to disclose new information on vegetation-related interruptions*

- 3.151 We propose to break down the reporting category for unplanned power interruptions caused by vegetation contact in Schedule 10(ii) to include:
- 3.151.1 In-zone: interruptions resulting from vegetation known or suspected to be in the "growth limit zone" and "notice zone" as defined in the *Electricity (Hazards from Trees) Regulations 2003*;
  - 3.151.2 Out-of-zone: interruptions resulting from vegetation known or suspected to be outside the "growth limit zone" and "notice zone" as defined in the *Electricity (Hazards from Trees) Regulations 2003*;
  - 3.151.3 Wind-borne debris: interruptions resulting from wind-borne vegetation debris;
  - 3.151.4 Related to inclement weather: interruptions caused by vegetation contact with the network during inclement weather; and
  - 3.151.5 Other.
- 3.152 This additional information will be first required to be disclosed by 31 August 2025 for DYE 31 March 2025.

- 3.153 The intent of these additional reporting categories is to separate the different causes of vegetation-related interruptions, particularly those caused by vegetation that is outside of the control of the EDB (vegetation coming from out-of-zone).
- 3.154 As part of these proposed amendments, we will add new definitions for the additional reporting categories to Schedule 16 of the ID determination.
- 3.155 We welcome feedback on the selection of additional vegetation reporting categories for interruption reporting.

*Our draft decision helps stakeholders to learn more about the impact that vegetation has on network reliability*

- 3.156 Classifying the causes of vegetation-related interruptions separately, highlights more specifically the risk an EDB's network is exposed to from vegetation damage, and should provide valuable insight for the review and development of appropriate strategies by EDBs to improve their reliability performance.
- 3.157 Similarly, this could assist with EDBs' discussions with customers and other stakeholders as to the cause of vegetation-related interruptions, trends in performance, and the improving initiatives being deployed to address them.
- 3.158 We acknowledge that recording vegetation-related interruption causes at a disaggregated level will likely require process and system changes for EDBs, including training for fault crews. However, we consider that in this case, the benefits of this additional information outweigh the upfront costs associated with collecting and reporting the information.
- 3.159 This proposed amendment promotes the purpose of ID regulation by enabling stakeholders to better understand the causes of vegetation-related interruptions. This in turn will allow stakeholders to better assess whether the purpose of Part 4 is being met, particularly, an assessment of whether EDBs' are incentivised to provide services at a quality that reflects consumer demands (in relation to vegetation-related interruptions), and whether EDBs are incentivised to innovate and invest in terms of their vegetation management strategies.

*Our draft decision regarding vegetation risk is to require EDBs to disclose new information on vegetation risks*

- 3.160 During TIDR Tranche 1, we consulted on a proposed amendment to the definition of “overhead circuit requiring vegetation management”, which is a measure that EDBs report against in Schedule 9c. Considering issues raised by submitters on our draft decision, our final decision in Tranche 1 was to defer the decision on this issue to TIDR (2024).<sup>137</sup> Following feedback received during our technical elements workshop, particularly around the usefulness of the metric, we have decided to review this reporting requirement overall (rather than just revisit the definition) with a focus on how we can include disclosure requirements that provide better information on the risk of vegetation damage to EDBs networks.<sup>138</sup> We hope that this will incentivise EDBs to proactively assess the risks of vegetation damage to the network, which should help to inform of areas where focussed investment in vegetation management activities may be required to ensure against potentially preventable service interruptions.
- 3.161 We are proposing to replace the current metric “overhead circuit requiring vegetation management” with a new reporting requirement, “Number of overhead circuit sites at high risk from vegetation damage”. We consider that this new reporting requirement will be more meaningful for all stakeholders. For EDBs, this requirement should align better with existing vegetation risk assessments, and for consumers, it should aid them in understanding the risks to the network of vegetation damage and give context as to the costs of managing vegetation.

*Stakeholder views from Tranche 1 of the TIDR*

- 3.162 Submitters on the Tranche 1 draft decision for issue AM6 generally supported the intent of the Tranche 1 proposed amendment, but were concerned about compliance costs, and volatility in reporting over time. There were suggestions that instead of referring to the notice zone, we introduce a subjective element to the definition based on an EDBs assessment of how much vegetation is deemed to require ongoing maintenance.<sup>139</sup>

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<sup>137</sup> Commerce Commission “[Targeted information disclosure review for electricity distribution businesses - Tranche 1 final decisions reasons paper](#)” (25 November 2022), p. 93.

<sup>138</sup> Commerce Commission “[Targeted information disclosure review - Tranche 2 - Technical elements workshop notes](#)” (27 March 2023).

<sup>139</sup> Commerce Commission “[Targeted information disclosure review for electricity distribution businesses - Tranche 1 final decisions reasons paper](#)” (25 November 2022), p. 93.



*Our draft decision is to require EDBs to disclose new information on the risk to the overhead network from vegetation damage*

- 3.163 We propose to replace the current metric “Overhead circuit requiring vegetation management” in Schedule 9c, with the new reporting requirement “Number of overhead circuit sites at high risk from vegetation damage”. The intent of this new requirement is to highlight the level of risk and the different sources of vegetation damage risk that EDBs face. We also hope that the proposed requirement will provide EDBs with some flexibility in how the vegetation risk assessment and risk measurement is carried out.
- 3.164 This new information will be first required to be disclosed (in place of the previous information) by 31 August 2025 for DYE 31 March 2025.
- 3.165 As part of this proposed amendment, number of “overhead circuit sites at high risk from vegetation damage” would be defined in Schedule 16 of the ID determination as overhead circuit sites for which the EDB has identified a hazard tree (using definitions adapted from the ENA and Electricity Engineers’ Association (EEA) Risk Based Vegetation Management Guide), or given a cut or trim notice or a hazard warning notice to a tree owner under the Electricity (Hazards from Trees) Regulations 2003.<sup>140 141</sup>
- 3.166 We propose that the different categories of “sites” can be described by each EDB, and EDBs will be required to set out the number of sites within each category, and the number of sites involving critical assets within each category, in a table within the schedule.
- 3.167 We recognise that there will be many different types of “sites”, given it could be a singular tree presenting the high risk, or a row of trees. We also recognise that some EDBs use a technology solution where each tree is identified, whereas other EDBs use spans to record risk areas. Examples of different site types include (but are not limited to), the span between two poles, one tree, or a row of trees (eg, a hedge).

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<sup>140</sup> [ENA and EEA "Risk Based Vegetation Management Guide" \(July 2016\).](#)

<sup>141</sup> [Electricity \(Hazards from Trees\) Regulations 2003.](#)

- 3.168 We have added a proposed definition for “critical assets” to Schedule 16. This definition uses an asset criticality scale which has come from the EEA Asset Criticality (ACI) Scale, in the EEA Asset Criticality Guide (2019).<sup>142</sup> We are proposing that critical assets are those assets in class C1 (extreme criticality, where the consequences of failure would generally be intolerable) or C2 (elevated criticality, where asset failure would cause significant harm to people, assets, the business or the environment, and consequences of failure are tolerable but should be avoided or mitigated if it practicable to do so). The descriptions used within the asset criticality scale in the Schedule 16 definition of “critical assets” assume that probability of asset failure is 100%.
- 3.169 The current metric (“overhead circuit requiring vegetation management”) potentially enforces a high compliance cost on EDBs. We think that the proposed replacement requirement will have a lower compliance cost, as it should align better with vegetation inspection and assessment practices that EDBs will already have in place. It should also provide greater flexibility to EDBs in how the result is measured.

*Our draft decision provides a metric that should work better for EDBs, and that helps stakeholders to learn more about the level of risk of vegetation damage to the overhead network*

- 3.170 We acknowledge that based on differing natural environments and surroundings, EDBs will have different levels and types of risk from vegetation damage to their network. We think that the proposed replacement requirement (number of overhead circuit sites at high risk from vegetation damage) will be simple to report against for EDBs with all levels and types of risk from vegetation damage and should have a compliance cost that is proportional to the risk.
- 3.171 Also, customers and other stakeholders should be able to use the proposed replacement requirement as a baseline point for assessing an EDB’s vegetation management activity.
- 3.172 The proposed amendment promotes the purpose of ID by enabling stakeholders to better understand the level of risk to each EDB, of vegetation damage to the overhead network. This will in turn allow stakeholders to better assess whether the purpose of Part 4 is being met, particularly, an assessment of whether EDBs’ are incentivised to carry out appropriate risk assessments for vegetation, and in turn, invest in appropriate vegetation management strategies and activities.

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<sup>142</sup> [EEA "Asset Criticality Guide" \(2019\)](#).

## Quality of service

- 3.173 Quality of service (quality) is a major focus of our regulation of EDBs.<sup>143</sup> As part of our Tranche 1 final decision, we refined reporting requirements on quality to improve the accuracy of disclosed information such as clarifying definitions to ensure successive interruptions are recorded consistently. We also expanded requirements to capture different dimensions of quality such as connection and customer service information.
- 3.174 In terms of improving our ID requirements in TIDR (2024), our priority is to extend reporting requirements to capture more granular information on quality and reliability of EDB services to ensure that information is more useful for assessing or understanding performance.
- 3.175 Vegetation management plays an increasingly important role in helping ensure quality of service, particularly with the increased risk that the effects of climate change poses to networks (see paragraphs 3.126 – 3.172). As part of proposed amendments related to asset management, we propose breaking down interruptions caused by vegetation contact which will also enable stakeholders to better understand the impact that vegetation plays in network reliability.
- 3.176 Disclosed information is more useful when it is comparable, consistent over time, and captures the details that matter to stakeholders. Current ID requirements on quality are relatively high-level and provide limited visibility of specific or localised issues.
- 3.177 Multiple submitters raised concerns about issues inherent in quality data that could lead to misinterpretation by us or other stakeholders.<sup>144</sup> For example, some submitters were concerned that stakeholders would compare quality data that varies between two EDBs, because of their different network characteristics, and conclude that one was performing worse than the other.
- 3.178 We acknowledge that contextual factors can significantly impact the interpretation of quality data, as is true for other areas of ID. For example, the impact that storms have on reliability measures affects the interpretation of data that EDBs already disclose under existing ID requirements.

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<sup>143</sup> Section 52A(1)(a)-(b).

<sup>144</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 4; [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), pp. 8 and 27.

- 3.179 This is something for us to be mindful of as we design our requirements but is not a reason to avoid requiring EDBs to provide the information. The information disclosed under our proposed requirements is important to stakeholders and will improve transparency.
- 3.180 As with existing ID data, data that is disclosed under our proposed requirements will be contextualised by the growing time series and any supporting information that the EDBs provide (eg, in their AMPs). For more detailed or granular data, we acknowledge that care should still be taken in interpreting the data to allow for external factors and differences between EDBs. We intend to do this when undertaking performance analysis of any new data, as we do with existing ID data.
- 3.181 We are mindful there may be implementation challenges in collecting meaningful and useful quality data from a network at a detailed level. It is important that we continue to enable stakeholders to assess EDB performance while accounting for these limitations.

## Q14— Raw interruption data and worst-performing feeders

*We propose an amendment for all EDBs to disclose raw interruption data and to report on performance of their worst-performing feeders*

- 3.182 Some existing ID requirements are at too high a level, making it difficult to identify important trends. EDBs are required under ID to report SAIDI, SAIFI and the number of interruptions at a network level.<sup>145</sup> This high-level reporting makes it difficult for stakeholders to further analyse underlying causes of interruptions that are identified with existing ID.
- 3.183 Furthermore, PQ and ID regulations use different methodologies to normalise SAIDI and SAIFI. Unlike the PQ regulations, the ID normalisation methodology does not treat major events days appropriately and ID uses outdated 2004-2009 data to set boundary values, meaning that the current ID methodology is not entirely fit-for-purpose.<sup>146</sup>

*We received mixed feedback in submissions on a proposed amendment to require raw interruption data*

- 3.184 Stakeholders submitted on the 2022 PIP in relation to a proposed amendment to require raw interruption data:<sup>147</sup>
- 3.184.1 Four submitters did not support the proposal to require raw interruption data, and together with two submitters who gave conditional support, were generally of the opinion that the Commission needs to do further work to demonstrate how stakeholders having access to this data will serve the purpose of Part 4 or add value;<sup>148</sup>

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<sup>145</sup> Interruptions “...means the cessation of supply of electricity lines services to that consumer for a period of 1 minute or longer..” under clause 1.4.3 of the [ID determination](#).

<sup>146</sup> The methodology for calculating normalised SAIDI and SAIFI is set out in Attachment B of the [ID determination](#).

Commerce Commission “[Default price-quality paths for electricity distribution businesses from 1 April 2020 – Final decision – Reasons paper](#)” (27 November 2019), paras 7.11, 7.40 - 7.43 and Attachment K: Identifying and normalising major events.

<sup>147</sup> The Q14 proposal in our 2022 PIP was worded as “Expand ID requirements to include some raw outage data, which is currently only provided to us by non-exempt EDBs in advice of price-quality path resets”. For the purposes of TIDR (2024) we have used the term “interruption” rather than “outage” consistent with the defined term in the [ID determination](#).

<sup>148</sup> In their submissions on the 2022 PIP, the [ENA](#), [The Lines Company](#), [Network Waitaki](#) and [Electra Limited](#) did not support this proposal, [Wellington Electricity](#) supported this proposal in principle, [Aurora](#) gave provisional support subject to SAIDI and SAIFI normalisation methodologies for ID and DPP3 being aligned.

- 3.184.2 The Electricity Networks Association (ENA) also expressed concern about the additional burden on exempt/consumer-owned EDBs who do not currently provide this information;<sup>149</sup>
- 3.184.3 Network Waitaki considered that “raw data may be misinterpreted due to lack of context and underlying contributor, eg, storms and major events”<sup>150</sup>; and
- 3.184.4 Vector supported the proposal. As a non-exempt EDB, one of sixteen, “Vector already provides the information”.<sup>151</sup>

Some submitters felt it essential that we align the normalisation methodologies in ID and PQ

- 3.185 Non-exempt EDBs are required to normalise SAIDI and SAIFI each year pursuant to PQ regulation and publish the results in their annual compliance statements. We provide a demonstration model to help with normalising SAIDI and SAIFI on our website, but its use is not compulsory.<sup>152</sup>
- 3.186 Under ID, all EDBs must calculate normalised SAIDI and SAIFI values for disclosures under Schedule 10 of the ID determination.<sup>153</sup>
- 3.187 As part of its submission on the 2022 PIP, the ENA proposed a new change to align the methodology for normalising unplanned interruptions for reporting in Schedule 10 with the methodology for normalising unplanned interruptions within the PQ framework.<sup>154</sup>
- 3.188 Aurora made the same recommendation with regards aligning SAIDI and SAIFI normalisation methodology in ID and PQ regulations.<sup>155</sup>

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<sup>149</sup> [Electricity Network Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p.11.

<sup>150</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 9.

<sup>151</sup> Vector Limited ["Submission on EDB targeted ID review process and issues paper"](#) (20 April 2022), p. 6.

<sup>152</sup> The Final DPP3 demonstration model for normalising SAIDI and SAIFI is available: [EDB DPP3 Final determination - Demonstration model - Application of reliability normalisation and assessment \(28 February 2020\)](#).

<sup>153</sup> The methodology for calculating normalised SAIDI and SAIFI is set out in Attachment B of the [ID determination](#).

<sup>154</sup> [Electricity Network Association "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p.23.

<sup>155</sup> [Aurora Energy "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), pp, 28-29.

3.189 There was no feedback specifically on raw interruption data in submissions and cross-submissions on the TIDR Tranche 1 draft decision. However, the ENA expressed disappointment that we did not take the opportunity to align the methodology for normalising unplanned interruptions within the PQ framework in Tranche 1.

We received valuable feedback on breaking down SAIDI and SAIFI at our technical elements workshop in March 2023.

3.190 We discussed breaking down SAIDI and SAIFI values and network information at our technical elements workshop with the stakeholders.<sup>156</sup> The valuable feedback we received has informed our proposal to require worst-performing feeder information (see paragraphs 3.216 to 3.221).

3.191 Our proposal to require worst-performing feeder information has linkages to amendment Q9 in our 2022 PIP, which proposed to “add ID requirements regarding those customers worst served on the network in terms of reliability”.<sup>157 158</sup>

3.192 We see disclosure of worst-performing feeders as one possible way to measure the broader issue of worst-served customers. In 2018, the ENA stated that it “recognised that with existing measurement systems and capability, it is likely that the actual service levels experienced by all customers cannot be determined.”<sup>159</sup> On the same theme, some submissions to the 2022 PIP noted that many EDBs don’t have access to the smart meter data necessary to identify worst-served customers.<sup>160</sup> However, aggregating data to the level of worst-performing feeders would enable stakeholders to better understand performance related to a group of customers connected to a feeder.<sup>161</sup>

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<sup>156</sup> Commerce Commission “[Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop presentation](#)” (27 March 2023); Commerce Commission “[Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes](#)” (27 March 2023).

<sup>157</sup> [Commerce Commission "Targeted Information Disclosure Review - Electricity Distribution Businesses – Process and Issues Paper" \(23 March 2022\) p. 26.](#)

<sup>158</sup> The ENA had noted that they supported improvements to the ID regulation of quality, including disclosure in AMPs of worst-served customer outage data. See [Electricity Networks Association "DPP3, April 2020 - Commission Issues paper: Regulating Quality" \(20 December 2018\), p. 4.](#)

<sup>159</sup> [Electricity Networks Association "ENA Working Group on Quality of Service Regulation - Interim report to the Commission" \(1 October 2018\), p. 11;](#)

<sup>160</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\), pp 6-7;](#) [Vector "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\), p. 6.](#)

<sup>161</sup> [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\), pp 6-7;](#) The ENA stated “most EDBs can identify the worst-performing distribution transformers on their networks and would be able to identify and report on the group of customers connected to these transformer”. [Electricity Networks Association "ENA Working Group on Quality of Service Regulation - Interim report to the Commission" \(1 October 2018\), p. 11.](#)

*Our draft decision proposes an amendment for EDBs to annually publish raw interruption data, break down SAIDI and SAIFI further, and to report on their worst-performing feeders. Consequently, we propose removing reporting of normalised SAIDI and SAIFI values.*

We propose EDBs disclose raw interruption data in a new Schedule 10a<sup>162</sup>

3.193 We propose a new report is added to the ID determination, in Schedule 10a, which requires EDBs to disclose the following information about each interruption on its network, consistent with data non-exempt EDBs typically provide before a PQ reset. We propose to add definitions to Schedule 16 of the ID determination for the four terms marked in brackets as “(new)”.

3.193.1 an interruption identifier (new);

3.193.2 circuit location (new);

3.193.3 sub-network, where applicable;

3.193.4 feeder(s) affected by the interruption(new);

3.193.5 start date and time;

3.193.6 end date and time;

3.193.7 SAIDI value;

3.193.8 SAIFI value;

3.193.9 number of installation control points (ICPs) interrupted;

3.193.10 ICP interruption minutes (new);

3.193.11 whether the interruption is planned or unplanned;

3.193.12 the cause of an interruption; and

3.193.13 any explanation the EDB wishes to disclose to clarify the context of an interruption.

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<sup>162</sup> We propose to amend the definition of “publicly disclose” in clause 1.4.3 of the [ID determination](#) to require Schedule 10a in an unlocked electronic format compatible with Microsoft Excel, so interruption data is readily available for stakeholders to assess performance.



- 3.194 EDBs are required to record successive interruptions as an additional SAIFI and SAIDI interruption value if restoration of supply occurs for longer than one minute, adopting what is referred to as the “multi-count approach” SAIDI and SAIFI in the raw interruption data is to be recorded using the multi-count approach.<sup>163</sup>
- 3.195 Where multiple feeders are affected, we propose that the interruption record is split into multiple interruptions, ie, one interruption record per feeder.
- 3.196 We welcome any suggestions of amendments to the raw interruption information proposed that would enable us to consolidate and compare data more easily and provide a more meaningful assessment of quality.
- 3.197 With reference to the cause of an interruption disclosed as part of the raw interruption data (see paragraph 3.193.12 above):
- 3.197.1 “Cause” and the various primary causes of customer interruptions, being “lightning”, “vegetation”, “adverse weather”, “adverse environment”, “third party interference”, “wildlife”, “human error”, “defective equipment”, and “unknown” are already defined in Schedule 16 of the ID determination.
- 3.197.2 We propose to add a term in Schedule 16 of “other cause”, which means “an unplanned interruption for which the primary cause is not lightning, vegetation, adverse weather, adverse environment, third party interference, wildlife, human error, or defective equipment”. The unknown category is a residual category when the cause of the unplanned interruption is not known.
- 3.198 Consequently, we propose EDBs further break down unplanned SAIDI and SAIFI in Schedule 10(ii) into an additional cause category termed “other cause”, as appropriate. This will help ensure that the categorisation of SAIDI and SAIFI by cause in Schedules 10 and 10a is aligned.
- 3.199 We propose EDBs first disclose this information above by 31 August 2025 for DYE 31 March 2025.

We propose requiring worst-performing feeder information in Schedule 10

- 3.200 We propose requiring worst-performing feeder information, using the existing definition for worst-performing feeders that applies to Aurora under its CPP, which means:

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<sup>163</sup> Commerce Commission "[Targeted Information Disclosure Review for Electricity Distribution Businesses - Tranche 1 final decisions reasons paper](#)" (25 November 2022), page 69.

the feeder lines on an EDB's network that, in respect of the most recent disclosure year, are in the 90<sup>th</sup> percentile or higher for one or both of..: (a) feeder SAIDI and (b) feeder SAIFI.<sup>164</sup>

- 3.201 We propose to add these requirements at Schedule 10(vi):<sup>165</sup>
- 3.201.1 identification of the worst-performing feeders, and for each of those feeders:
- 3.201.1.1 planned and unplanned SAIFI values; and
- 3.201.1.2 planned and unplanned SAIDI values.
- 3.202 We propose EDBs first disclose this information above by 31 August 2025 for DYE 31 March 2025.

We propose removing normalised SAIDI and SAIFI values

- 3.203 We also propose removing the requirement to report normalised SAIDI and SAIFI values in Schedule 10(i) and therefore to also remove the methodology for calculating these values contained in Attachment B and all relevant defined terms in clause 1.4.3. This change applies to disclosures due by 31 August 2025 for DYE 31 March 2025.

*Our draft decision requiring raw interruption data will allow stakeholders to better assess whether EDBs are providing services at a quality that reflects consumer demands*

- 3.204 Stakeholders having access to raw interruption data will serve the purpose of ID regulation in the following ways:
- 3.204.1 Primarily by enabling stakeholders to better assess the level of network reliability and quality being delivered, and therefore whether EDBs are providing services at a quality that reflects consumer demand.<sup>166</sup>
- 3.204.2 Such data would create a level of public scrutiny on EDBs quality performance that should incentivise them to maintain quality at appropriate levels across the entire network.

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<sup>164</sup> Where Feeder SAIDI “means, in respect of a feeder line on a network, the contribution to network SAIDI of interruptions occurring on the feeder line”. See clause 1.4.3 of the [ID determination](#). We propose reinserting the equivalent definition for Feeder SAIFI which was deleted in error as part of our April 2023 non-material amendment determination.

<sup>165</sup> The new Schedule 10(vi) disclosures are consistent with worst-performing feeder information Aurora is required to disclose under clause 1.12.3(b) of Attachment C of the [ID determination](#).

<sup>166</sup> Section 52A(1)(b).

- 3.204.3 Requiring disclosure of detailed interruption data should play a role in incentivising EDBs to innovate and invest to maintain network quality, and in helping to ensure EDBs have a limited ability to extract excessive profits by limiting the incentives that might have existed to profit by underspending on network quality.<sup>167</sup>
- 3.205 Access to raw interruption data will allow stakeholders, including us, to undertake more fulsome and detailed reliability analysis and to better understand EDB performance:
- 3.205.1 Stakeholders could better assess interruptions, drivers and causes of those interruptions, and the corresponding link to expenditure (such as vegetation management) disclosed in other areas of ID; and
- 3.205.2 Stakeholders could assess reliability within particular parts of the network which is not possible with the current network level reporting. For example, existing network level metrics may mask poor performing areas within the network.
- 3.206 Raw interruption data will allow stakeholders to calculate normalised SAIDI and SAIFI using the methodology used in the PQ framework or an alternative methodology that better suits their analytical needs. As such, we propose removing the existing ID requirement for EDBs to calculate and report normalised SAIDI and SAIFI.<sup>168</sup>
- 3.207 The Australian Energy Regulator (AER) issued a Regulatory Information Notice in 2014, that requires Distribution Network Service Providers (DNSPs) to provide it with detailed interruption data annually until the 2024 regulatory year, which is then published on its website.<sup>169</sup> Western Australia also requires electricity distributors to publish detailed interruption data each year.<sup>170</sup>
- 3.208 The Commission has been asked, on occasion, for more detailed interruption data than currently provided by ID, including whether we have equivalent datasets to what is available in Australia (see paragraph 3.207 above). This indicates that stakeholders would value having access to more detailed interruption data.

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<sup>167</sup> Section 52Aa(1)(a) and (d).

<sup>168</sup> We propose the removal of the methodology for calculating normalised SAIDI and SAIFI that is set out in Attachment B, normalised SAIDI and SAIFI in Schedule 10 and all related definitions from the [ID determination](#).

<sup>169</sup> AER Final Category Analysis RIN for DNSPs – March 2014, [AER "Expenditure Forecast Assessment Guideline - Regulatory information notices for category analysis" \(March 2014\)](#).

<sup>170</sup> Under the [Electricity Industry \(Network Quality and Reliability of Supply\) Code 2005](#).

- 3.209 Some submitters were of the view that the Commission needs to do further work to demonstrate how stakeholders having access to raw interruption data will serve the purpose of Part 4. In our view, the more fulsome analysis that raw interruption data allows will serve the purpose of ID regulation by enabling stakeholders to better assess whether EDBs are providing services at a quality that reflects consumer demands (as set out in the purpose of Part 4), as explained in paragraphs 3.204 to 3.205 above.
- 3.210 We propose allowing the disclosure of contextual information in the raw data, such as the cause of an interruption and any explanation the EDB wishes to disclose, to clarify the context of an interruption. Such information should address concerns raised by Network Waitaki that “raw data may be misinterpreted...” (see paragraph 3.184.3).
- 3.211 Removing the ID requirement for EDBs to report normalised SAIDI and SAIFI addresses ENA and Aurora’s concerns that ID and PQ normalisation methodologies needed to be aligned (see paragraphs 3.187 to 3.189).
- 3.212 Non-exempt EDBs generally provide raw interruption data in advance of a PQ path reset, approximately once every five years, most recently in 2019.<sup>171</sup> The 2019 information was subject to an assurance report by an independent auditor. We published a subset of this data with our final decision as part of our modelling on the DDP3 reset.
- 3.213 Our proposed amendment to require all EDBs to disclose raw interruption data each year would shift the timing of disclosure for non-exempt EDBs. This proposed timing may also minimise the cost of providing this information because non-exempt EDBs would extract this information and have it audited along with its other annual disclosures. EDBs would no longer be required to provide several years of this same information and have it audited as a distinct exercise in advance of a PQ path reset.
- 3.214 EDBs are not currently required to provide raw interruption data under ID. The ENA, therefore, had concerns about the compliance burden of providing raw interruption data on exempt/consumer-owned EDBs (see paragraph 3.184.2). However, all EDBs would already collect this information and we consider there is minimal cost to providing raw data.

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<sup>171</sup> We last collected raw interruption data for a ten-year period, from 1 April 2008 to 31 March 2019, through a s53ZD notice sent to each non-exempt EDB. [Commerce Commission “Notice to supply information to the Commerce Commission under section 53ZD\(1\)\(e\) and 53ZD\(1\)\(f\) of the Commerce Act 1986” \(28 June 2019\)](#).

3.215 It is important consumers have information about the reliability of the network, and that they can rely on the accuracy of that information and the robustness of the underlying systems used to gather and record that information. We therefore consider director certification and an assurance review of raw interruption data is appropriate.<sup>172</sup> This is consistent with the Part 4 verification framework that requires director certification on all but pricing and terms and condition information and audit of SAIDI and SAIPI information.<sup>173</sup>

*Our draft decision requiring information on worst-performing feeders will make readily available information on areas that are receiving a relatively poor quality of service*

- 3.216 Stakeholders having access to data on worst-performing feeders will serve the purpose of ID regulation by enabling stakeholders to better assess the level of network reliability and quality being delivered, and therefore whether EDBs are providing services at a quality that reflects consumer demand.<sup>174</sup>
- 3.217 We propose additional information requirements on reliability for consumers on the worst-performing feeders. This information will be readily available in Schedule 10 disclosures and provide transparency on any areas that are receiving a relatively poor quality of service.
- 3.218 EDBs noted at our technical elements workshop that disclosing outage information for the worst-performing feeders is potentially a way of breaking down interruption data in a way that would be consistent and comparable across EDBs.<sup>175</sup>
- 3.219 Furthermore, we heard from some EDBs that they have received queries about worst-performing feeders/feeder performance indicating that this information is meaningful for consumers.<sup>176</sup>
- 3.220 We consider focusing on the worst-served consumers by feeder is an effective way of providing more granular information that is focused on the most important areas.

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<sup>172</sup> We require that the auditor provides a reasonable assurance opinion in accordance with Standard on Assurance Engagements SAE 3100 (Revised) – Compliance Engagements, and International Standard on Assurance Engagements 3000 Revised (ISAE (NZ) 3000 (Revised))”.

<sup>173</sup> Commerce Commission “[Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper](#) (1 October 2012), p. 115, para 9.1.

<sup>174</sup> Section 52A(1)(b).

<sup>175</sup> Commerce Commission “[Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes](#)” (27 March 2023), p. 22.

<sup>176</sup> Commerce Commission “[Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes](#)” (27 March 2023), p. 21. In its submission on the 2022 PIP, Utilities Disputes Limited noted that they receive cases from consumers who may be among the worst served on the network. [Utilities Disputes Limited "Submission on EDB targeted ID review process and Issues paper \(20 April 2022\)](#), p.5.

3.221 One of the key findings in our technical elements workshop is that nearly all, if not every network, does feeder analysis and most EDBs break down reliability by feeder. This information often feeds into prioritisation and investment decisions (eg, the worst-performing SAIDI and SAIFI feeders often led to a focus on improving performance through investment in repair and replacement or increased vegetation management along that feeder).<sup>177</sup> <sup>178</sup> As such, we don't expect that providing worst-performing feeder information would place a significant compliance burden on EDBs.

*The proposed requirement for all EDBs to disclose worst-performing feeder information in Schedule 10 will have a minimal effect on Aurora because it already discloses this information in its Annual Delivery Report.*

3.222 Aurora, which is regulated under a customised price-quality path (CPP) already discloses worst-performing feeder information in its Annual Delivery Report (ADR).<sup>179</sup> We have used Aurora as an exemplar for developing the proposed requirements for disclosing worst-performing feeder information for all EDBs (see paragraph 3.200).

3.223 To comply with our proposed requirement, Aurora must continue to disclose worst-performing feeder information in its ADR, in addition to disclosing a subset of the same information in Schedule 10, new section 10(vi).<sup>180</sup>

3.224 We consider that the duplication of reporting of a subset of Aurora's worst-performing feeder information in Schedule 10 will allow us to easily consolidate and compare this information across all EDBs. We consider the additional Schedule 10(vi) disclosure requirement will add minimal compliance burden to Aurora as its ADR and Schedule 10 disclosures are both due on the same date.

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<sup>177</sup> Commerce Commission "[Targeted Information Disclosure Review – Tranche 2 – Technical elements workshop notes](#)" (27 March 2023), p. 21.

<sup>178</sup> As an example, Network Waitaki has stated that its "worst performing feeders have been identified and the approach has been to target problematic issues on a feeder where this will have a direct impact on performance". [Network Waitaki "Submission on EDB targeted ID review process and issues paper" \(20 April 2022\)](#), p. 7.

<sup>179</sup> In March 2021, we set a customised price-quality path for Aurora Energy that took effect from April 2021 and expires in March 2026. In August 2021, we set enhanced Aurora's ID requirements that form part of a package with the CPP requirements. [Commerce Commission "Electricity Distribution Information Disclosure - Amendment Determination 2021" \(2021\)](#), clause 2.5.5(1) and Attachment C.

<sup>180</sup> The new Schedule 10(vi) disclosures are consistent with worst-performing feeder information Aurora is required to disclose under clause 1.12.3(b) of Attachment C of the [ID determination](#).

- 3.225 SAIDI and SAIFI statistics are subject to audit as part of our verification framework (see paragraph 2.8). When we introduced Aurora’s enhanced ID requirements in 2021, we required audit on SAIDI and SAIFI statistics in Attachment C. We propose to align Aurora’s requirements for audit of worst-performing feeder information with new requirements for the other EDBs and require Aurora’s worst-performing feeder information to be audited in Schedule 10(vi) only.

*We have considered cost and complexity in designing our draft decision on quality of service*

- 3.226 We considered the following alternatives and ruled these out for the reasons noted:
- 3.226.1 Disclosing for each EDB, a sample of the interruption data set: we considered it would be simpler to require all interruption data than to define what is a representative sample across all EDBs;
  - 3.226.2 Report the largest SAIDI and SAIFI events in Schedule 10: we considered proposing EDBs report on the largest SAIDI and SAIFI events as a way of mitigating the misalignment of normalisation methodologies in PQ and ID. However, that may no longer be an issue given that we propose removing the normalisation methodology of SAIDI and SAIFI within ID. Our draft decision includes a requirement for EDBs to report raw interruption data, which stakeholders can themselves analyse to determine the interruptions with the highest SAIDI and SAIFI values;
  - 3.226.3 Report network level data at a more granular level: we considered that requiring raw data avoids the cost to EDBs of having to aggregate data or define the appropriate level of aggregation, eg, standardised geographic or consumer groups; and
  - 3.226.4 Align the ID methodology used to normalise SAIDI and SAIFI to that used in PQ regulation: we considered that this would be more complex and costly for exempt EDBs than our proposed solution.

**Other proposed amendments**

- 3.227 We propose making the following important amendments to the ID determination that were not consulted on in Tranche 1:
- 3.227.1 clarifying the definition of gains/losses on asset disposals;
  - 3.227.2 updating the assurance standards; and
  - 3.227.3 aligning existing audit and director certification obligations to the verification framework.
- 3.228 We also propose making minor changes, ie,
- 3.228.1 at clause 1.4.3, reinserting the term “Feeder SAIFI” which was deleted in error as part of the non-material amendment determination published in April 2023;
  - 3.228.2 adding the “Cybersecurity (Commission only)” line item to Schedule 7(v) as this should have been implemented during Tranche 1; and
  - 3.228.3 correcting typographical errors.



### A3— Definition of Gains/losses on asset disposals

*We propose to amend the Schedule 16 definitions for “Gains / (losses) on asset disposals” and “Asset disposals (other than below)” to remove the potential for EDBs to misinterpret the accounting rules related to sale and leaseback transactions.*

- 3.229 In March 2020, Vector sold regulatory assets to two wholly-owned subsidiaries, and then leased those assets back from the subsidiary companies (a sale and leaseback transaction).<sup>181</sup>
- 3.230 These transactions were an example of a transfer of legal title between an entity providing the “electricity lines services” as defined in s54C and a related party. This possibility was not covered in the 2012 ID Final Reasons Paper.<sup>182 183</sup>
- 3.231 The current ID determination defines the gain or loss on disposal of an asset to a related party to be nil. Where assets are sold to a related party at a value higher than their regulatory book value, the current definition results in an understatement of the regulated provider’s economic income arising from the transaction.
- 3.232 Our draft decision is to amend the Schedule 16 definition for “Gains / (losses) on asset disposals” to treat related party transactions on asset disposals similarly to any other transactions on asset disposals. The new definitions will first have to be applied for the disclosures due August 2024 (for the DYE 31 March 2024). Specifically, we propose the following amendments to the definitions:
- 3.232.1 Subpart “a) asset disposals to a related party” of “Gains / (losses) on asset disposals” to remove the nil provision and include reference to the related party transaction rules in clause 2.3.6 of the ID determination;
- 3.232.2 Subpart “c) asset disposals (other than below)” changed to “any other asset disposals”; and
- 3.232.3 remove the definition of “Asset disposals (other than below)” because it is longer required.
- 3.233 Our draft decision reduces the risk of EDBs misinterpreting the regulatory accounting rules around asset sales to related parties.
- 3.234 This issue was not consulted on in Tranche 1.

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<sup>181</sup> [Commerce Commission’s media release on warning letter to Vector for non-compliance in relation to sale and leaseback transactions](#) (23 December 2022).

<sup>182</sup> [Section 54C](#) of Commerce Act 1986.

<sup>183</sup> Commerce Commission “[Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper](#)” (1 October 2012), para 3.40.

3.235 Separately, as part of our IM review, we proposed to amend clauses 2.2.11(5) and 5.3.11(7) of the EDB and other IMs to make it clearer that generally accepted accounting practices (GAAP) applies to the valuation of commissioned assets acquired in related party transactions. Stakeholders were able to provide feedback on this issue in the “Draft decisions on the IM Review 2023” published in June 2023.<sup>184</sup>

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<sup>184</sup> See our website: [Draft decisions on the IM Review 2023](#) (14 June 2023).

## Update of assurance standards

*Our draft decision is to amend the definitions of assurance standards in clause 1.4.3 of the ID determination and remove redundant items*

- 3.236 We propose to amend clause 1.4.3 of the ID determination to update the definitions of “ISAE (NZ) 3000” and “SAE 3100” to refer to the current version of these assurance standards that are issued by the External Reporting Board.
- 3.237 As an example of the importance of updating these assurance standards, auditors may not be able to sign off on the basis of an incorporated standard where it has been changed or superseded, as auditors are bound by professional standards as they exist at the time of carrying out the engagement and issuing their opinions.
- 3.238 ISAE (NZ) 3000 and SAE 3100 are incorporated by reference into the ID determination under Schedule 5 of the Commerce Act. We must consult on these amendments if we wish to amend or replace them,<sup>185</sup> which we are doing at the same time as we consult on the TIDR (2024) draft decision.<sup>186</sup> Accordingly, we welcome submissions on our proposal to replace the current version incorporated by reference with the latest version of each document.
- 3.239 Under clause 5 of Schedule 5 of the Commerce Act, we consider that:
- 3.239.1 the replacement assurance standards are made by the same organisation that made the original material (the External Reporting Board);
  - 3.239.2 the replacement assurance standards are of the same general character as the original material; and
  - 3.239.3 the amendment determination setting out these changes, assuming they are adopted, would be the Part 4 determination stating that the replacement material has legal effect as part of the determination.
- 3.240 We also propose to remove the following:
- 3.240.1 the guidance note under the definition of “Arm’s length transaction” that refers to ISA (NZ) 550, as this is not needed given that “Arm’s length transaction has the meaning given in the IM determination”; and

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<sup>185</sup> Clause 7(1)(b) of Schedule 5 requires us to consult before material is incorporated by reference where “the Commission proposes to make a Part 4 determination adopting amended or replacement material...”.

<sup>186</sup> External Reporting Board “[Standard on Assurance Engagements \(SAE 3100 \(Revised\)\)](#)” (May 2022); External Reporting Board “[International Standard on Assurance Engagements \(New Zealand\) 3000 \(Revised\)](#)” (May 2022).

3.240.2 the definition for “ISA (NZ) 550” as this term is not used anywhere else in the ID determination other than in the guidance note we propose to remove.

3.241 The entry into force date for these proposed amendments is 1 April 2024.

### **Aligning audit and director certification obligations with the verification framework**

3.242 We propose making amendments to align existing audit and director certification obligations in the ID determination to the verification framework outlined in paragraph 2.8 above.

3.243 We propose amending the definition of “audited disclosure information” under clause 1.4.3 as follows:

3.243.1 add the historical financial information disclosed under clause 2.3.1A(1) to subclause (a); and

3.243.2 add the SAIDI and SAIFI information disclosed under clause 2.5.2 to subclause (b).

3.244 We propose amending the director certification obligations as follows:<sup>187</sup>

3.244.1 under clause 2.9.2, add related party information disclosed under clauses 2.3.8 to 2.3.12;

3.244.2 under clause 2.9.5, remove Aurora’s customer charter and customer compensation disclosures under clause 2.5.3. Clause 2.5.3 was amended in Tranche 1 to apply to *all* EDBs, who were to provide their initial disclosure (as appropriate) to the Commission on 31 March 2023; and<sup>188</sup>

3.244.3 we propose amending Schedule 18 Certification of Disclosures accordingly, by adding clauses 2.3.8 to 2.3.12 and removing clause 2.5.3 from the certification text.

3.245 The entry into force date for these proposed amendments is 1 April 2024.

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<sup>187</sup> Separate to aligning director certification obligations with the verification framework, we also propose to require director certification for geospatial information (clause 2.5.2A) and the clause 17.2.2 of Attachment A disclosure due 31 August 2024 (clause 2.6.1B).

<sup>188</sup> Our TIDR Tranche 1 final decision amended clause 2.5.3 to require all EDBs to disclose customer charter and customer compensation information. There is no requirement for director certification for this disclosure. Commerce Commission ["Targeted Information Disclosure Review for Electricity Distribution Businesses - Tranche 1 final decisions reasons paper"](#) (25 November 2022), paras 3.130-3.132.