

# Aurora Energy's Additional Information Disclosure Requirements

## **Cross-submission on the Commerce Commission's Draft Decision**

24 May 2021

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# 1. INTRODUCTION

## 1.1. PRELIMINARY

1. We welcome the opportunity to cross-submit on the Commerce Commission's (**the Commission**) Draft Decision on Aurora's additional information disclosure (**ID**) requirements:
  - 1.1. Aurora Energy Limited Proposed Additional Information Disclosure Requirements: Draft reasons paper; and
  - 1.2. [Draft] Electricity Distribution Information Disclosure (Aurora Energy Limited) Amendment Determination 2021 (**the Draft Amendment Determination**).
2. We provided our substantive views on the Draft Amendment Determination in our submission dated 10 March 2021 (**Submission**).
3. No part of our cross-submission is confidential.

## 1.2. SUGGESTED DRAFTING AMENDMENTS TO DRAFT AMENDMENT DETERMINATION

4. Alongside this cross-submission, we have provided a version of the Draft Amendment Determination that incorporates our suggested drafting amendments, reflecting the comments contained in our Submission. We have presented these as tracked changes within the document, alongside those marked up by the Commission.

## 1.3. GENERAL OBSERVATIONS

5. We have reviewed other submitters' views on the Draft Amendment Determination and we have not seen any points that have made us reconsider those that we made in our Submission.
6. There continues to be submissions made containing comments that fall outside of the Commission's regulatory powers. We have not commented on these in this cross-submission because we consider them to be out of scope.
7. Other electricity distribution businesses (**EDBs**) and the Electricity Networks Association (**ENA**), even though not directly affected by the additional reporting requirements proposed for Aurora, submitted on certain areas where the approach taken by the Commission may unintentionally create confusion among the industry, or may signal an approach by the Commission that the distribution sector does not consider appropriate. We encourage the Commission to give their views appropriate weight given their detailed knowledge of the regulatory framework.
8. We are disappointed by the comments of the Central Otago District Council (**CODC**). We can understand its desire to chastise Aurora for past failures, but its presumption and inference that, going forward, Aurora will deliberately seek to obfuscate and defeat the value of information

disclosures is both unwarranted and unsubstantiated. We would much prefer that the CODC engage productively, and work with us to get the outcomes they prefer.

## 2. SPECIFIC OBSERVATIONS

### 2.1. FORM OF ID DETERMINATION

9. Both Vector and the ENA have expressed concern at the proposal to amend the principal ID Determination to accommodate Aurora’s specific information disclosure requirements.
10. We expressed the same concern in our Submission and urge the Commission to reconsider its drafting approach. We remain of the view that a better option is to establish a standalone ‘customised’ ID determination, or to create a supplementary ID determination that carries only provisions applicable to Aurora. This would enable Aurora’s requirements to be ringfenced, avoiding any confusion for stakeholders.

### 2.2. REPORTING BY SUB-NETWORK

11. The ENA has identified potential wider implications of the Commission’s interpretation of the definition of “sub-network”. If Aurora’s requirements are redrafted in a standalone document, the Commission could include a targeted definition of “sub-network” for Aurora which could define Aurora’s three pricing regions:
  - Dunedin;
  - Central Otago and Wanaka; and
  - Queenstown
 as being its “sub-networks”. The Commission could then consider the current definition of “sub-network” within its targeted ID review.
12. We consider that CODC misread or misinterpreted our comments about the feasibility of reporting based on pricing regions. In plainer language, what we actually said was that we can report at the pricing area level (Dunedin, Central Otago and Wanaka, and Queenstown), but to break reporting down to smaller areas would not be achievable.

### 2.3. INFORMATION ASYMMETRY

13. CODC has expressed concern *“that the draft does not go far enough to address the power imbalance created by the knowledge gap between the company and the consumer”*<sup>1</sup> and that the Commission’s summary and analysis *“will not allow for the public to adequately question the statements being made by the company”*<sup>2</sup>.
14. Without downplaying those concerns, simply expressing them does not give the Commission much to work on. We consider that it would have been beneficial if the CODC had considered the extensive

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<sup>1</sup> Central Otago District Council. (2021). Aurora Energy Limited Proposed Additional Information Disclosure Requirements Draft Reasons Paper. 10 May 2021. Page 2.

<sup>2</sup> Ibid.

audited and certified information already disclosed by Aurora (and other EDBs), along with the proposed additional reporting and consumer engagement requirements, and then provided specific guidance on what information gaps it perceived persisted, and examples of the type of information that would resolve the issue.

## 2.4. VALUE-ADDING, COST-EFFECTIVE AND DELIVERABLE

15. Powerco has highlighted in its submission that *“Extra disclosure will have an operating cost and in some cases a capital cost”*<sup>3</sup>. This comment aligns with the principles of value-adding, cost-effective and deliverable, that we outlined in our Submission, and supports our view that these need to be a primary consideration for the Commission when setting Aurora’s additional reporting requirements.
16. On the other hand, Trevor Tinworth suggested that, for every planned and unplanned outage, Aurora should be required to publicly disclose:
  - an outage report within 48 hours; and
  - an independent engineering report within 30 days;
 and that the cost of doing so would be negligible.
17. We consider this suggestion to be completely unworkable and inconsistent with the principles mentioned above.
18. For the period 1 April 2019 to 31 March 2020, we reported 1,222 interruptions of all classes across the entire network. Some interruptions will be switching stages of a broader outage; however, even if we reduced the number by 40% to reflect that, it still leaves 733 outages that would need to be reported on. While we collect a significant amount of information in our distribution management and outage recording system, that is not in a format that would be readily understood by lay-persons and would come at significant cost to translate to a readily digestible format. The procurement of independent engineering reports adds additional costs, when it is considered that professional engineers typically charge between \$130 and \$200 per hour depending on the skills, experience and workload of the engineer.
19. This proposal is an example of a requirement that would provide voluminous and low-value information, especially when significant outage reporting already exists between information disclosure and compliance statement reporting.
20. Both Trevor Tinworth and the CODC have asked for additional reporting on cancelled outages. While we are committed to enhancing the experience of our consumers, these comments fail to recognise the outage information that we already make available on our website and to consumers via their retailers. We will, however, consider how we are reporting our outage information and aim to make it as meaningful for consumers as we practically can, with the systems that we have.

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<sup>3</sup> Powerco. (2021). Powerco submission on Aurora ID Draft Decision. 10 May 2021. Page 1.

## 2.5. CUSTOMER CHARTER

21. Trevor Tinworth has claimed that Aurora “could easily renege on their public commitment to retaining its Charter and compensation scheme”<sup>4</sup>. We wonder, when Aurora was the first New Zealand EDB to publish a customer charter, and has operated a compensation scheme since at least 1999, why we would want to do that and the advantage to be gained from doing so?

## 2.6. VOLTAGE QUALITY MONITORING

22. Powerco, Vector and the ENA have all raised practical concerns around the proposed voltage quality monitoring requirements proposed by the Commission. As the ENA rightly points out, “EDBs have a strong interest in improving the visibility of the performance of their LV networks”<sup>5</sup>, however, this comes at a significant cost. The Commission has not made sufficient allowance in Aurora’s customised price-quality path for this, when considered in the context of the reporting expectations in the Draft ID Determination. The Commission should instead consider the capabilities of all EDBs in relation to low voltage network reporting, as part of the development of the regulatory framework to meet the Government’s decarbonisation goals.
23. Trevor Tinworth’s comments on voltage quality monitoring do not reflect an understanding of the relatively reactive nature of voltage monitoring and investigation at a sector level, nor the fact that a significant proportion of voltage complaint investigations identify issues with the consumer’s installation, rather than the network (in the past 12 months, only slightly more than half (55%) of voltage complaints consumers asked us to investigate were network caused).
24. Trevor Tinworth correctly identifies that advanced meters will play a significant part in network management in the future; however, that will only occur once a workable industry protocol is established that facilitates efficient data access at commercially acceptable rates.
25. However, we note that Trevor Tinworth has:
- speculated on the incentives of metering equipment providers (MEPs) to suppress reporting to related party EDBs;
  - neglected to consider that some (generally early) smart meters do not have the capability to transmit voltage as a separate output, or that if capable, some meter data managers do not collect that information;
  - misrepresented Delta’s activities in the metering market (Delta does not own smart meters);
  - incorrectly asserted that an MEP has an obligation to report low voltage to regulators; and
  - misrepresented the Electricity Industry Participation Code 2010 extract (image) included in his submission, which is in fact taken from the template default distributor agreement.
26. Accordingly, we give little weight to this submitter’s views on this topic.

<sup>4</sup> Trevor Tinworth. (2021). Information Disclosures Submission. Page 1.

<sup>5</sup> Electricity Networks Association. (2021). Submission on Aurora Energy’s information disclosure requirements. 10 May 2021. Page 2.