



20 April 2022

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TRUSTPOWER SUBMISSION: TARGETED INFORMATION DISCLOSURE REVIEW FOR ELECTRICITY DISTRIBUTION BUSINESSES

Introduction and overview

Trustpower Limited (**Trustpower**) welcomes the opportunity to provide a submission to the Commerce Commission (**the Commission**) on its Targeted Information Disclosure Review for Electricity Distribution Businesses (**distributors**) consultation paper (**the Consultation Paper**).

We understand that the Commission is predominantly seeking feedback on recommended changes to the Information Disclosure (**ID**) regulations for distributors relating to quality, decarbonisation and asset management, along with a limited set of other issues and opportunities to ensure regulatory alignment.

Our feedback in this submission relates to the Commission's consideration of the quality of service and decarbonisation.

Quality of Service

We support the addition of new quality measures to the ID regulations that go beyond reliability and include other factors that are important to consumers such as speed of new connections, power quality and communications. The quality of service in electricity goes beyond just the reliability of the network.

We also support the development of a quality matrix which more accurately represents the groups of customers with different service quality experiences. This would make comparisons between different distributors with different customer bases easier and assist in identifying where distributors could improve their quality of service.

Decarbonisation

Enhanced transparency of information relating to distribution networks

We agree that consumers and other stakeholders need to have an increased understanding of how distributors are operating and investing in their networks.

The competitive procurement of and direct investment in non-wires alternatives/flexibility services will be critical for distributors in the coming years as the electricity system continues to evolve to support the achievement of New Zealand's decarbonisation objectives. It is important that stakeholders who

invest in flexibility have good information to support their choices and that there is no information asymmetry about where issues and opportunities within networks might arise.

We support the Commission's intention to further explore the options for distributors to enhance transparency and consistency of information about the anticipated state of their network (including low voltage networks) such as capacity, power quality and congestion information, along with details of the anticipated impact of large loads. As part of this work, we recommend that the Commission also considers key elements of any information provision requirements, including frequency of provision of this information and accessibility.

We note that the Commission has identified that there may be an opportunity to develop a network opportunities map, similar to the arrangements in Australia¹.

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.

We strongly support the Commission to exploring the introduction of a net opportunities map further, including for reasons outline in the following sub-section.

More broadly we consider it will remain important that any arrangements for transparency are proportionate to the identified issues and strongly support the Commission ensuring that there are clear net benefits to consumers in the long term associated with any arrangements that are progressed to enhance transparency and consistency of information around distribution networks.

Transparency of value of non-wires alternatives/flexibility services

A key enabler for flexibility services will be the provision of information by distributors on the potential value of a non-network alternative providing the necessary network services.

There is currently limited transparency the value of non-wires alternative/flexibility services to distributors which we consider is likely to be limiting the development of this market more generally.

Enhanced transparency would assist in supporting efficient investment decisions relating to flexibility resources through providing a clear locational signal in advance of need. It would also help with enabling greater scrutiny as to whether least cost outcomes to consumers are eventuating in the traditionally non-contestable parts of the market.

We strongly support the Commission exploring how to improve transparency in this area, including through the potential development of a network opportunity map which shows material² anticipated network expenditure estimates (explored above).

To support the development of the non-wires alternative/flexibility services market will require this transparency to also be coupled with broader developments such as (but not limited to):

- a) Publishing outcomes of investigations into the use of flexibility resources by distributors, as suggested in the Consultation Paper;
- b) Competitive procurement processes for non-wires alternatives being included into the part 4 regulatory regime that applies to distributors. As outlined in previous consultations, we

¹ The Australian Network Opportunities Map can be found at <https://www.energynetworks.com.au/projects/network-opportunity-maps/>

² It may be appropriate for details of all anticipated network expenditure to be provided (as occurs in Australia) but this should be assessed by the Commission. At a minimum, information relating to network expenditure above a set materiality threshold should be provided to enable a more competitive market for non-network solutions to continue to develop. We note that the IPAG's recent advice that distribution investment over \$5m must have Board certification in relation to the consideration of non-wires alternatives may provide an appropriate anchor for setting any materiality threshold.

support the Commission further considering arrangements similar to the RIT-D test which applies in the Australia national electricity market;

- c) The ability for the distributor to provide appropriate compensation to the flexibility provider;
- d) A broader ability for distributed energy resources to value stack across the competitive and non-competitive parts of the electricity system; and
- e) Potential development of standard arrangements for procuring support services from distributed energy resources

We recognise that some of these matters are much broader than this consultation (and in places the Commission's remit) but encourage the Commission to continue to actively work with the Electricity Authority to ensure the regulatory arrangements keep pace with broader industry evolution, albeit it will remain important that regulators continue to not lead market outcomes.

We also note 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. 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.

Avoid duplication of trials by distributors

We agree with the Commission that to achieve New Zealand's decarbonisation goals distributors will have to implement innovative technologies into their network. The implementation of these new technologies will require distributors to undertake trials at times.

We note that there have recently been a number of similar EV charging trials undertaken by distributors such as Vector, PowerCo and Wellington Electricity and question whether this duplication of effort is in the long-term interests of consumers.

As new technologies are developed for distribution networks, the duplication of these types of trials by up to potentially 29 distributors will potentially create unnecessary costs for consumers. As a result, we strongly support the Commission developing arrangements that would result in key learnings of any trials funded under part 4 allowances being publicly shared.

For any questions relating to the material in this submission, please contact Peter Southey-Jensen on [REDACTED]