

3 July 2024

To:

Each supplier of electricity distribution services that is not exempt from default/customised price-quality regulation under section 54G of the Commerce Act 1986

**Notice to supply information to the Commerce Commission under section 53ZD(1)(e) and section 53ZD(1)(f) of the Commerce Act 1986**

*Background*

- 1.1 In our May 2023 process paper on the default price-quality path (DPP) for electricity distribution businesses (EDBs) from 1 April 2025 (DPP reset), we (the Commerce Commission) indicated that we intended to issue information requests under section 53ZD of the Commerce Act 1986 (the Act) to EDBs.<sup>1</sup>
- 1.2 In November 2023, we issued a request for information under section 53ZD(1)(d) and (e) relating to EDBs' quality of service over a period up to 31 March 2023. That request for information did not include audit requirements but outlined our intention to issue a further request for information under section 53ZD in July 2024 requiring similar information covering the five-year period up to 31 March 2024 be provided with an assurance opinion from an independent auditor.<sup>2</sup>
- 1.3 This section 53ZD notice (the Notice) follows the initial request for information made in November 2023.

*Purpose of the Notice*

- 1.4 Under section 53ZD(1)(e) and 53ZD(1)(f) of the Act, we require each EDB that is not exempt from default/customised price-quality regulation under section 54G of the Act (non-exempt EDB) to provide us with the information specified in Schedules A and B.

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<sup>1</sup> [Commerce Commission, "Default price-quality paths for electricity distribution businesses from 1 April 2025: Proposed process" \(25 May 2023\)](#).

<sup>2</sup> [Commerce Commission, "Notice to supply information to the Commerce Commission under section 53ZD\(1\)\(d\) and \(e\) of the Commerce Act 1986" \(10 November 2023\)](#), at [8].

- 1.5 We require this information for the purpose of carrying out our function of resetting the DPP under section 53P of the Act. In particular, the historic information required under the Notice concerning non-exempt EDBs' quality of service will inform and assist our decision-making concerning the quality standards and any incentives we set for non-exempt EDBs as part of the DPP reset.

*Date, place and format of responses*

- 1.6 Each non-exempt EDB must email the information as a response to the Notice by email to [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz), with the:
- 1.6.1 information as set out in Schedule A provided in an 'unlocked' electronic MS Excel spreadsheet format; and
- 1.6.2 information as set out in Schedule B provided in MS Word or PDF formats (as relevant).
- 1.7 The email must be addressed to Ben Woodham, Electricity Distribution Manager, with the subject "[EDB name] - Response to section 53ZD Notice – 2025 DPP reset: Issued July 2024", by no later than **5:30pm** on **2 September 2024**.

*Interpretation*

- 1.8 In this notice, unless the context requires otherwise:
- 1.8.1 a word that denotes the singular also denotes the plural, and vice versa;
- 1.8.2 words in bold type have the following meanings:
- 1.8.2.1 **Act** means the Commerce Act 1986
- 1.8.2.2 **adverse environment** means an **unplanned interruption** where the primary cause is an adverse environment, such as a slip or a seismic event
- 1.8.2.3 **adverse weather** means an **unplanned interruption** where the primary cause is adverse weather conditions, other than **lightning**, vegetation contact or **adverse environment**
- 1.8.2.4 **assessment period** means a 12-month period commencing 1 April and ending on 31 March of the following year
- 1.8.2.5 **cause** means one of: (a) **lightning**; (b) **vegetation**; (c) **adverse weather**; (d) **adverse environment**; (e) **third party interference**; (f) **wildlife**; (g) **human error**; (h) **defective equipment**; (i) **other cause**; (j) **unknown**; or (k) **planned interruption**

- 1.8.2.6 **Class B notified interruption** means a **Class B interruption** that a **non-exempt EDB** has given additional notice (as defined in Schedule 3.1, paragraph 4 of the Electricity Distribution Services Default Price-Quality Path Determination 2020 [2019] NZCC 21) for, and the **Class B interruption** is recorded as a 'Class B notified interruption' in the **non-exempt EDB's** internal systems
- 1.8.2.7 **Class B interruptions** means **planned interruptions** by an **EDB**
- 1.8.2.8 **Class C interruptions** means **unplanned interruptions** originating within the system fixed assets of an **EDB**
- 1.8.2.9 **Commission** has the meaning given in section 2 of the **Act**
- 1.8.2.10 **consumer** has the meaning given in the **IM determination**
- 1.8.2.11 **consumer-owned** has the same meaning as defined in section 54D of the **Act**;
- 1.8.2.12 **customer interruption minutes** means the sum of the total duration in minutes accumulated for each **ICP** for each **interruption**
- 1.8.2.13 **defective equipment** means an **unplanned interruption** resulting from either: (a) mechanical equipment failure; or (b) electrical equipment failure
- 1.8.2.14 **disclosure year** has the meaning given in the **IM determination**
- 1.8.2.15 **EDB** means a supplier of **electricity lines services** other than **Transpower**
- 1.8.2.16 **electricity lines services** has the meaning given in the **IM determination**
- 1.8.2.17 **human error** means an **unplanned interruption** resulting from: (a) contractors or staff; (b) commissioning errors; (c) incorrect protection settings; (d) SCADA problems; (e) switching errors; or (f) dig-in
- 1.8.2.18 **ICP** means a point of connection on a local **network** or embedded network which the **EDB** nominates as the point at which an electricity retailer will be deemed to supply electricity to a **consumer**

- 1.8.2.19 **ID determination** means the Electricity Distribution Information Disclosure Determination [2012] NZCC 22, including amendments in effect at the date of the Notice
- 1.8.2.20 **IM determination** means the Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26, including amendments in effect at the date of the Notice
- 1.8.2.21 **independent auditor** has the same meaning as defined in the **ID determination**
- 1.8.2.22 **interruption** means, in relation to the conveyance of electricity to a **consumer** by means of a prescribed voltage electric line, the cessation of conveyance of electricity to that **consumer** for a period of 1 minute or longer, or disconnection of that **consumer**, other than—
- a) in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves; or
  - b) as a result of an automatic under voltage, under frequency, or rolling outage scheme or similar arrangement required as part of the system operator services or other instruction from an authorised regulator; or
  - c) for breach of the contract under which the electricity is conveyed; or
  - d) as a result of a request from the **consumer**; or
  - e) as a result of a request by the **consumer's** electricity retailer; or
  - f) for the purpose of isolating an unsafe installation
- and **interrupts** and **interrupted** have corresponding meanings
- 1.8.2.23 **interruption identifier** means the unique reference used by an **EDB** to record an **interruption**
- 1.8.2.24 **ISAE (NZ) 3000** means the International Standard on Assurance Engagements (New Zealand) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE (NZ) 3000 Revised), issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in July 2014 and incorporating amendments made up to May 2022, under the Financial Reporting Act 2013

- 1.8.2.25 **lightning** means an **unplanned interruption** where the primary cause is a lightning strike, resulting in:
- a) insulation breakdown, where typically protection is the only observable operation;
  - b) flashovers, where typically protection is the only observable operation; or
  - c) insulation breakdown and flashovers, where typically protection is the only observable operation
- 1.8.2.26 **location** means the name of a circuit on which an **interruption** originated
- 1.8.2.27 **multi-count approach** refers to the method by which **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. This applies to the recording of raw interruption data
- 1.8.2.28 **network** means the fixed assets used by an **EDB** to provide **electricity lines services**
- 1.8.2.29 **non-exempt EDB** means an **EDB** other than a **consumer-owned EDB** exempt under section 54G(2) of the **Act**
- 1.8.2.30 **other cause** means an **unplanned interruption** for which the primary cause is known, but is not **lightning, vegetation, adverse weather, adverse environment, third party interference, wildlife, human error, or defective equipment**
- 1.8.2.31 **planned interruption** means any **interruption** other than an **unplanned interruption**
- 1.8.2.32 **SAE 3100** means the *Standard on Assurance Engagements 3100 (Revised) – Compliance Engagements (SAE 3100 (Revised))*, issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board in March 2017 and incorporating any amendments up to May 2022, under the Financial Reporting Act 2013
- 1.8.2.33 **SAIDI** (System Average Interruption Duration Index) means the average forced sustained interruption duration per ICP served per year measured in minutes. ICP numbers are to be the average for the **disclosure year**

- 1.8.2.34 **SAIDI value** means the **customer interruption minutes** accrued for each **interruption** divided by the total number of **ICPs**, based on **Class B (planned interruptions on the network)** and **Class C (unplanned interruptions on the network)** where any **interruption** that spans multiple **assessment periods** accrues to the **assessment period** in which the **interruption** began
- 1.8.2.35 **SAIFI** (System Average Interruption Frequency Index) means the average forced sustained **interruption** frequency per **ICP** served per year, measured in frequency per year. Connection point numbers are to be the average for the **disclosure year**
- 1.8.2.36 **SAIFI value** means the number of **ICPs** affected by each interruption divided by the total number of **ICPs** based on **Class B (planned interruptions on the network)** and **Class C (unplanned interruptions on the network)**
- 1.8.2.37 **system fixed assets** means all fixed assets owned, provided, maintained, or operated by an **EDB** that are used or intended to be used for the supply of **electricity lines services**
- 1.8.2.38 **third party interference** means an **unplanned interruption** resulting from acts or omissions of persons outside the control of the **EDB** (including other **EDBs**), and includes without limitation: (a) dig-in; (b) overhead contact; (c) vandalism; and (d) vehicle damage
- 1.8.2.39 **Transpower** has the same meaning as defined in section 54B of the **Act**
- 1.8.2.40 **unknown** means all **unplanned interruptions** where the cause is not known
- 1.8.2.41 **unplanned interruption** means any **interruption** in respect of which no notice was given, or less than 24 hours' notice was given to:
- a) the public; or
  - b) all **consumers** affected by the **interruption**
- 1.8.2.42 **vegetation** means an **unplanned interruption** resulting from vegetation contact and includes debris contact, grass contact and tree contact

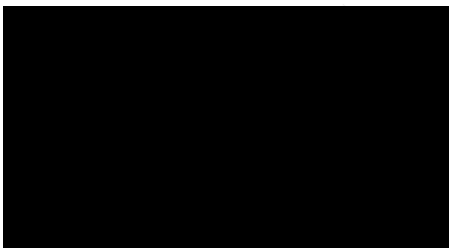
- 1.8.2.43 **wildlife** means an **unplanned interruption** resulting from wildlife contact and includes, but is not limited to: (a) birds; (b) possums; (c) vermin; and (d) cats.

*Use of supplied information and confidentiality*

- 1.9 We may use and publicly refer to particular information **non-exempt EDBs** provide in responding to the Notice. As part of our decision-making and modelling on the DPP reset, we intend to publish the underlying interruptions dataset that will be collated from **non-exempt EDBs'** responses to this Notice (together with relevant **interruptions** data used in setting the Electricity Distribution Services Default Price-Quality Path Determination 2020 [2019] NZCC 21).
- 1.10 If you consider that, for confidentiality reasons, we should not publicly refer to any particular part of your response, please:
- 1.10.1 specify the relevant part; and
- 1.10.2 give clear reasons why you consider that part is confidential.
- 1.11 If you indicate that we should not publicly refer to part of your response, we will discuss with you before deciding whether not to do so.
- 1.12 However, please note that all responses 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 you before releasing any material that you request not to be published.

Dated at Wellington: 3 July 2024

Signed by:



Derek Johnson  
Commissioner

## Schedule A: Quality of Service

### *Information required*

- A1 For each **interruption** from 1 April 2019 to 31 March 2024, each **non-exempt EDB** must provide within Attachment A to this Schedule A the information specified in (a)-(l), in chronological order starting with the first **interruption** after 1 April 2019:
- a. '**interruption identifier**';
  - b. '**location**';
  - c. 'start date (dd/mm/yyyy)';
  - d. 'start time (hh:mm:ss am/pm)';
  - e. 'end date (dd/mm/yyyy)';
  - f. 'end time (hh:mm:ss am/pm)';
  - g. '**SAIDI value**';
  - h. '**SAIFI value**';
  - i. 'number of **ICPs interrupted**';
  - j. '**customer interruption minutes**';
  - k. whether the **interruption** was classified as a **Class B planned interruption, Class B notified interruption or a Class C unplanned interruption**; and
  - l. '**interruption cause**'.
- A2 For each **interruption** from 1 April 2019 to 31 March 2024, each **non-exempt EDB** may provide, in chronological order starting with the first **interruption** after 1 April 2019:
- A2.1 an explanation of the specific details of the **cause**, e.g. for **adverse weather**, specific details could be 'gusts of up to 120kmph'; and
  - A2.2 any other information the **non-exempt EDB** considers would help clarify the context of the **interruption**.
- A3 Each **non-exempt EDB** must identify whether the information provided within Attachment A of this Schedule has been prepared using a **multi-count approach** or an alternative basis. If it has been prepared on an alternative basis, an explanation of that alternative basis is required.



A4 Each **non-exempt EDB** which has between 1 April 2019 and 31 March 2024 made a material change to its policies and procedures (including a change to a **multi-count approach**) used for any of:

A4.1 capturing and recording **Class B interruptions**;

A4.2 capturing and recording **Class C interruptions**;

A4.3 calculating planned **SAIDI values** and unplanned **SAIDI values**; and

A4.4 calculating planned **SAIFI values** and unplanned **SAIFI values**,

must provide to the **Commission** the date on which the change was implemented and a description of the nature of the change of the policies and procedures (for example, a description of a change in how **interruptions** are captured and recorded).

A5 Each **non-exempt EDB** that did not apply the **multi-count approach** as at 31 March 2023 must provide the dataset for the **assessment period**, being the year 1 April 2023 to 31 March 2024, under both the **multi-count approach** and on the same basis that **the non-exempt EDB** employed as at 31 March 2023. Both datasets should be populated consistent with the requirements at A1 and A2 above within Attachment A of this Schedule, with the **multi-count approach** provided on a separate excel tab.

## Schedule B: Information required

A6 In relation to the information specified in Schedule A, the **EDB** must procure an assurance report by an **independent auditor** that is prepared in accordance with **SAE 3100** and **ISAE (NZ) 3000**, signed by the **independent auditor** (either in their own name or that of their firm), that—

(a) is addressed and provided to the **Commission** as the intended user of the assurance report; and

(b) states—

(i) that the assurance report has been prepared in accordance with **SAE 3100** and **ISAE (NZ) 3000**;

(ii) the work done by the **independent auditor**;

(iii) the scope and limitations of the assurance engagement;

(iv) the existence of any relationship (other than that of auditor) which the **independent auditor** has with, or any interests which the **independent auditor** has in, the **EDB** or any of its subsidiaries;

(v) whether the **independent auditor** has obtained sufficient recorded evidence and explanations that they required and, if not, the information and explanations not obtained;

(vi) whether, in the **independent auditor's** opinion, as far as appears from an examination, the **interruption** data provided in respect of paragraphs A1, A2 and A5 of Schedule A has been properly extracted from the **EDB's** non-financial systems; and

(vii) whether, in the **independent auditor's** opinion, as far as appears from an examination:

(A) the **interruption** data provided in respect of paragraph A1 of Schedule A is consistent with:

(AA) **SAIDI values** and **SAIFI values** provided under the Electricity Distribution Services Default Price-Quality Path Determination 2015 [2014] NZCC 33, including amendments in effect at the date of the Notice, for the following period:

i. 1 April 2019 – 31 March 2020

(BB) **SAIDI values** and **SAIFI values** provided under the Electricity Distribution Services Default Price-Quality Path Determination 2020 [2019] NZCC 21, including amendments in effect at the date of the Notice, for the following periods:

i. 1 April 2020 – 31 March 2021

ii. 1 April 2021 – 31 March 2022

iii. 1 April 2022 – 31 March 2023

iv. 1 April 2023 – 31 March 2024

(B) Where applicable, the **interruption data** provided in respect of paragraph A5 of Schedule A, under the **multi-count approach** are consistent with **SAIDI values** and **SAIFI values** provided under the **ID determination**, for the following period:

- i. 1 April 2023 – 31 March 2024