



Orion



20 December 2022

Andy Burgess
Commerce Commission
44 The Terrace
Wellington 6140
By email: im.review@comcom.govt.nz

Dear Andy,

Input Methodologies (IM) review – Big Six submission of NERA's

Who we are:

We are a group of the six largest price-quality regulated electricity distribution businesses (EDBs) in New Zealand (the Group) - Aurora, Orion, PowerCo, Unison, Vector and Wellington Electricity. We formed in 2021 around a shared interest in delivering future-ready electricity services to communities and a common belief that decarbonisation needs to be integral to the regulatory framework.

Expert report submission:

The Group is submitting NERA Consulting's (NERA) report 'Innovation under the DPP: potential barriers and solutions' to formally put this independent expert advice on the record of IM review.

The Group asked NERA to prepare a report which:

1. Defines innovation, sets out the potential barriers to innovation, and explains how overseas regulators have incentivised innovation;
2. Considers what barriers to innovation might exist under the current regulatory framework applying to EDBs; and
3. Reviews the possible mechanisms to incentivise innovation given the potential barriers in the New Zealand context, including a review of the Innovation Project Allowance.

The Group believes that the report covers features across several of the IM review workstreams but falls primarily under Incentives and risk allocation.

We would welcome further discussion with you on any aspects of the report.

Your sincerely,



Richard Sharp - on behalf of the Big Six