

[DRAFT] Electricity Distribution Services Default Price- Quality Path Amendments Determination 2020

[2020] NZCC [XX]

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Date of decision: [XX] 2020

[Signature]

[Name], Commissioner

Commerce Commission

Wellington, New Zealand

[Drafting notes:

- This draft amendments determination amends the Electricity Distribution Services Default Price-Quality Path Determination 2020 ('principal determination').
- The included amendments are made under s 52Q of the Commerce Act 1986.
- Draft amendments to the body of the principal determination are marked as track changes in red.]

Document version history		
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27 November 2019	[2019] NZCC 21	Electricity Distribution Services Default Price-Quality Path Determination 2020 [2019] NZCC 21
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Electricity Distribution Services Default Price-Quality Path Amendment Determination 2020

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Pursuant to Part 4 of the Commerce Act 1986, the Commerce Commission makes the following determination:

1. Title

1.1 This determination is the Electricity Distribution Services Default Price-Quality Path Determination 2020.

2. Commencement

2.1 This determination comes into force on 1 April 2020.

3. Application

3.1 This determination amends and replaces the *Electricity Distribution Services Default Price-Quality Path Determination 2015* [2014] NZCC 33, under section 53P(1) of the **Act**.

3.2 This determination applies to all **non-exempt EDBs**, except as provided in clauses 3.3 and 3.4.

3.3 This determination does not apply to Powerco Limited until the expiration of the *Powerco Limited Electricity Distribution Customised Price-Quality Path Determination 2018* [2018] NZCC 5.

3.4 This determination does not apply to Wellington Electricity Lines Limited until the expiration of the *Wellington Electricity Lines Limited Electricity Distribution Customised Price-Quality Path Determination 2018* [2018] NZCC 6.

4. Interpretation

4.1 Unless the context otherwise requires:

- (a) terms in bold type in this determination, including its schedules, have the meaning given to those terms in clause 4.2;
- (b) terms used in this determination that are defined in the **Act** but not in this determination have the same meanings as in the **Act**;
- (c) terms used in this determination that are defined in the **IM determination** but not in this determination have the same meanings as in the **IM determination**;
- (d) any reference to a period of time is interpreted in accordance with section 35 of the Interpretation Act 1999;
- (e) any reference to legislation includes a reference to that legislation as amended, consolidated, or substituted;

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- (f) for the avoidance of doubt, references to terms from legislation in this determination have the meaning given in the applicable legislation at the time they are applied; and
- (g) a word which denotes the singular also denotes the plural and vice versa.

4.2 In this determination, unless the context otherwise requires,

#

67th percentile estimate of post-tax WACC means 4.23%

A

Act means the Commerce Act 1986

actual allowable revenue Means ~~the amount specified in Schedule 1.6—~~
~~for the first **assessment period** of the **DPP regulatory period**, the amount specified in paragraph (2)(a) of Schedule 1.6;~~
~~for the second **assessment period** of the **DPP regulatory period**, the amount specified in paragraph (2)(b) of Schedule 1.6; and~~
~~for the third to fifth **assessment periods** of the **DPP regulatory period**, the amount specified in paragraph (2)(c) of Schedule 1.6~~

actual net allowable revenue Means ~~the amount specified in Schedule 1.6—~~
~~for the first **assessment period** of the **DPP regulatory period**, the amount specified as **forecast net allowable revenue** for the **first assessment period**;~~
~~and~~
~~for the second to fifth **assessment periods** of the **DPP regulatory period**, the amount calculated in paragraph (3) of Schedule 1.6~~

actual pass-through costs and recoverable costs	means the sum of all pass-through costs and recoverable costs that were incurred or, in the case of drawn down amounts from the innovation project allowance , approved by the Commission in the assessment period , excluding any recoverable cost that is a revenue wash-up draw down amount
actual revenue	means the sum of actual revenue from prices plus other regulated income
actual revenue from prices	means the sum of each price multiplied by each corresponding actual quantity
additional notice	has the meaning given in paragraph (4) of Schedule 3.1;
adjusted planned accumulated SAIDI limit	means— (a) for the purposes of clause 9.3, the limit calculated in accordance with paragraph (a) of clause 9.4; and (b) for the purposes of clause 9.5, the limit calculated in accordance with paragraph (a) of clause 9.6
adjusted planned accumulated SAIFI limit	means— (a) for the purposes of clause 9.3, the limit calculated in accordance with paragraph (b) of clause 9.4; and (b) for the purposes of clause 9.5, the limit calculated in accordance with paragraph (b) of clause 9.6
adverse environment	means an unplanned interruption where the primary cause is an adverse environment, such as a slip or a seismic event
adverse weather	means an unplanned interruption where the primary cause is due to adverse weather conditions, other than lightning, vegetation or adverse environment
alternate day	means, for the purposes of an intended interruption , a calendar day (dd/mm/yyyy) outside the notified interruption window when that intended

interruption is permitted to occur, as specified in an **additional notice**

amalgamation	has the meaning given to ‘amalgamate’ in the IM determination
annual compliance statement	means a written statement required to be made by a non-exempt EDB under clauses 11.4-11.6
assessment period	means a 12-month period commencing 1 April and ending on 31 March of the following year
asset replacement and renewal	<p>means an activity where the primary driver is the need to maintain network asset integrity in order to maintain either—</p> <ul style="list-style-type: none">(a) current security;(b) quality of supply standards; or(c) current security and quality of supply standards, <p>where this activity includes replacing or renewing assets due to—</p> <ul style="list-style-type: none">(a) the progressive physical deterioration of the condition of network assets or their immediate surrounds;(b) the obsolescence of network assets;(c) preventative replacement programmes, consistent with asset life-cycle management policies; or(d) the need to ensure the ongoing physical security of the network assets

C

capex incentive amount	has the meaning given in the IM determination
cause	<p>means one of either:</p> <ul style="list-style-type: none">(a) lightning;

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- (b) **vegetation;**
- (c) **adverse weather;**
- (d) **adverse environment;**
- (e) **third party interference;**
- (f) **wildlife;**
- (g) **human error;**
- (h) **defective equipment;**
- (i) **other cause; or**
- (j) **unknown cause**

Class B interruptions	means planned interruptions by a non-exempt EDB
Class B notified interruption	means a Class B interruption that a non-exempt EDB has given additional notice for, and the Class B interruption is recorded as a 'Class B notified interruption' in the non-exempt EDB's internal systems
Class C interruptions	means unplanned interruptions originating within the system fixed assets of a non-exempt EDB
Commission	means the Commerce Commission as defined in section 2 of the Act
commissioning	has the meaning given to 'commissioned' in the IM determination
consumer	has the meaning given in the IM determination
CPI	has the meaning given in the IM determination
customer interruption minutes	means the sum of the total duration in minutes accumulated for each ICP for each interruption

D

defective equipment	means an unplanned interruption resulting from either:
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- (a) mechanical equipment failure; or
- (b) electrical equipment failure

director

has the meaning given in the **IM determination**

distribution cables (excluding LV)

means all **underground** power cables operated at **distribution voltage** excluding **low voltage** cables

distribution lines (excluding LV)

means all **overhead** power lines operated at **distribution voltage** excluding **low voltage** lines

distribution other (excluding LV)

means **network** assets operated at **distribution voltage** which are not **distribution cables** or **distribution lines** and excluding **low voltage** assets

distribution voltage

means 3 phase nominal voltage—

- (a) over 1 **kV** and up to and including 30 **kV**; and
- (b) excludes those voltages used within the **network** in the role or manner of a **subtransmission voltage**

DPP regulatory period

means the **regulatory period** 1 April 2020 to 31 March 2025

E

EDB

means a supplier of **electricity lines services** other than **Transpower**

EDB DPP2 regulatory period

means the **regulatory period** 1 April 2015 to 31 March 2020

electricity lines services

has the meaning given in the **IM determination**

electricity retailer

means a **person** who supplies electricity to another **person(s)** for any purpose other than for re-supply by the other **person(s)**

embedded network	13 has the meaning given in Part 1 of the Electricity Industry Participation Code 2010
engineer	has the meaning given in the IM determination
exempt EDB	means an EDB other than a non-exempt EDB
extended reserves allowance	has the meaning given in the IM determination
extreme event	means any period of 24 hours that starts on the hour or half past the hour where either: <ul style="list-style-type: none">(a) the extreme event standard limit specified in paragraph (1)(a) of Schedule 3.3 is exceeded; or(b) the extreme event standard limit specified in paragraph (1)(b) of Schedule 3.3 is exceeded
extreme event standard limits	means for unplanned interruptions , the SAIDI value and the customer interruption minutes against which a non-exempt EDB's compliance with the quality standard in clause 9.10 is assessed, and is specified in paragraph (1) of Schedule 3.3
F	
forecast aggregate value of commissioned asset	has the meaning given in the IM determination
forecast allowable revenue	(a) has the meaning given in the IM determination and is the amount calculated for each assessment period as specified in Schedule 1.5
forecast net allowable revenue	has the meaning given in the IM determination and is the amount specified in Schedule 1.4 for a non-exempt EDB for the applicable assessment period

forecast opex	14 has the meaning given in the IM determination
forecast pass-through and recoverable costs	means the sum of all the forecast pass-through costs and forecast recoverable costs , excluding any recoverable cost that is a revenue wash-up draw down amount
forecast revenue from prices	has the meaning given in the IM determination and is the amount calculated for each assessment period as specified in Schedule 1.3
H	
human error	means an unplanned interruption resulting from either: (a) contractors or staff; (b) commissioning errors; (c) incorrect protection settings; (d) SCADA problems; (e) switching errors; or (f) dig-in
I	
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
IM determination	means the <i>Electricity Distribution Services Input Methodologies Determination 2012</i> [2012] NZCC 26, including, for the avoidance of doubt: (a) any amendment in effect at the time this determination is made; and (b) the amendment specified in clause 4.1 of Electricity Distribution Services

incentive rate	means the amount used for purposes of calculating the quality incentive adjustment , and is specified in paragraph (4) of Schedule 4
independent	has the meaning given in the IM determination
independent auditor	means a person who— <ul style="list-style-type: none">(a) is qualified for appointment as auditor of a company under the Companies Act 1993 or, where the non-exempt EDB is a public entity (as defined in s 4 of the Public Audit Act 2001), is the Auditor-General; and(b) has no relationship with, or interest in, the non-exempt EDB being audited that is likely to involve the person in a conflict of interest; and(c) has not assisted with the preparation of the annual compliance statement or provided advice or opinions (other than in relation to audit reports) on the methodologies or processes used in preparing the annual compliance statement; and(d) has the necessary expertise to properly prepare an assurance report required by clause 11.5(e); but(e) need not be the same person as the person who audits the non-exempt EDB's accounts for any other purpose
innovation project	has the meaning given in the IM determination
innovation project allowance	has the meaning given in the IM determination

input methodology	16 has the same meaning as in section 52C of the Act
intended interruption	means, for the purposes of Schedule 3.1 only, a Class B interruption that is planned by a non-exempt EDB but has not yet commenced, where: (a) additional notice has been given; and (b) it is recorded as a 'notified interruption' in the non-exempt EDB's internal systems
intended interruption cancelled with notice	means an intended interruption that did not occur, where: (a) additional notice for that intended interruption was given; and (b) the intended interruption was not an intended interruption cancelled without notice
intended interruption cancelled without notice	means an intended interruption that did not occur, where: (a) additional notice for that intended interruption was given; and (b) either or both of the following occurred: (i) the non-exempt EDB failed to provide notice of the cancellation to all persons that were provided the additional notice in respect of that intended interruption ; or (ii) notice of the cancellation was provided to all persons that were provided the additional notice in respect of that intended interruption less than 24 hours prior to the scheduled start time of the intended interruption (as specified in the notified

interruption window or alternate day)

intended SAIDI value

means either—

- (a) the value calculated for **intended interruptions cancelled without notice** in accordance with paragraph (2)(b) of ‘SAIDI_N’ in Schedule 3.1; or
- (b) the value calculated for **intended interruptions cancelled with notice** in accordance with paragraph (2)(c) of ‘SAIDI_N’ in Schedule 3.1

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

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K

kV means kilovolt

L

lightning means an **unplanned interruption** where the primary cause is a lightning strike, resulting in either:

- (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

limit on annual percentage increase in forecast revenue from prices means for all **non-exempt EDBs**, 10%

location means the name of a circuit on which an **interruption** originated

low voltage means 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

M

main equipment means one of either:

- (a) **subtransmission lines;**
- (b) **subtransmission cables;**
- (c) **subtransmission other;**
- (d) **distribution lines (excluding LV);**
- (e) **distribution cables (excluding LV);** or
- (f) **distribution other (excluding LV)**

major external factors means one or more of the following:

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- (a) **natural disaster;**
- (b) **third party interference;**
- (c) a fire that does not originate on the **non-exempt EDB's network;** or
- (d) **wildlife**

major transaction

has the meaning given in clause 4.5.4 of the **IM determination**

merger

means a transaction whereby a **non-exempt EDB** takes over, or otherwise merges with, another **non-exempt EDB** other than by an **amalgamation**, which without limitation includes—

- (a) the purchase of all the assets of another **non-exempt EDB;**
- (b) the acquisition of sufficient shares in another **non-exempt EDB** to have an interest in the other **non-exempt EDB** sufficient to enable it, whether directly or indirectly, to exert a substantial degree of influence over the activities of the other **non-exempt EDB;** or
- (c) a scheme of arrangement under Part 15 of the Companies Act 1993 having like effect

N

natural disaster

means an **unplanned interruption** that is the result of one or more of the following:

- (a) earthquakes;
- (b) landslips;
- (c) floods;
- (d) severe weather events, including severe **lightning**, severe storms (including solar storms), severe wind and severe rain;
- (e) tsunamis; or
- (f) volcanic and hydrothermal activity

network	20 means the fixed assets used by an EDB to provide electricity lines services
non-exempt EDB	has the meaning given in the IM determination
non-major transaction EDB	means, the non-exempt EDB or non-exempt EDBs for whom a transaction is a transfer , where there is a transaction involving at least two or more non-exempt EDBs , and this transaction would be a: (a) transfer for one or more non-exempt EDBs ; and (b) major transaction for one or more non-exempt EDBs
notified interruption window	means the period of time within which the intended interruption is due to occur, as specified in an additional notice , and must specify the start date (dd/mm/yyyy) and start time (hh:mm am/pm) and end date (dd/mm/yyyy) and end time (hh:mm am/pm) of the intended interruption
O	
opening RAB value	has the meaning given in clause 2.2.4(3) of the IM determination
opening wash-up account balance	means the amount calculated as specified in paragraph (1) of Schedule 1.7
opex incentive amount	has the meaning given in the IM determination
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

other regulated income	21 has the meaning given in the IM determination
overhead	means circuits installed as overhead lines, expressed in km
P	
pass-through balance	is the 'pass-through balance' amount calculated by the non-exempt EDB for the assessment period ending 31 March 2020 under clause 8.6 of the <i>Electricity Distribution Services Default Price-Quality Path Determination 2015</i> [2014]
pass-through balance allowance	means— <p>(a) <u>for Wellington Electricity Lines Limited, for each assessment periods in the DPP regulatory period, nil</u></p> <p>(a)(b) for <u>non-exempt EDBs other than Wellington Electricity Lines Limited</u> for the first assessment period of the DPP regulatory period, the amount calculated in accordance with the formula—</p> $(-1) \times ePTB \times (1 + 67^{th} \text{ percentile estimate of post-tax WACC})$ <p>where-</p> <p>'ePTB' means a demonstrably reasonable estimate amount of the pass-through balance as of 31 March 2020</p> <p>(b)(c) for <u>non-exempt EDBs other than Wellington Electricity Lines Limited</u> for the second assessment period of the DPP regulatory period, the amount calculated in accordance with the formula—</p>

$$(ePTB - \textit{pass-through balance}) \times (1 + 67^{\text{th}} \textit{ percentile estimate of post-tax WACC})^2$$

where-

'ePTB' means the demonstrably reasonable estimate amount of the **pass-through balance** as of 31 March 2020 that was calculated for the first **assessment period** in accordance with (a); and

~~(e)~~(d) for all non-exempt EDBs for the third to fifth **assessment periods** of the **DPP regulatory period**, the 'pass-through balance allowance', nil

pass-through cost	has the meaning given in the IM determination
person	has the meaning given in the IM determination
planned interruption	means any interruption other than an unplanned interruption
planned accumulated SAIDI limit	means the SAIDI value against which a non-exempt EDB's compliance with the planned interruptions reliability assessment cap specified in clause 9.2 is assessed, and is specified in paragraph (1) of Schedule 3.1
planned accumulated SAIFI limit	means the SAIFI value against which a non-exempt EDB's compliance with the planned interruptions reliability assessment cap specified in clause 9.2 is assessed, and is specified in paragraph (1) of Schedule 3.1
planned SAIDI assessed value	means— (a) the sum of SAIDI values for planned interruptions for an assessment period calculated in accordance with

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the formula specified in paragraph (2) of Schedule 3.1; and

- (b) the sum of **intended SAIDI values** for **intended interruptions cancelled with notice** and **intended interruptions cancelled without notice** for an **assessment period** calculated in accordance with '*SAIDI_N*' in paragraph (2) of Schedule 3.1

planned SAIFI assessed value means the sum of **SAIFI values** for **planned interruptions** for an **assessment period** calculated in accordance with paragraph (3) of Schedule 3.1

prescribed voltage electric line means an electric line that is capable of conveying electricity at a voltage equal to or greater than 3.3 kilovolts

prices has the meaning given in the **IM determination**

primary driver has the meaning given in the **IM determination**

project has the meaning given in the **IM determination**

Q

quality incentive adjustment has the meaning given in the **IM determination**, and is calculated in accordance with paragraph (5) of Schedule 4

quantity has the meaning given in the **IM determination**

R

recoverable costs has the meaning given in the **IM determination**, where certain 'recoverable

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costs' for the **DPP regulatory period** are specified in Schedule 2.1

regulatory period

has the meaning given in the **IM determination**

retention factor

has the meaning given in the **IM determination** and is specified in paragraph (3) of Schedule 2.2

revenue at risk

means the amount used for purposes of calculating the **quality incentive adjustment**, and is the amount calculated for each **assessment period** as specified in paragraph (6)(h) of Schedule 4

revenue foregone

means—

- (a) where the **revenue reduction percentage** is greater than 20%, the amount calculated in accordance with the formula—

actual net allowable revenue X (revenue reduction percentage – 20%);

- (b) where the **revenue reduction percentage** is not greater than 20%, the 'revenue foregone', nil

revenue reduction percentage

is 1 minus (**actual revenue from prices ÷ forecast revenue from prices**)

revenue wash-up draw down amount

means the amount calculated as specified in paragraph (94) of Schedule 1.6

S

SAIDI major event

means any period of 24 hours that starts on the hour or half past the hour, where the sum of **SAIDI values** over that period for **unplanned interruptions** exceeds the applicable **SAIDI unplanned boundary value**

SAIDI unplanned boundary value	25 means the value specified in paragraph (1) of Schedule 3.2
SAIDI planned interruption cap	means the maximum SAIDI value for planned interruptions used for purposes of calculating the quality incentive adjustment , and is specified in paragraph (3) of Schedule 4
SAIDI planned interruption collar	means the minimum SAIDI value for planned interruptions used for purposes of calculating the quality incentive adjustment , and is specified in paragraph (3) of Schedule 4
SAIDI planned interruption target	means the SAIDI value for planned interruptions used for purposes of calculating the quality incentive adjustment , and is specified in paragraph (3) of Schedule 4
SAIDI unplanned interruption cap	means the maximum SAIDI value for unplanned interruptions used for purposes of calculating the quality incentive adjustment , and is specified in paragraph (2) of Schedule 4
SAIDI unplanned interruption collar	means the minimum SAIDI value for unplanned interruptions used for purposes of calculating the quality incentive adjustment , and is specified in paragraph (2) of Schedule 4
SAIDI unplanned interruption target	means the SAIDI value for unplanned interruptions used for purposes of calculating the quality incentive adjustment , and is specified in paragraph (2) of Schedule 4
SAIDI value	means the customer interruption minutes accrued for each interruption divided by the total number of ICPs , where: (a) an interruption and any successive interruptions to that interruption , are recorded in a manner that is consistent with that applied by the non-exempt EDB for the fourth assessment period of the EDB DPP2 regulatory period , as represented in

	<p>the information provided by the non-exempt EDB to the Commission in its response to the section 53ZD notice regarding DPP reset; and</p> <p>(b) any interruption that spans multiple assessment periods accrues to the assessment period in which the interruption began</p>
SAIFI major event	means any period of 24 hours that starts on the hour or half past the hour, where the sum of SAIFI values over that period for unplanned interruptions exceeds the applicable SAIFI unplanned boundary value
SAIFI unplanned boundary value	means the value specified in paragraph (1) of Schedule 3.2
SAIFI value	means the number of ICPs affected by each interruption divided by the total number of ICPs , where that interruption and any successive interruptions to that interruption , are recorded in a manner that is consistent with that applied by the non-exempt EDB for the fourth assessment period of the EDB DPP2 regulatory period , as represented in the information provided by the non-exempt EDB to the Commission in its response to the section 53ZD notice regarding DPP reset
section 53ZD notice regarding DPP reset	means the ‘Notice to supply information to the Commerce Commission under section 53ZD(1)(e) and 53ZD(1)(f) of the Commerce Act 1986’, issued to each non-exempt EDB on 28 June 2019
subtransmission cables	means all power cables operated at a subtransmission voltage
subtransmission lines	means all power lines operated at a subtransmission voltage
subtransmission other	means an asset operated at a subtransmission voltage that is not a

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subtransmission cable or subtransmission line

subtransmission voltage

means 3 phase nominal voltage—

- (a) over 30 **kV** and up to and including 110 **kV**; or
- (b) 22**kV**, if that voltage is used within the **network** in the role or manner of a sub-transmission voltage

successive interruption

means an **interruption** that follows an initial **interruption** that either:

- (a) relates directly to that initial **interruption**; or
- (b) occurs as part of the process of restoring supply of **electricity lines services** following that initial **interruption**

suitable specialist

means an **independent person** (or **persons**) having specialised knowledge or skill based on training, study, or experience

system fixed assets

means all fixed assets owned, provided, maintained, or operated by a **non-exempt EDB** that are used or intended to be used for the supply of **electricity lines services**

T

third party interference

means an **unplanned interruption** resulting from acts or omissions of persons outside the control of the **non-exempt EDB** (including other **non-exempt EDBs**), and includes without limitation:

- (a) dig-in;
- (b) **overhead** contact;
- (c) vandalism; and
- (d) vehicle damage

transfer

means a transaction, other than an **amalgamation, merger or major transaction**, where consumers are acquired or no longer supplied by the **EDB** and that transaction—

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- (a) has resulted in, or will result in, the acquisition of, or an agreement to acquire, assets with a value equivalent to 10% or less of that **EDB's opening RAB value** in the **assessment period** of acquisition;
- (b) has resulted in, or will result in, the disposal of, or an agreement to dispose of, assets of that **EDB** with a value of 10% or less of its **opening RAB value** in the **assessment period** of disposal;
- (c) has, or is likely to have, the effect of that **EDB** acquiring rights or interests with a value which is equivalent to 10% or less of its **opening RAB value** in the **assessment period** of acquisition; or
- (d) has, or is likely to have, the effect of that **EDB** incurring obligations or liabilities or contingent liabilities, excluding loans or borrowing costs in respect of assets, with a value equivalent to 10% or less of its **opening RAB value** in the **assessment period** of incurring the obligation

transmission pricing methodology

means the methodology determined by the Electricity Authority that specifies how **Transpower's** charges for its services are allocated and who is to be charged

Transpower

means Transpower New Zealand Limited or any subsidiary of, or successor to, that company

U

underground

means all circuits that are installed as underground cables

unknown cause

means an **unplanned interruption** where the cause of that **interruption** is not known

unplanned interruption	29 means any interruption in respect of which no notice was given, or less than 24 hours' notice was given to: <ul style="list-style-type: none">(a) the public; or(b) all consumers affected by the interruption
unplanned SAIDI assessed value	means the sum of SAIDI values for unplanned interruptions for an assessment period calculated in accordance with paragraph (2) of Schedule 3.2
unplanned SAIFI assessed value	means the sum of SAIFI values for unplanned interruptions for an assessment period calculated in accordance with paragraph (3) of Schedule 3.2
unplanned SAIDI limit	means the SAIDI value for unplanned interruptions against which a non-exempt EDB's compliance with the annual unplanned interruptions reliability assessment specified in clause 9.8 is assessed, and is specified in paragraph (1) of Schedule 3.2
unplanned SAIFI limit	means the SAIFI value for unplanned interruptions against which a non-exempt EDB's compliance with the annual unplanned interruptions reliability assessment specified in clause 9.8 is assessed, and is specified in paragraph (1) of Schedule 3.2
unregulated services	has the meaning given in the IM determination

V

vegetation	means an unplanned interruption resulting from vegetation contact and includes debris contact, grass contact and tree contact
vegetation management	means an activity where the primary driver is the need to either— <ul style="list-style-type: none">(a) physically fell vegetation;(b) remove vegetation; or

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(c) trim vegetation, where that need is in the proximity of **overhead** lines or **underground** cables, including—

- (a) root management;
- (b) inspecting affected lines and cables, where the inspection is substantially or wholly directed to this need (e.g., as part of a ‘vegetation management’ contract), including either:
 - (i) pre-trim inspections; and
 - (ii) inspections of vegetation cut for the primary purpose of ensuring the work has been undertaken in an appropriate manner; and
- (c) liaising with landowners, including either:
 - (i) the issue of trim notices;
 - (ii) the issue of cut notices;
 - (iii) the issue of trim and cut notices; and
 - (iv) follow-up calls on notices; and
- (d) the felling or trimming of vegetation to meet externally imposed requirements or internal policy, including operational support such as any mobile generation used during the activity

voluntary undercharging amount foregone means—

- (a) where a **non-exempt EDB’s forecast revenue from prices** for an **assessment period** is less than **voluntary undercharging revenue floor** for that **assessment period**, an amount calculated in accordance with the formula—

voluntary undercharging revenue floor – forecast revenue from prices;

- (b) where a **non-exempt EDB’s forecast revenue from prices** for an **assessment period** is greater than **voluntary undercharging revenue floor** for that **assessment period**, nil

voluntary undercharging revenue floor

means, for the purposes of calculating the ‘voluntary undercharging amount foregone’ for an **assessment period**, the lesser of—

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- (a) a **non-exempt EDB's forecast allowable revenue** for that **assessment period** × **voluntary undercharging threshold**; and
- (b) $(1 + \text{limit on annual percentage increase in forecast revenue from prices}) \times$ that **EDB's forecast revenue from prices** for the previous **assessment period**)

voluntary undercharging threshold

means for all **non-exempt EDBs**, 90%

W

wash-up amount

means the amount calculated for each **assessment period** as specified in paragraph (1) of Schedule 1.6

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

working day

has the meaning given in section 2(1) of the **Act**.

5. Default price-quality path

During the **DPP regulatory period**, every **non-exempt EDB** must comply with the price-quality path, which consists of—

- (a) the price path specified in clause 8; and
- (b) the quality standards specified in clause 9.

6. Applicable input methodologies

6.1 The **input methodologies** that apply are the following parts of the **IM determination**:

- (a) Subpart 1 of Part 3 – specification of price;
- (b) Subpart 2 of Part 3 – amalgamations;
- (c) Subpart 3 of Part 3 – incremental rolling incentive scheme;
- (d) Subpart 1 of Part 4 – cost allocation;
- (e) Subpart 2 of Part 4 – asset valuation;
- (f) Subpart 3 of Part 4 – treatment of taxation;
- (g) Subpart 4 of Part 4 – cost of capital;
- (h) Subpart 5 of Part 4 – reconsideration of the default price-quality path;
- (i) Subpart 6 of Part 4 – treatment of periods that are not 12 month periods; and
- (j) Subpart 7 of Part 4 – availability of information.

7. Dates for proposing a customised price-quality path

- 7.1 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2021, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 12 June 2020.
- 7.2 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2022, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 11 July 2021.
- 7.3 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2023, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 10 July 2022.
- 7.4 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2024, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 9 July 2023.

- 7.5 Where a **non-exempt EDB** elects to propose a customised price-quality path which commences 1 April 2025, that **non-exempt EDB** must submit a proposal for the customised price-quality path no later than 29 March 2024.
- 7.6 A **non-exempt EDB** may not submit a proposal for a customised price-quality path to the **Commission** within the fifth **assessment period** of the **DPP regulatory period**.

8. Price path

Starting price

- 8.1 The starting price that applies to a **non-exempt EDB** for the **DPP regulatory period**, other than Powerco Limited ~~and Wellington Electricity Lines Limited~~, is set out in Schedule 1.1.

Rates of change

- 8.2 The annual rates of change in revenue, relative to **CPI**, that are allowed for a **non-exempt EDB** during the **DPP regulatory period** are set out in Schedule 1.2.

Compliance with the price path

- 8.3 In respect of the first **assessment period** of the **DPP regulatory period**, to comply with the price path for an **assessment period** of the **DPP regulatory period**, a **non-exempt EDB's forecast revenue from prices** for that **assessment period** must not exceed the **forecast allowable revenue** for that **assessment period**.
- 8.4 Subject to clause 8.5, in respect of the second to fifth **assessment periods** of the **DPP regulatory period**, to comply with the price path for an **assessment period** of the **DPP regulatory period**, a **non-exempt EDB's forecast revenue from prices** for that **assessment period** of the **DPP regulatory period** must not exceed the lesser of:
- (a) the **forecast allowable revenue** for that **assessment period**; and
 - (b) the amount determined in accordance with the following formula:

the **forecast revenue from prices** for the previous **assessment period** x (1 + **limit on annual percentage increase in forecast revenue from prices**).
- 8.5 Where a **non-exempt EDB** is party to a **transfer** in an **assessment period**, then that **non-exempt EDB's forecast revenue from prices** for the **assessment period** immediately following the **transfer** must not exceed the **forecast allowable revenue** for the **assessment period** immediately following the **transfer**.

Wash-up amount calculation

- 8.6 A **non-exempt EDB** must calculate the **wash-up amount** for each **assessment period** using the methodology specified in Schedule 1.6.

9. Quality standards

Compliance with planned interruptions quality standard

9.1 A **non-exempt EDB** must comply with the planned interruptions reliability assessment cap specified in clause 9.2 for the **DPP regulatory period**.

Planned interruptions reliability assessment cap

9.2 For the purpose of clause 9.1, subject to clauses 9.3-9.6, to comply with the planned interruptions reliability assessment cap, in respect of **planned interruptions**, at the end of the fifth **assessment period** of the **DPP regulatory period**—

- (a) the sum of a **non-exempt EDB's planned SAIDI assessed values** for the **DPP regulatory period**, being the sum accumulated for all five **assessment periods** of the **DPP regulatory period**, must not exceed the **planned accumulated SAIDI limit** specified in paragraph (1) of Schedule 3.1 or, where applicable, the **adjusted planned accumulated SAIDI limit**; and
- (b) the sum of a **non-exempt EDB's planned SAIFI assessed values** for the **DPP regulatory period**, being the sum accumulated for all five **assessment periods** of the **DPP regulatory period**, must not exceed the **planned accumulated SAIFI limit** specified in paragraph (1) of Schedule 3.1 or, where applicable, the **adjusted planned accumulated SAIFI limit**.

9.3 If at any time during the **DPP regulatory period** a **non-exempt EDB** transitions from the default price-quality path onto a customised price-quality path:

- (a) the **planned accumulated SAIDI limit** and **planned accumulated SAIFI limit** for that **non-exempt EDB** under the default price-quality path that it is leaving will be adjusted in accordance with clause 9.4; and
- (b) the **non-exempt EDB** must not exceed that **adjusted planned accumulated SAIDI limit** and **adjusted planned accumulated SAIFI limit** at the time the **non-exempt EDB** transitions from the default price-quality path onto the customised price-quality path.

9.4 For the purposes of clause 9.3:

- (a) the 'adjusted planned accumulated SAIDI limit' is calculated by:
 - (i) dividing the **non-exempt EDB's planned accumulated SAIDI limit** specified in paragraph (1) of Schedule 3.1 by 5 ('sum 1'); and
 - (ii) multiplying 'sum 1' by the number of **assessment periods** that the **non-exempt EDB** has been subject to under the default price-quality path prior to transitioning onto the customised price-quality path; and

- (b) the 'adjusted planned accumulated SAIFI limit' is calculated by:
 - (i) dividing the **non-exempt EDB's planned accumulated SAIFI limit** specified in paragraph (1) of Schedule 3.1 by 5 ('sum 1'); and
 - (ii) multiplying 'sum 1' by the number of **assessment periods** that the **non-exempt EDB** has been subject to under the default price-quality path prior to transitioning onto the customised price-quality path.

9.5 If at any time during the **DPP regulatory period** a **non-exempt EDB** transitions from a customised price-quality path onto the default price-quality path the **planned accumulated SAIDI limit** and **planned accumulated SAIFI limit** for that **non-exempt EDB** under the default price-quality path that it is joining will be adjusted in accordance with clause 9.6.

9.6 For the purposes of clause 9.5:

- (a) the 'adjusted planned accumulated SAIDI limit' is calculated by:
 - (i) dividing the **non-exempt EDB's planned accumulated SAIDI limit** specified in paragraph (1) of Schedule 3.1 by 5 ('sum 1'); and
 - (ii) multiplying 'sum 1' by the number of **assessment periods** that the **non-exempt EDB** will be subject to under the default price-quality path after transitioning from the customised price-quality path; and
- (b) the 'adjusted planned accumulated SAIFI limit' is calculated by:
 - (i) dividing the **non-exempt EDB's planned accumulated SAIFI limit** specified in paragraph (1) of Schedule 3.1 by 5 ('sum 1'); and
 - (ii) multiplying 'sum 1' by the number of **assessment periods** that the **non-exempt EDB** will be subject to under the default price-quality path after transitioning from the customised price-quality path.

Compliance with unplanned interruptions quality standard

9.7 A **non-exempt EDB** must, in respect of each **assessment period**, comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 for that **assessment period**.

Annual unplanned interruptions reliability assessment

9.8 For the purpose of clause 9.7, to comply with the annual unplanned interruptions reliability assessment—

- (a) a **non-exempt EDB's unplanned SAIDI assessed value** for **unplanned interruptions** for the **assessment period** must not exceed the **unplanned SAIDI limit** specified in paragraph (1) of Schedule 3.2; and
- (b) a **non-exempt EDB's unplanned SAIFI assessed value** for **unplanned interruptions** for the **assessment period** must not exceed the **unplanned SAIFI limit** specified in paragraph (1) of Schedule 3.2.

Compliance with extreme event standard

9.9 A **non-exempt EDB** must, in respect of each **assessment period**, comply with the extreme event standard specified in clause 9.10 for that **assessment period**.

Extreme event standard

9.10 For the purpose of clause 9.9, to comply with the extreme event standard, a **non-exempt EDB** must not have an **extreme event** in the **assessment period**.

10. Transactions

Requirement to notify the Commission of large transactions

10.1 Each **non-exempt EDB** must notify the **Commission** in writing within 30 **working days** after entering into an agreement with another **EDB** or **Transpower** for an **amalgamation, merger, major transaction, or transfer**.

Transfers

10.2 Where a **non-exempt EDB** is party to a **transfer** it must adjust its—

- (a) **forecast net allowable revenue** and **wash-up amount**;
- (b) **planned accumulated SAIDI limit**;
- (c) **planned accumulated SAIFI limit**;
- (d) **unplanned SAIDI limit**;
- (e) **unplanned SAIFI limit**;
- (f) **SAIDI unplanned boundary value**;
- (g) **SAIFI unplanned boundary value**;
- (h) **SAIDI planned interruption cap**;
- (i) **SAIDI unplanned interruption cap**;
- (j) **SAIDI planned interruption target**;
- (k) **SAIDI unplanned interruption target**; and
- (l) **incentive rate**.

10.3 The measures specified in clause 10.2 must be adjusted in accordance with clauses 10.4 to 10.18.

Where a non-exempt EDB makes transfers to another non-exempt EDB

10.4 Where a **non-exempt EDB** is party to a **transfer** with another **non-exempt EDB**, it must agree with the other **non-exempt EDB**—

- (a) an allocation of the **forecast net allowable revenue** and **wash-up amount** attributable to the **consumers** transferred as a result of the **transfer** that is:
 - (i) reasonable; and
 - (ii) supported by a robust and verifiable analysis; and
- (b) an allocation of the measures specified in clause 10.2(b)-(l) that:
 - (i) best reflects the historic reliability of those parts of the **network** which have been the subject of the **transfer**; and
 - (ii) is supported by a robust and verifiable analysis,

where the allocations required under clauses 10.4(a) and 10.4(b) are subject to the approval of the **Commission**.

10.5 Where an allocation under clause 10.4(a) has been approved by the **Commission**—

- (a) a **non-exempt EDB transferring consumers** must reduce its **net forecast allowable revenue** and **wash-up amount** by the amount determined in accordance with clause 10.4(a) for the remaining **assessment periods** of the **DPP regulatory period**; and
- (b) a **non-exempt EDB** receiving a **transfer of consumers** must increase its **net forecast allowable revenue** and **wash-up amount** by the amount determined in accordance with clause 10.4(a) for the remaining **assessment periods** of the **DPP regulatory period**.

10.6 The **Commission** will approve an allocation made by an **EDB** under clauses 10.4(a), 10.4(b), 10.8(a), 10.8(b), 10.12(a), 10.12(b) or 10.17 if it is satisfied that the **EDB** has complied with the requirements applying to that allocation.

10.7 Where an allocation under clause 10.4(b) has been approved by the **Commission**, the **non-exempt EDBs** must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.4(b) for the remaining **assessment periods** of the **DPP regulatory period**.

Where there is a major transaction for a non-exempt EDB, but not a major transaction for the other non-exempt EDB

- 10.8 Where a **non-exempt EDB** is a party to a transaction with another **non-exempt EDB** and that transaction would be a **major transaction** for one party and a **transfer** for the other party, the **non-major transaction EDB** must apply—
- (a) an allocation of the **forecast net allowable revenue** and **wash-up amount** attributable to the **consumers** transferred as a result of the **transfer** that is:
 - (i) reasonable; and
 - (ii) supported by a robust and verifiable analysis; and
 - (b) an allocation of the measures specified in clause 10.2(b)-(l) that:
 - (i) best reflects the historic reliability of those parts of the **network** which have been the subject of the **transfer**; and
 - (ii) is supported by a robust and verifiable analysis,

where the allocations required under clauses 10.8(a) and clause 10.8(b) are subject to the approval of the **Commission**.

- 10.9 Where an allocation under clause 10.8(a) has been approved by the **Commission** and **consumers** are **transferred** from the **non-major transaction EDB**, the **non-major transaction EDB** must reduce its **forecast net allowable revenue** and adjust its **wash-up amount** by the amount determined in accordance with clause 10.8(a) for the remaining **assessment periods** of the **DPP regulatory period**.
- 10.10 Where an allocation under clause 10.8(a) has been approved by the **Commission** and the **non-major transaction EDB** receives a **transfer** of **consumers**, the **non-major transaction EDB** must increase its **forecast net allowable revenue** and adjust its **wash-up amount** by the amount determined in accordance with clause 10.8(a) for the remaining **assessment periods** of the **DPP regulatory period**.
- 10.11 Where an allocation under clause 10.8(b) has been approved by the **Commission**, the **non-major transaction EDB** must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.8(b) for the remaining **assessment periods** of the **DPP regulatory period**.

Where a non-exempt EDB makes transfers to an exempt EDB

- 10.12 Where a **non-exempt EDB** is party to a **transfer** with an **exempt EDB**, it must agree with the **exempt EDB**—
- (a) an allocation of the **forecast net allowable revenue** and **wash-up amount** attributable to the **consumers** transferred as a result of the **transfer** that is:
 - (i) reasonable; and

- (ii) supported by a robust and verifiable analysis; and
- (b) an allocation of the measures specified in clause 10.2(b)-(l) that:
 - (i) best reflects the historic reliability of those parts of the **network** which have been the subject of the **transfer**; and
 - (ii) is supported by a robust and verifiable analysis,

where the allocations required under clauses 10.12(a) and clause 10.12(b) are subject to the approval of the **Commission**.

10.13 Where an allocation under clause 10.12(a) has been approved by the **Commission** and **consumers** are **transferred** from the **non-exempt EDB**, the **non-exempt EDB** must reduce its **forecast net allowable revenue** and adjust its **wash-up amount** by the amount determined in accordance with clause 10.12(a) for the remaining **assessment periods** of the **DPP regulatory period**.

10.14 Where an allocation under clause 10.12(a) has been approved by the **Commission** and the **non-exempt EDB** receives a **transfer of consumers**, the **non-exempt EDB** must increase its **forecast net allowable revenue** and adjust its **wash-up amount** by the amount determined in accordance with clause 10.12(a) for the remaining **assessment periods** of the **DPP regulatory period**.

10.15 Where an allocation under clause 10.12(b) has been approved by the **Commission**, the **non-exempt EDB** must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.12(b) for the remaining **assessment periods** of the **DPP regulatory period**.

Transactions resulting in an amalgamation or merger

10.16 Where a **non-exempt EDB** completes—

- (a) an **amalgamation** with one or more **non-exempt EDBs**, clause 3.2.1 of the **IM determination** applies, unless clause 4.5.6(1)(a)(iv) of the **IM determination** applies; and
- (b) a **merger** with one or more **non-exempt EDBs**, clause 3.2.1 of the **IM determination** applies as if it were an **amalgamation**.

10.17 Where a **non-exempt EDB** completes an **amalgamation** or **merger** and that transaction does not result in a **major transaction**, it must apply an aggregation of the measures specified in clause 10.2(b)-(l) that:

- (a) best reflects the historic reliability of the **networks** which have been the subject of the **amalgamation** or **merger**; and
- (b) is supported by a robust and verifiable analysis,

where that aggregation is subject to the approval of the **Commission**.

10.18 Where an aggregation under clause 10.17 has been approved by the **Commission**, the **non-exempt EDB** must adjust the measures specified in clause 10.2(b)-(l) by the amounts determined in accordance with clause 10.17 for the remaining **assessment periods** of the **DPP regulatory period**.

11. Annual compliance statements

Annual price-setting compliance statement

11.1 A **non-exempt EDB** must—

- (a) provide to the **Commission** a written ‘annual price-setting compliance statement’ in respect of **price** setting for each **assessment period** before the start of each **assessment period**;
- (b) make the ‘annual price-setting compliance statement’ and the **director’s** certificate provided under clause 11.2(c) publicly available on its website at the same time it provides it to the **Commission**; and
- (c) provide to the **Commission** schedules reflecting the **prices** and forecast **quantities** used in the calculation of **forecast revenue from prices**, disclosed in an electronic format that is compatible with Microsoft Excel, with the ‘annual price-setting compliance statement’.

11.2 The ‘annual price-setting compliance statement’ must—

- (a) state whether or not the **non-exempt EDB** has:
 - (i) in respect of the first **assessment period** of the **DPP regulatory period**, complied with the price path in clause 8.3 for the **assessment period**; or
 - (ii) in respect of the second to fifth **assessment periods** of the **DPP regulatory period**, complied with the price path in clause 8.4 for the **assessment period**;
- (b) state the date on which the statement was prepared; and
- (c) include a certificate in the form set out in Schedule 6, signed by at least one **director** of the **non-exempt EDB**.

11.3 The ‘annual price-setting compliance statement’ must include the following information—

- (a) the **non-exempt EDB’s** calculation of its **forecast revenue from prices** together with supporting information for all components of the calculation;

- (b) the **non-exempt EDB's** calculation of its **forecast allowable revenue** together with supporting information for all components of the calculation;
- (c) if the **non-exempt EDB** has not complied with the price path, the reasons for the non-compliance; and
- (d) if the **non-exempt EDB** has not complied with the price path, any actions taken to mitigate any non-compliance and to prevent similar non-compliance in future **assessment periods**.

Annual compliance statement in respect of the wash-up amount calculation, quality standards and transactions

11.4 A **non-exempt EDB** must—

- (a) provide to the **Commission** a written 'annual compliance statement' in respect of the **wash-up amount** calculation, quality standards and quality incentives and transactions within 5 months after the end of each **assessment period**;
- (b) make the 'annual compliance statement' publicly available on its website at the same time it provides it to the **Commission**; and
- (c) provide to the **Commission** schedules reflecting the **prices** and actual **quantities** used to calculate the **wash-up amount**, disclosed in an electronic format that is consistent with Microsoft Excel, with the 'annual compliance statement'.

11.5 The 'annual compliance statement' must—

- (a) state whether or not the **non-exempt EDB** has—
 - (i) complied with the requirements to calculate the **wash-up amount** in clause 8.6 for the **assessment period**;
and
 - (ii) complied with the quality standards in clause 9 for the **assessment period**;
- (b) state the day on which the statement was prepared;
- (c) state whether or not the **non-exempt EDB** has entered into any agreement with another **EDB** or **Transpower** for an **amalgamation, merger, major transaction** or **transfer** in the **assessment period**;
- (d) include a certificate in the form set out in Schedule 7, signed by at least one **director** of the **non-exempt EDB**; and

- (e) be accompanied by an assurance report meeting the requirements in Schedule 8, in respect of all information contained in the 'annual compliance statement'.

11.6 The 'annual compliance statement' must include any information reasonably necessary to demonstrate whether the **non-exempt EDB** has complied with clause 8.6, clause 9, clauses 10.1-10.18 and Schedule 4, including, but not limited to—

Wash-up amount calculation

- (a) details of the **wash-up amount** calculation as specified in clause 8.6, together with supporting information for all components of the calculation;

Quality standards and quality incentives compliance

- (b) actions taken to mitigate any non-compliance with clause 9 and Schedules 3.1-3.3 and to prevent similar non-compliance in future **assessment periods**;
- (c) for the planned interruptions reliability assessment cap specified in clause 9.2, the **planned SAIDI assessed value, planned SAIFI assessed value, planned SAIDI accumulated limit and planned SAIFI accumulated limit** for the **assessment period**, and any supporting calculations (including those in Schedule 3.1);
- (d) for the annual unplanned interruptions reliability assessment specified in clause 9.8, the **unplanned SAIDI assessed value, unplanned SAIFI assessed value, unplanned SAIDI limit, unplanned SAIFI limit, SAIDI unplanned boundary value and SAIFI unplanned boundary value** for the **assessment period**, and any supporting calculations (including those in Schedule 3.2);
- (e) for the **quality incentive adjustment, SAIDI planned interruption cap, SAIDI unplanned interruption cap, SAIDI planned interruption collar, SAIDI unplanned interruption collar, SAIDI planned interruption target, SAIDI unplanned interruption target** and **incentive rate** for the **assessment period**, and any supporting calculations (including those in Schedule 4);
- (f) a description of the policies and procedures which the **non-exempt EDB** has used for capturing and recording **Class B interruptions and Class C interruptions**, and for calculating **planned SAIDI assessed values and unplanned SAIDI assessed values and planned SAIFI assessed values and unplanned SAIFI assessed values** for the **assessment period**;
- (g) information relating to each **SAIDI major event** within the **assessment period**, including:
 - (i) the cause of the **SAIDI major event**;
 - (ii) the start date (dd/mm/yyyy) of the **SAIDI major event**;

- (iii) the start time (hh:mm am/pm) of the **SAIDI major event**;
 - (iv) the end date (dd/mm/yyyy) of the **SAIDI major event**;
 - (v) the end time (hh:mm am/pm) of the **SAIDI major event**;
 - (vi) the **SAIDI value** of the **SAIDI major event** before any replacements under paragraph (2) of Schedule 3.2 occurred;
 - (vii) the replaced **SAIDI value** of the **SAIDI major event** in accordance with paragraph (2) of Schedule 3.2;
 - (viii) the **location** of the **SAIDI major event**;
 - (ix) the **main equipment** involved in the **SAIDI major event**;
 - (x) how the **non-exempt EDB** responded to the **SAIDI major event**;
 - (xi) any mitigating factors that may have prevented or minimised the **SAIDI major event**;
 - (xii) a description of any steps the **non-exempt EDB** proposes to take to mitigate the risk of future similar **SAIDI major events**;
- (h) information relating to each **SAIFI major event** within the **assessment period**, including:
- (i) the **cause** of the **SAIFI major event**;
 - (ii) the start date (dd/mm/yyyy) of the **SAIFI major event**;
 - (iii) the start time (hh:mm am/pm) of the **SAIFI major event**;
 - (iv) the end date (dd/mm/yyyy) of the **SAIFI major event**;
 - (v) the end time (hh:mm am/pm) of the **SAIFI major event**;
 - (vi) the **SAIFI value** of the **SAIFI major event** before any replacements under paragraph (3) of Schedule 3.2 occurred;
 - (vii) the replaced **SAIFI value** of the **SAIFI major event** in accordance with paragraph (3) of Schedule 3.2;

- (viii) the **location** of the **SAIFI major event**;
- (ix) the **main equipment** involved in the **SAIFI major event**;
- (x) how the **non-exempt EDB** responded to the **SAIFI major event**;
- (xi) any mitigating factors that may have prevented or minimised the **SAIFI major event**;
- (xii) a description of any steps the **non-exempt EDB** proposes to take to mitigate the risk of future similar **SAIFI major events**; and

Transactions

- (i) all information and calculations required to be made under clauses 10.1-10.18, including:
 - (i) all adjusted measures made in accordance with clauses 10.4-10.18;
 - (ii) any supporting information and calculations used to determine the adjusted measures made in accordance with clauses 10.4-10.18;
 - (iii) details of the **wash-up amount** calculation for the period in an **assessment period** commencing 1 April and ending on the day where a **transfer, major transaction, amalgamation, or merger** has occurred, and any supporting information for all components of the calculation;
 - (iv) the sum of the **SAIDI values** for **Class B interruptions** for the period in an **assessment period** commencing 1 April and ending on the day where a **transfer, major transaction, amalgamation, or merger** has occurred, and any supporting calculations;
 - (v) the sum of the **SAIDI values** for **Class C interruptions** for the period in an **assessment period** commencing 1 April and ending on the day where a **transfer, major transaction, amalgamation, or merger** has occurred, and any supporting calculations;
 - (vi) the sum of the **SAIFI values** for **Class B interruptions** for the period in an **assessment period** commencing 1 April and ending on the day where a **transfer, major transaction, amalgamation, or merger** has occurred, and any supporting calculations; and
 - (vii) the sum of the **SAIFI values** for **Class C interruptions** for the period in an **assessment period** commencing 1 April and ending on the day where a **transfer, major transaction, amalgamation, or merger** has occurred, and any supporting calculations.

12. Reporting requirements

12.1 If a **non-exempt EDB** has not complied with clauses 9.1 and 9.2, it must—

- (a) provide to the **Commission** the ‘planned interruption reporting’ specified in clause 12.2 within 5 months after the end of the **assessment period** where the **non-exempt EDB** first exceeded the planned interruptions reliability assessment cap specified in clause 9.2; and
- (b) make the ‘planned interruptions reporting’ specified in clause 12.2 publicly available on its website at the same time it provides it to the **Commission**.

12.2 For the purpose of clause 12.1, the ‘planned interruptions reporting’ must contain—

- (a) the reasons for not complying with the planned interruptions reliability assessment cap specified in clause 9.2 and supporting evidence for those reasons;
- (b) for each **Class B interruption** during the **DPP regulatory period**:
 - (i) the start date (dd/mm/yyyy) of the **Class B interruption**;
 - (ii) the start time (hh:mm am/pm) of the **Class B interruption**;
 - (iii) the end date (dd/mm/yyyy) of the **Class B interruption**;
 - (iv) the end time (hh:mm am/pm) of the **Class B interruption**;
 - (v) **SAIDI value** of the **Class B interruption**;
 - (vi) **SAIFI value** of the **Class B interruption**;
- (c) any strategy for managing **Class B interruptions** that was in place for the **DPP regulatory period**;
- (d) any analysis or investigation of the **Class B interruptions** for the **DPP regulatory period**;
- (e) an outline of any intended strategy, intended analysis, or intended investigation that would meet the requirements specified in clause 12.2(c)-(d) which is planned, but not yet completed; and
- (f) a certificate in the form set out in Schedule 9, signed by at least one **director** of the **non-exempt EDB**.

12.3 If a **non-exempt EDB** has not complied with clauses 9.7 and 9.8 for an **assessment period**, it must—

- (a) provide to the **Commission** the ‘unplanned interruptions reporting’ specified in clause 12.4 within 5 months after the end of that **assessment period**; and
- (b) make the ‘unplanned interruptions reporting’ specified in clause 12.4 publicly available on its website at the same time it provides it to the **Commission**.

12.4 For the purpose of clause 12.3, the ‘unplanned interruptions reporting’ must contain—

- (a) the reasons for not complying with the annual unplanned interruptions reliability assessment specified in clause 9.8 and supporting evidence for those reasons;
- (b) for each **Class C interruption** for the **assessment period**:
 - (i) the start date (dd/mm/yyyy) of the **Class C interruption**;
 - (ii) the start time (hh:mm am/pm) of the **Class C interruption**;
 - (iii) the end date (dd/mm/yyyy) of the **Class C interruption**;
 - (iv) the end time (hh:mm am/pm) of the **Class C interruption**;
 - (v) **SAIDI value** of the **Class C interruption**;
 - (vi) **SAIFI value** of the **Class C interruption**;
 - (vii) the **cause**;
- (c) any existing independent reviews of the state of the **network** or operational practices completed in the **assessment period** in which the **non-exempt EDB** failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 or in any of the three preceding **assessment periods**;
- (d) where there was a **SAIDI major event** or **SAIFI major event** during the **assessment period** in which the **non-exempt EDB** first failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8, any investigations of that **SAIDI major event** or **SAIFI major event**;
- (e) any investigations into why the **non-exempt EDB** failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 for the **assessment period**;
- (f) any analysis, conducted in the **assessment period** in which the **non-exempt EDB** failed to comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 or in any of the three preceding **assessment periods**, of:

- (i) trends in asset condition;
 - (ii) the **causes of Class C interruptions**;
 - (iii) **asset replacement and renewal**; or
 - (iv) **vegetation management**;
 - (g) an outline of any intended reviews, intended analysis, or intended investigation that would meet the categories specified in clause 12.4(c)-(f), which is planned, but not yet completed; and
 - (h) a certificate in the form set out in Schedule 10, signed by at least one **director of the non-exempt EDB**.
- 12.5 If a **non-exempt EDB** has not complied with clauses 9.9 and 9.10 for an **assessment period**, it must—
- (a) provide to the **Commission** the ‘extreme event standard reporting’ specified in clause 12.6 within 5 months after the end of that **assessment period**; and
 - (b) make the ‘extreme event standard reporting’ specified in clause 12.6 publicly available on its website at the same time it provides it to the **Commission**.
- 12.6 For the purpose of clause 12.5, the ‘extreme event standard reporting’ must contain—
- (a) the reasons for not complying with the extreme event standard specified in clause 9.10 and supporting evidence for those reasons;
 - (b) for each **Class C interruption** that starts within an **extreme event**:
 - (i) the start date (dd/mm/yyyy) of the **Class C interruption**;
 - (ii) the start time (hh:mm am/pm) of the **Class C interruption**;
 - (iii) the end date (dd/mm/yyyy) of the **Class C interruption**;
 - (iv) the end time (hh:mm am/pm) of the **Class C interruption**;
 - (v) **SAIDI value** of the **Class C interruption**;
 - (vi) **SAIFI value** of the **Class C interruption**;
 - (c) any existing independent reviews of the state of the **network** or operational practices completed in the **assessment period** that the **extreme event** occurred or the three preceding **assessment periods**;
 - (d) any analysis of:

- (i) trends in asset condition for any assets relating to the **extreme event**; or
 - (ii) the sufficiency of **asset replacement and renewal** for assets relating to the **extreme event**;
- (e) any investigation, analysis, or post-event review conducted of the **extreme event**;
- (f) an outline of any intended review, intended analysis, or intended investigation that would meet the categories specified in clause 12.6(c)-(e), which is planned, but not yet completed; and
- (g) a certificate in the form set out in Schedule 11, signed by at least one **director** of the **non-exempt EDB**.

Schedule 1.1: Starting prices

Clause 8.1

- (1) The starting prices that apply for the **DPP regulatory period** for each **non-exempt EDB other than Wellington Electricity Lines Limited and Powerco Limited**, specified as **actual net allowable revenue*** for the first **assessment period** of the **DPP regulatory period**, are as set out in Table 1.1.1.

Table 1.1.1: Starting prices for the DPP regulatory period

Non-exempt EDB	Actual net allowable revenue (\$000)
Alpine Energy Limited	42,653
Aurora Energy Limited	87,335
Centralines Limited	9,367
Electricity Ashburton Limited	33,259
Eastland Network Limited	24,028
Electricity Invercargill Limited	12,258
Horizon Energy Distribution Limited	23,912
Nelson Electricity Limited	5,502
Network Tasman Limited	26,452
Orion New Zealand Limited	158,498
OtagoNet Joint Venture	25,779
The Lines Company Limited	34,708
Top Energy Limited	38,015
Unison Networks Limited	100,019
Vector Limited	388,707

***Actual net allowable revenue** means for the first **assessment period** of the **DPP regulatory period**, the **forecast net allowable revenue** for the first **assessment period** of the **DPP regulatory period**.

- (2) For Wellington Electricity Lines Limited, the starting prices that apply for the **DPP regulatory period**, specified as **forecast net allowable revenue** for the second **assessment period** of the **DPP regulatory period**, is \$89,737 (\$000). The meaning of **actual net allowable revenue** for the second **assessment period** of the **DPP regulatory period**, is specified in paragraph 5 of Schedule 1.6.

|

Schedule 1.2: Annual rates of change

Clause 8.2

- (1) The annual rate of change is the annual rate of change generally applicable to all **non-exempt EDBs** for the **DPP regulatory period**, unless an alternative rate of change is specified for the **non-exempt EDB**.
- (2) The annual rate of change generally applicable to all **non-exempt EDBs** for the **DPP regulatory period** is 0%.

Schedule 1.3: Calculation of forecast revenue from prices

Clauses 8.3, 8.4 and 8.5

- (1) When setting prices for an **assessment period**, a **non-exempt EDB** must calculate the 'forecast revenue from prices' for the **assessment period**.
- (2) When calculating the 'forecast revenue from prices', a **non-exempt EDB** must prepare a forecast of **quantities** for the **assessment period** to which the **prices** for the **assessment period** will apply.
- (3) The 'forecast revenue from prices' must be calculated as the sum of each **price** multiplied by each corresponding forecast **quantity**.
- (4) All forecast **quantities** used to calculate the 'forecast revenue from prices' must be demonstrably reasonable.

Schedule 1.4: Forecast net allowable revenue

Clauses 8.3, 8.4 and 8.5

- (1) The **forecast net allowable revenue** for **non-exempt EDBs** for the **DPP regulatory period** is as set out in Table 1.4.1.

Table 1.4.1: Forecast net allowable revenue for the DPP regulatory period

Non-exempt EDB	Forecast net allowable revenue (\$000)				
	Assessment period ending 31 March 2021	Assessment period ending 31 March 2022	Assessment period ending 31 March 2023	Assessment period ending 31 March 2024	Assessment period ending 31 March 2025
Alpine Energy Limited	42,653	43,484	44,365	45,252	46,157
Aurora Energy Limited	87,335	89,038	90,841	92,657	94,511
Centralines Limited	9,367	9,550	9,743	9,938	10,137
Electricity Ashburton Limited	33,259	33,907	34,594	35,286	35,991
Eastland Network Limited	24,028	24,497	24,993	25,493	26,003
Electricity Invercargill Limited	12,258	12,497	12,750	13,005	13,265
Horizon Energy Distribution Limited	23,912	24,378	24,872	25,370	25,877
Nelson Electricity Limited	5,502	5,609	5,723	5,837	5,954
Network Tasman Limited	26,452	26,968	27,514	28,065	28,626
Orion New Zealand Limited	158,498	161,589	164,860	168,158	171,521
OtagoNet Joint Venture	25,779	26,282	26,814	27,351	27,898

The Lines Company Limited	34,708	35,385	36,101	36,823	37,560
Top Energy Limited	38,015	38,756	39,541	40,331	41,138
Unison Networks Limited	100,019	101,970	104,035	106,115	108,238
Vector Limited	388,707	396,288	404,312	412,398	420,646
<u>Wellington Electricity Lines Limited</u>		<u>89,737</u>	<u>91,554</u>	<u>93,385</u>	<u>95,253</u>

Schedule 1.5: Calculation of forecast allowable revenue

Clauses 8.3, 8.4 and 8.5

- (1) When setting prices for an **assessment period**, a **non-exempt EDB** must calculate the 'forecast allowable revenue'.
- (2) When calculating the 'forecast allowable revenue', a **non-exempt EDB** must prepare a forecast of **pass-through costs** and a forecast of **recoverable costs**, excluding any **recoverable cost** that is a **revenue wash-up draw down amount**.
- (3) All forecasts of **pass-through costs** and **recoverable costs** used to calculate the 'forecast allowable revenue' must be demonstrably reasonable.
- (4) For the purposes of paragraph (3) of Schedule 1.5, **recoverable costs** include the amounts specified in Schedule 2.1.
- (5) Subject to clauses 10.4 to 10.5, 10.8-10.10, 10.12-10.14 and 10.16, the 'forecast allowable revenue' for an **assessment period** is the amount calculated in accordance with the following formula—

$$FNAR + FPRC + OWAB + PTBA$$

where—

- | | |
|-------------|---|
| <i>FNAR</i> | is the forecast net allowable revenue ; |
| <i>FPRC</i> | is the forecast pass-through and recoverable costs ; |
| <i>OWAB</i> | is the opening wash-up account balance ; and |
| <i>PTBA</i> | is the pass-through balance allowance . |

Schedule 1.6: Calculation of wash-up amount for an assessment period

Clause 8.6

Formula for wash-up amount

- (1) The 'wash-up amount' is the amount calculated in accordance with the following formula—

$$AAR - AR - RV$$

where—

- AAR* is the **actual allowable revenue**;
- AR* is the **actual revenue**; and
- RV* is the **revenue foregone**.

Actual allowable revenue

- (2) For each non-exempt EDB other than Powerco Limited and Wellington Electricity Lines Limited, for the purposes of paragraph (1) of Schedule 1.6, 'actual allowable revenue' means—
- (a) for the first **assessment period** of the **DPP regulatory period**, the amount calculated in accordance with the formula—
- actual net allowable revenue + actual pass-through costs and recoverable costs – (pass-through balance × (1 + 67th percentile estimate of post-tax WACC))***
- (b) for the second **assessment period** of the **DPP regulatory period**, the amount calculated in accordance with the formula—
- actual net allowable revenue + actual pass-through costs and recoverable costs***
- (c) for the third to fifth **assessment periods** of the **DPP regulatory period**, the amount calculated in accordance with the formula—
- actual net allowable revenue + actual pass-through costs and recoverable costs + revenue wash-up draw down amount***
- (3) For the purposes of paragraphs (2)(b)-(c) of Schedule 1.6, 'actual net allowable revenue' for the second to fifth **assessment periods** of the **DPP regulatory period** means the amount calculated using the following formula—

$$ANAR_{previous} * (1 + \Delta CPI_t) * (1 - X)$$

where—

$ANAR_{previous}$ is the ‘actual net allowable revenue’ of the previous **assessment period**;

X is the annual rate of change as specified in Schedule 1.2; and

ΔCPI is the derived change in the **CPI** to be applied for the **assessment period**, calculated in accordance with the formula—

$$\Delta CPI = \frac{CPI_{Jun,t-1} + CPI_{Sep,t-1} + CPI_{Dec,t-1} + CPI_{Mar,t}}{CPI_{Jun,t-2} + CPI_{Sep,t-2} + CPI_{Dec,t-2} + CPI_{Mar,t-1}} - 1$$

where—

$CPI_{q,t-n}$ is the **CPI** for the quarter year ending q in the 12-month period n years prior to year t ; and

t is the year in which the **assessment period** ends.

(4) For Wellington Electricity Lines Limited, for the purposes of paragraph (1) of Schedule 1.6, ‘actual allowable revenue’ means for the second to fifth **assessment periods** of the **DPP regulatory period**—

actual net allowable revenue + actual pass-through costs and recoverable costs + revenue wash-up draw down amount

(5) For the purposes of paragraph (4) of Schedule 1.6, ‘actual net allowable revenue’ for the second to fifth **assessment periods** of the **DPP regulatory period** means, subject to paragraph (6), the amount calculated using the following formula—

$$ANAR_{previous} * (1 + \Delta CPI_t) * (1 - X)$$

where—

$ANAR_{previous}$ is the ‘actual net allowable revenue’ of the previous **assessment period**;

X is the annual rate of change as specified in Schedule 1.2; and

ΔCPI is the derived change in the **CPI** to be applied for the **assessment period**, calculated in accordance with the formula—

$$\Delta CPI = \frac{CPI_{Jun,t-1} + CPI_{Sep,t-1} + CPI_{Dec,t-1} + CPI_{Mar,t}}{CPI_{Jun,t-2} + CPI_{Sep,t-2} + CPI_{Dec,t-2} + CPI_{Mar,t-1}} - 1$$

where—

$CPI_{q,t-n}$ is the **CPI** for the quarter year ending q in the 12-month period n years prior to year t ; and

t is the year in which the **assessment period** ends.

(6) For the second **assessment period**, the ‘actual net allowable revenue’ of the previous assessment period” referred to under in paragraph (5) is calculated under paragraph (7).

(7) For the purpose of paragraph (6), ‘actual net allowable revenue for the first **assessment period**’ means the **forecast net allowable revenue** for the first **assessment period**.

(8) For the purpose of paragraph (7), ‘forecast net allowable revenue’ for the first **assessment period** means the amount calculated using the following formula:

$$\underline{\$89,737 \text{ million} \div ((1+\Delta CPI_{2022}) \times (1-X))}$$

where:

ΔCPI_{2022} has the meaning specified for ‘ ΔCPI ’ in paragraph (5) that applied in respect of the second **assessment period**;

X has the meaning specified for ‘ X ’ in paragraph (5).

~~(4)~~(9) The ‘revenue wash-up draw down amount’ is the ‘opening wash-up account balance’ calculated in accordance with Schedule 1.7.

Schedule 1.7: Calculation of opening wash-up account balance

- (1) For a non-exempt EDB other than Wellington Electricity Lines Limited, the 'opening wash-up account balance' means—
- (a) for the first and second **assessment periods** of the **DPP regulatory period**, nil; and
 - (b) for the third to fifth **assessment periods** of the **DPP regulatory period**, the closing wash-up account balance of the previous **assessment period**.

- (2) For Wellington Electricity Lines Limited, the 'opening wash-up account balance' means—

- (a) for the first to fifth **assessment periods** of the **DPP regulatory period**, the closing wash-up account balance of the previous **assessment period**.

- ~~(2)~~(3) For the purpose of paragraphs (1)(b) and (2)(a) of Schedule 1.7, the 'closing wash-up account balance' means for the ~~second~~first to fifth **assessment periods** of the **DPP regulatory period**, the amount calculated in accordance with the formula—

*(wash-up amount for the previous **assessment period** – voluntary undercharging amount foregone for the previous **assessment period**) × (1 + 67th percentile estimate of post-tax WACC)²*

Schedule 2.1: Recoverable costs

- (1) The **forecast opex** used for calculating the **opex incentive amount** is specified in paragraph (1) of Schedule 2.2.
- (2) The **forecast aggregate value of commissioned assets** and **retention factor** used for calculating the **capex incentive amount** are specified in paragraphs (2)-(3) of Schedule 2.2.
- (3) The **extended reserves allowance** for a **non-exempt EDB** must be approved in accordance with Schedule 5.2.
- (4) The **quality incentive adjustment** for a **non-exempt EDB** must be calculated in accordance with Schedule 4.
- (5) The process for the **Commission** approving a draw down amount by a **non-exempt EDB** from its **innovation project allowance** is set out in paragraphs (1)-(2) of Schedule 5.3, and it is this approved draw down amount of the **innovation project allowance** that constitutes a **recoverable cost**. The total **innovation project allowance** available to a **non-exempt EDB** for the **DPP regulatory period** is the amount specified in Table 5.1.

Schedule 2.2: Specified amounts for the incremental rolling incentive scheme

Schedule 2.1

- (1) For the purposes of calculating the **opex incentive amount** for each **non-exempt EDB** for the **DPP regulatory period**, the **forecast opex**, and the **assessment period** to which it applies, is as set out in Table 2.2.1.

Table 2.2.1: Forecast opex for non-exempt EDBs for the DPP regulatory period

Non-exempt EDB	Assessment period (All amounts in \$000)				
	Assessment period ending 31 March 2021	Assessment period ending 31 March 2022	Assessment period ending 31 March 2023	Assessment period ending 31 March 2024	Assessment period ending 31 March 2025
Alpine Energy Limited	19,420	20,012	20,629	21,237	21,816
Aurora Energy Limited	45,951	47,583	49,291	50,986	52,627
Centralines Limited	4,226	4,334	4,446	4,555	4,657
Electricity Ashburton Limited	12,666	13,058	13,468	13,906	14,329
Eastland Network Limited	10,620	10,902	11,197	11,499	11,784
Electricity Invercargill Limited	5,181	5,311	5,446	5,585	5,716
Horizon Energy Distribution Limited	9,978	10,255	10,544	10,841	11,121
Nelson Electricity Limited	2,255	2,325	2,398	2,473	2,545
Network Tasman Limited	11,161	11,513	11,880	12,253	12,609

Orion New Zealand Limited	64,154	66,488	68,932	71,321	73,635
OtagoNet Joint Venture	9,163	9,425	9,699	9,958	10,202
The Lines Company Limited	14,917	15,307	15,712	16,112	16,487
Top Energy Limited	16,349	16,831	17,335	17,852	18,346
Unison Networks Limited	41,931	43,234	44,594	45,966	47,279
Vector Limited	129,198	134,295	139,643	144,816	149,858
<u>Wellington Electricity Lines Limited</u>		<u>34,376</u>	<u>35,071</u>	<u>35,829</u>	<u>36,675</u>

- (2) For the purposes of calculating the **capex incentive amount** for each **non-exempt EDB** for the **DPP regulatory period**, the **forecast aggregate value of commissioned assets**, and the **assessment period** to which it applies, is as set out in Table 2.2.2.

Table 2.2.2: Forecast aggregate value of commissioned assets for non-exempt EDBs for the DPP regulatory period

Non-exempt EDB	Assessment period (All amounts in \$000)				
	Assessment period ending 31 March 2021	Assessment period ending 31 March 2022	Assessment period ending 31 March 2023	Assessment period ending 31 March 2024	Assessment period ending 31 March 2025
Alpine Energy Limited	16,663	16,978	15,377	14,673	14,151
Aurora Energy Limited	47,628	50,750	48,246	38,773	43,211
Centralines Limited	6,060	2,774	3,968	2,841	2,964
Electricity Ashburton Limited	18,050	17,941	17,797	15,711	14,723

Eastland Network Limited	9,685	10,136	8,982	9,383	10,052
Electricity Invercargill Limited	4,656	5,053	5,568	5,578	5,126
Horizon Energy Distribution Limited	8,322	6,720	8,075	8,521	8,567
Nelson Electricity Limited	1,627	1,710	1,664	1,666	1,672
Network Tasman Limited	10,290	12,261	9,042	10,072	8,472
Orion New Zealand Limited	72,172	63,777	89,624	79,930	84,444
OtagoNet Joint Venture	13,990	13,504	18,003	23,071	13,935
The Lines Company Limited	18,321	16,919	15,874	16,558	15,250
Top Energy Limited	14,593	15,127	16,515	16,264	16,597
Unison Networks Limited	46,746	52,525	50,531	46,852	48,041
Vector Limited	211,120	209,600	213,424	209,518	197,132
<u>Wellington Electricity Lines Limited</u>		<u>36,495</u>	<u>41,872</u>	<u>39,380</u>	<u>41,845</u>

- (3) For the purposes of calculating the capex incentive amount for each non-exempt EDB for the **DPP regulatory period**, the **retention factor** is 23.5%.

Schedule 3.1: Quality standards – planned interruptions

Clauses 9.1, 9.2, 9.3, 9.4, 9.5 and 9.6

- (1) The **planned accumulated SAIDI limits** and **planned accumulated SAIFI limits** for **planned interruptions** for each **non-exempt EDB** for the **DPP regulatory period**, subject to clauses 9.3-9.6, 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18 are as set out in Table 3.1.1.

Table 3.1.1: Planned accumulated SAIDI limits and planned accumulated SAIFI limits for non-exempt EDBs for the DPP regulatory period

Non-exempt EDB	Planned accumulated SAIDI limit for the DPP regulatory period	Planned accumulated SAIFI limit for the DPP regulatory period
Alpine Energy Limited	824.87	3.4930
Aurora Energy Limited	979.80	5.5385
Centralines Limited	1,064.46	5.8573
Electricity Ashburton Limited	1,376.08	4.8939
Eastland Network Limited	1,290.68	7.4745
Electricity Invercargill Limited	114.49	0.5183
Horizon Energy Distribution Limited	858.63	5.4415
Nelson Electricity Limited	180.11	2.3663
Network Tasman Limited	1,129.14	4.9021
Orion New Zealand Limited	198.40	0.7481
OtagoNet Joint Venture	2,114.43	9.6212
Powerco Limited	772.50	3.5113
The Lines Company Limited	1,331.68	8.7527
Top Energy Limited	1,905.36	7.7526
Unison Networks Limited	625.79	4.4649
Vector Limited	585.38	2.8783
Wellington Electricity Lines Limited	69.70	0.5536

Calculation of the planned SAIDI assessed values

- (2) A non-exempt EDB's planned SAIDI assessed value ($SAIDI_{planned, assessed}$) for planned interruptions, intended interruptions cancelled without notice and intended interruptions cancelled with notice for an assessment period are calculated in accordance with the formula—

$$SAIDI_{planned, assessed} = SAIDI_B + \frac{SAIDI_N}{2}$$

where—

$SAIDI_B$ is the sum of the SAIDI values:

- (a) for any **Class B interruptions** commencing within the **assessment period** that are not **Class B notified interruptions**; and
- (b) in respect of any **Class B notified interruptions** commencing within the **assessment period** that have occurred partially or wholly outside of their specified **notified interruption window** or **alternate day**, the **SAIDI value** attributable to the period of minutes that falls outside of that specified **notified interruption window** or **alternate day**.

$SAIDI_N$ is the sum of:

- (a) the **SAIDI values** attributable to any minutes that fall within the specified **notified interruption window** or **alternate day** of any **Class B notified interruptions** commencing within the **assessment period**, where the **SAIDI value** is the greater of that calculated based on:
 - (i) the duration of minutes accumulated for each **ICP** that the **Class B notified interruption** occurred for; and
 - (ii) the period of the **notified interruption window** minus two hours;
- (b) the 'intended SAIDI values' of any **intended interruption cancelled without notice** in the **assessment period**, where the 'intended SAIDI value' for each of those **intended interruptions cancelled without notice** is the greater of that calculated based on:
 - (i) the duration of minutes accumulated for each **ICP** that the **intended interruption** occurred for, which will be nil; and
 - (ii) the period of the **notified interruption window** minus two hours; and

- (c) the 'intended SAIDI values' of any **intended interruption cancelled with notice** in the **assessment the period**, where the 'intended SAIDI value' for each of those **intended interruptions cancelled with notice** is nil.

Calculation of the planned SAIFI assessed values

- (3) A **non-exempt EDB's planned SAIFI assessed value** ($SAIFI_{planned, assessed}$) for **planned interruptions** for an **assessment period** is the sum of the **SAIFI values** for **Class B interruptions** commencing within the **assessment period**.

Additional notice

- (4) 'Additional notice' means a notice provided by a **non-exempt EDB** before an **intended interruption** is due to commence that provides information on that **intended interruption**, where:
 - (a) the notice must specify:
 - (i) that the **intended interruption** is to be treated as a 'notified interruption';
 - (ii) the **notified interruption window** and, where applicable, the one **alternate day**;
 - (iii) the reason(s) for the **intended interruption**; and
 - (iv) information on where to access any further information or updates on the **intended interruption**, including any updates on whether the **intended interruption** will occur within the **notified interruption window** or the one **alternate day**; and
 - (b) the **non-exempt EDB** must ensure that the information provided under (a)(ii)-(iv) above is made accessible on the **non-exempt EDB's** website or similar online tool at the same time that the notice is provided to the persons under (d);
 - (c) for the purposes of (a)(iv), the **non-exempt EDB** is providing an update that the **intended interruption** will occur on the **alternate day**, that update, prior to the commencement of the **notified interruption window**, must:
 - (i) be made accessible on the **non-exempt EDB's** website or similar online tool;

- (ii) specify any reasons for why the **intended interruption** will occur on the **alternate day**; and
 - (iii) be provided to the persons under (d); and
 - (d) the notice must be provided to:
 - (i) all of the **non-exempt EDB's consumers** directly billed by the **non-exempt EDB** affected by the **intended interruption** no later than ten **working days** before that **intended interruption** is due to commence; and
 - (ii) for all of the **non-exempt EDB's consumers** not directly billed by the **non-exempt EDB** affected by the **intended interruption**, one of the following:
 - A. all **electricity retailers** affected by the **intended interruption** no later than ten **working days** before that **intended interruption** is due to commence; or
 - B. all of the **non-exempt EDB's consumers** (except for those **consumers** directly billed by the **non-exempt EDB**) affected by the **intended interruption** no later than four **working days** before that **intended interruption** is due to commence.
- (5) The information provided in accordance with paragraph (4)(a)(ii)-(iv) of an **additional notice** may be amended in circumstances where the **non-exempt EDB** provides notice of that amendment to all persons subject to the original notice under paragraph (4)(d)(i)-(ii) above, where that amended notice:
 - (a) provides the reason(s) for the amendment; and
 - (b) is provided within the following applicable timeframe:
 - (i) at least 24-hours prior to the commencement of the **notified interruption window** or, where applicable, the **alternate day**; or
 - (ii) within the time limits specified in paragraph (4)(d)(i) and either (4)(d)(ii)A or (4)(d)(ii)B above if the amendment would result in a different start date than that specified in the **notified interruption window** or **alternate day**.

Schedule 3.2: Quality standards – unplanned interruptions

Clauses 9.7 and 9.8

- (1) The **unplanned SAIDI limits** and **unplanned SAIFI limits**, and **SAIDI unplanned boundary values** and **SAIFI unplanned boundary values**, for **unplanned interruptions** for each **non-exempt EDB** for each **assessment period** of the **DPP regulatory period**, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 3.2.1.

Table 3.2.1: Unplanned SAIDI limits, unplanned SAIFI limits, SAIDI unplanned boundary values and SAIFI unplanned boundary values for non-exempt EDBs for the DPP regulatory period

Non-exempt EDB	Unplanned SAIDI limit	Unplanned SAIFI limit	SAIDI unplanned boundary value	SAIFI unplanned boundary value
Alpine Energy Limited	124.71	1.1970	9.17	0.0671
Aurora Energy Limited	81.89	1.4687	5.69	0.0737
Centralines Limited	83.61	3.1616	6.79	0.1442
Electricity Ashburton Limited	91.98	1.2826	6.25	0.0729
Eastland Network Limited	219.46	3.1525	13.10	0.1765
Electricity Invercargill Limited	25.86	0.6956	4.13	0.0804
Horizon Energy Distribution Limited	194.53	2.3904	14.69	0.1170
Nelson Electricity Limited	19.60	0.4277	8.68	0.1430
Network Tasman Limited	101.03	1.1956	7.22	0.0688
Orion New Zealand Limited	84.71	1.0336	7.60	0.0668
OtagoNet Joint Venture	160.35	2.4172	11.81	0.1776
Powerco Limited	180.25	2.2684	9.82	0.0628
The Lines Company Limited	181.48	3.2715	11.17	0.1596
Top Energy Limited	380.24	5.0732	27.92	0.2284

		69		
Unison Networks Limited	82.34	1.8152	4.48	0.0735
Vector Limited	104.83	1.3366	4.83	0.0371
Wellington Electricity Lines Limited	39.81	0.6135	2.16	0.0313

Calculation of the unplanned SAIDI assessed values

- (2) The **unplanned SAIDI assessed value** ($SAIDI_{unplanned, assessed}$) for an **assessment period** is the sum of the **SAIDI values** for **Class C interruptions** commencing within the **assessment period**, where the **SAIDI value** for each 30 minute period that starts on the hour or half past the hour within a **SAIDI major event** that exceeds $1/48^{\text{th}}$ of the **SAIDI unplanned boundary value** for that **assessment period** is replaced with $1/48^{\text{th}}$ of the **SAIDI unplanned boundary value** for that **assessment period**.

Calculation of the unplanned SAIFI assessed values

- (3) The **unplanned SAIFI assessed value** ($SAIFI_{unplanned, assessed}$) for an **assessment period** is the sum of the **SAIFI values** for **Class C interruptions** commencing within the **assessment period**, where the **SAIFI value** for each 30 minute period that starts on the hour or half past the hour within a **SAIFI major event** that exceeds $1/48^{\text{th}}$ of the **SAIFI unplanned boundary value** for that **assessment period** is replaced with $1/48^{\text{th}}$ of the **SAIFI unplanned boundary value** for that **assessment period**.

Schedule 3.3: Quality standards – extreme event

Clauses 9.9 and 9.10

- (1) The **extreme event standard limits** for **unplanned interruptions** for each **non-exempt EDB** for the **DPP regulatory period**, are:
 - (a) a **SAIDI value** of 120 minutes, whereby the **extreme event standard limit** will be exceeded if, during any period of 24 hours (starting on the hour or half past the hour), the **SAIDI value** of all **unplanned interruptions** that start during that 24-hour period, in aggregate, is above 120 minutes; and
 - (b) a total of six million **customer interruption minutes**, whereby the **extreme event standard limit** will be exceeded if, during any period of 24 hours (starting on the hour or half past the hour), the total duration of customer interruption minutes resulting from all **unplanned interruptions** that start during that 24-hour period, in aggregate, is more than six million **customer interruption minutes**.
- (2) For the purposes of paragraph (1), **unplanned interruptions** excludes any **unplanned interruption** that is the result of **major external factors**.

Schedule 4: How to calculate the quality incentive adjustment

Schedule 2.1

- (1) The **quality incentive adjustment** must be calculated by the **non-exempt EDB** within 5 months after the expiration of the **assessment period** in accordance with paragraph (5), and is a **recoverable cost** in the **assessment period** following that in which it was calculated.
- (2) The **SAIDI unplanned interruption target**, **SAIDI unplanned interruption collar**, and **SAIDI unplanned interruption cap** for **unplanned interruptions** for each **non-exempt EDB** during the **DPP regulatory period**, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 4.1.

Table 4.1: SAIDI unplanned interruption collars, SAIDI unplanned interruption targets and SAIDI unplanned interruption caps for the DPP regulatory period

Non-exempt EDB	SAIDI unplanned interruption collar	SAIDI unplanned interruption target	SAIDI unplanned interruption cap
Alpine Energy Limited	0	91.88	124.71
Aurora Energy Limited	0	63.44	81.89
Centralines Limited	0	62.83	83.61
Electricity Ashburton Limited	0	71.65	91.98
Eastland Network Limited	0	173.85	219.46
Electricity Invercargill Limited	0	15.39	25.86
Horizon Energy Distribution Limited	0	144.35	194.53
Nelson Electricity Limited	0	9.53	19.60
Network Tasman Limited	0	74.49	101.03
Orion New Zealand Limited	0	66.47	84.71
OtagoNet Joint Venture	0	120.02	160.35
Powerco Limited	0	151.96	180.25
The Lines Company Limited	0	143.04	181.48
Top Energy Limited	0	302.16	380.24
Unison Networks Limited	0	67.81	82.34
Vector Limited	0	89.28	104.83
Wellington Electricity Lines Limited	0	31.20	39.81

- (3) The **SAIDI planned interruption target, SAIDI planned interruption collar, and SAIDI planned interruption cap** for **planned interruptions** for each **non-exempt EDB** during the **DPP regulatory period**, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 4.2.

Table 4.2: SAIDI planned interruption collars, SAIDI planned interruption targets and SAIDI planned interruption caps for the DPP regulatory period

Non-exempt EDB	SAIDI planned interruption collar	SAIDI planned interruption target	SAIDI planned interruption cap
Alpine Energy Limited	0	54.99	164.97
Aurora Energy Limited	0	65.32	195.96
Centralines Limited	0	70.96	212.89
Electricity Ashburton Limited	0	91.74	275.22
Eastland Network Limited	0	86.05	258.14
Electricity Invercargill Limited	0	7.63	22.90
Horizon Energy Distribution Limited	0	57.24	171.73
Nelson Electricity Limited	0	12.01	36.02
Network Tasman Limited	0	75.28	225.83
Orion New Zealand Limited	0	13.23	39.68
OtagoNet Joint Venture	0	140.96	422.89
Powerco Limited	0	51.50	154.50
The Lines Company Limited	0	88.78	266.34
Top Energy Limited	0	127.02	381.07
Unison Networks Limited	0	41.72	125.16
Vector Limited	0	39.03	117.08
Wellington Electricity Lines Limited	0	4.65	13.94

- (4) The **incentive rate** for each **non-exempt EDB** during the **DPP regulatory period**, subject to clauses 10.4, 10.6-10.8, 10.11-10.12 and 10.15-10.18, are as set out in Table 4.3.

Table 4.3: Incentive rates for the DPP regulatory period

Non-exempt EDB	
Alpine Energy Limited	7,879
Aurora Energy Limited	13,155
Centralines Limited	1,071
Electricity Ashburton Limited	5,394
Eastland Network Limited	2,797
Electricity Invercargill Limited	2,544
Horizon Energy Distribution Limited	5,397
Nelson Electricity Limited	1,417
Network Tasman Limited	6,260
Orion New Zealand Limited	31,686
OtagoNet Joint Venture	4,339
Powerco Limited	47,908
The Lines Company Limited	3,827
Top Energy Limited	3,283
Unison Networks Limited	16,185
Vector Limited	84,519
Wellington Electricity Lines Limited	23,215

(5) The **quality incentive adjustment** is—

(a) the lessor of:

(i) the sum of:

A. $(SAIDI_{unplanned,target} - SAIDI_{unplanned,assessed}) * IR$;
and

$$B. (SAIDI_{planned,target} - SAIDI_{planned,assessed}) * 0.5 * IR;$$

and

(ii) the **revenue at risk**; and

(b) after calculating the sum in paragraph (a), that sum is adjusted for the time-value for money by multiplying the sum in accordance with the following formula-

$$(1 + \text{67th percentile estimate of post-tax WACC})^2$$

(6) For the purposes of paragraph (5) of Schedule 4—

- (a) $SAIDI_{unplanned,target}$ is the **SAIDI unplanned interruptions target** specified for the **non-exempt EDB** in respect of **unplanned interruptions** for the **assessment period** set out in Table 4.1 of Schedule 4;
- (b) $SAIDI_{unplanned,assessed}$ is the **unplanned SAIDI assessed value** for the **non-exempt EDB** in respect of **unplanned interruptions** for the **assessment period** calculated in accordance with paragraph (2) of Schedule 3.2;
- (c) where $SAIDI_{unplanned,assessed}$ is greater than the **SAIDI unplanned interruption cap** specified for the **non-exempt EDB** for the **assessment period** set out in Table 4.1 of Schedule 4, $SAIDI_{unplanned,assessed}$ equals the **SAIDI unplanned interruption cap** specified for the **non-exempt EDB** for the **assessment period** set out in Table 4.1 of Schedule 4;
- (d) IR is the **incentive rate** specified for the **non-exempt EDB** in respect of the **assessment period** set out in Table 4.3 of Schedule 4;
- (e) $SAIDI_{planned,target}$ is the **SAIDI planned interruption target** specified for the **non-exempt EDB** in respect of **planned interruptions** for the **assessment period** set out in Table 4.2 of Schedule 4;
- (f) $SAIDI_{planned,assessed}$ is the **planned SAIDI assessed value** for the **non-exempt EDB** in respect of **planned interruptions** for the **assessment period** calculated in accordance with paragraph (2) of Schedule 3.1;
- (g) where $SAIDI_{planned,assessed}$ is greater than the **SAIDI planned interruption cap** specified for the **non-exempt EDB** for the **assessment period** set out in Table 4.2 of Schedule 4, $SAIDI_{planned,assessed}$ equals the **SAIDI planned interruption cap** specified for the **non-exempt EDB** for the **assessment period** set out in Table 4.2 of Schedule 4;
- (h) ‘revenue at risk’ is the amount calculated in accordance with the following formula—

$$0.02 * ANAR$$

where—

ANAR is the **actual net allowable revenue** for the **non-exempt EDB** for the **assessment period**.

Schedule 5.1: Avoided transmission charges

Schedule 2.1

- (1) For the purposes of calculating a **recoverable cost** under clause 3.1.3(1)(e) of the **IM determination**, the amount of charge described in paragraph 3.1.3(1)(b) of the **IM determination** that a **non-exempt EDB** has avoided liability to pay as a result of the **EDB** having purchased **system fixed assets** from **Transpower** is—
- (a) for a purchase prior to 1 April 2020, for each of the five **assessment periods** immediately following the **assessment period** in which the purchase of the **system fixed assets** from **Transpower** occurs—
- (i) the amount that would have been charged by **Transpower** for the use of the **system fixed assets** transferred to the **non-exempt EDB** as specified in a pricing schedule determined by **Transpower** for the year immediately preceding the **assessment period** in which the charge was first recovered; or
- (ii) the amount determined in accordance with paragraph (1)(a)(i) of Schedule 5.1 adjusted using a method consistent with the **transmission pricing methodology**; or
- (b) for a purchase made on or after 1 April 2020—
- (i) in the first **assessment period** of the **DPP regulatory period** following the purchase of the **system fixed assets** from **Transpower**, the difference, as calculated by **Transpower** in accordance with the **transmission pricing methodology**, between the costs of transmission payable to **Transpower** for the first full **assessment period** following the transfer of the **system fixed assets** and the costs of transmission that would have been payable to **Transpower** for the **assessment period** in question had the transfer of **system fixed assets** not occurred; and
- (ii) in each of the four following **assessment periods** after the first **assessment period** of the **DPP regulatory period** for which an amount is calculated, the amount calculated in accordance with paragraph (1)(b)(i) of Schedule 5.1, in constant nominal terms.

Schedule 5.2: Approval of extended reserves allowances

Schedule 2.1

- (1) A **non-exempt EDB** must, no later than 70 **working days** following the end of an **assessment period**, submit an application for approval of an **extended reserves allowance** if any amounts were incurred or received in that **assessment period** in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves.
- (2) The application for approval must include—
 - (a) all compensation payments made by the **non-exempt EDB** in the **assessment period** in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves;
 - (b) all compensation payments and revenue received by the **non-exempt EDB** in the **assessment period** in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves;
 - (c) an estimate of the compensation payments and revenue received by the **non-exempt EDB** in the **assessment period** in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves that should be associated with **unregulated services**, along with reasons for such treatment; and
 - (d) any other explanatory material or supporting information reasonably necessary to demonstrate costs incurred and amounts payable or receivable in accordance with any requirements in the Electricity Industry Participation Code 2010 relating to extended reserves.
- (3) The **Commission** may request additional information, independent evidence, **director** certificates, or audit statements relating to the information provided in the application.
- (4) The **Commission** may approve by notice in writing to the **non-exempt EDB**, subject to clause 3.1.3(7) of the **IM determination**, an allowance for costs incurred and amounts payable, or for amounts receivable, under any extended reserves regulations made under the Electricity Industry Act 2010, as determined by the **Commission**.
- (5) The amount approved by the **Commission** is an 'extended reserves allowance' **recoverable cost** under clause 3.1.3(1)(n) of the **IM determination** in the **assessment period** to which the application relates.

Schedule 5.3: Approval of drawdown of innovation project allowance

Schedule 2.1

- (1) In order to draw down an amount from its **innovation project allowance**, a **non-exempt EDB** must:
 - (a) no later than 50 **working days** following the end of an **assessment period** submit an application to the **Commission**, which includes a description of:
 - (i) the **innovation project** in respect of which that **non-exempt EDB** has incurred costs and for which it proposes to apply amounts drawn down from the **innovation project allowance**;
 - (ii) details of the costs incurred by the **non-exempt EDB** in undertaking that **innovation project** (being costs that have not previously been the subject of applications for drawdown amounts from the **innovation project allowance**) and the proportions of those costs that were **opex** or **capex**; and
 - (iii) that **innovation project's** purpose, including the steps that the **non-exempt EDB** has taken or intends to take in order to achieve that purpose;
 - (b) make the application specified in sub-paragraph (1)(a) of Schedule 5.3 publicly available on its website at the same time as it submits it to the **Commission**; and
 - (c) obtain approval from the **Commission** in accordance with paragraph (2) of Schedule 5.3.
- (2) The **Commission** may by notice in writing to the **non-exempt EDB** approve an application by that **non-exempt EDB** to draw down an amount from its **innovation project allowance** if that **non-exempt EDB** satisfies the **Commission** that—
 - (a) the sum of the amount of the proposed drawdown amount for the **innovation project** and amounts already approved by the **Commission** for draw down from the **innovation project allowance** by that **non-exempt EDB** does not exceed that **non-exempt EDB's innovation project allowance** for the **DPP regulatory period** in Table 5.1 of Schedule 5.3; and
 - (b) that **non-exempt EDB** has already incurred an amount of costs on the **innovation project** that is at least equivalent to 200% of the proposed drawdown amount (provided such costs have not already been used in a previous application to justify a drawdown amount from the **innovation project allowance**); and

- (c) prior to commencing the **innovation project**, the **non-exempt EDB** received a signed report from an **engineer** or **suitable specialist**, where the **engineer** or **suitable specialist** stated in their opinion that-
- (i) the proposed **project** is an **innovation project**;
 - (ii) the purpose of the **innovation project** is either:
 - A. delivering **electricity lines services** at a lower cost to **consumers**; or
 - B. delivering **electricity line services** at a higher quality of supply to **consumers**; or
 - C. delivering **electricity lines services** at a lower cost to **consumers** and at a higher quality of supply to **consumers**; and
 - (iii) the benefits of the **innovation project** will be of general application to the activities of that **non-exempt EDB** or of other **EDBs**; and
- (d) if the **non-exempt EDB** has elected to use a **suitable specialist** to procure a signed report in terms of paragraph (2)(c) of Schedule 5.3, the **suitable specialist** has sufficient expertise in a field relevant to the **project**, which must be evidenced by the **non-exempt EDB** providing a copy of the **suitable specialist's** curriculum vitae to the **Commission** together with the application to draw down from its **innovation project allowance**.
- (3) The **innovation project allowances** for **non-exempt EDBs** during the **DPP regulatory period** are as set out in Table 5.1 of Schedule 5.3.

Table 5.1: Innovation project allowance for the DPP regulatory period

Non-exempt EDB	Limit (\$'000)
Alpine Energy Limited	222
Aurora Energy Limited	454
Centralines Limited	150
Electricity Ashburton Limited	173
Eastland Network Limited	150
Electricity Invercargill Limited	150
Horizon Energy Distribution Limited	150
Nelson Electricity Limited	150
Network Tasman Limited	150

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Orion New Zealand Limited	825
OtagoNet Joint Venture	150
The Lines Company Limited	181
Top Energy Limited	198
Unison Networks Limited	520
Vector Limited	2,022
<u>Wellington Electricity Lines Limited</u>	<u>370</u>

- (4) When the **Commission** issues an approval for a drawdown amount for an **innovation project** from the **innovation project allowance** for a **non-exempt EDB** in accordance with paragraph (2) of Schedule 5.3, it must state in its approval the proportion of **opex** and **capex** in that drawdown amount, which should be equivalent to the proportion of **opex** and **capex** in the costs incurred by that **non-exempt EDB** for the **innovation project** and included in its application under paragraph (1) of Schedule 5.3.
- (5) Where the **Commission** has approved a drawdown amount for an **innovation project** from the **innovation project allowance** for a **non-exempt EDB** in accordance with paragraph (2) of Schedule 5.3, that **non-exempt EDB** must within 50 **working days** of completing that **innovation project**:
- (a) submit a report to the **Commission** that outlines the key findings of that **project**; and
 - (b) make the report in sub-paragraph (5)(a) of Schedule 5.3 publicly available on that **non-exempt EDB's** website at the same time as it submits the report to the **Commission**.

Schedule 6: Form of director's certificate for annual price-setting compliance statement

Clause 11.2(c)

I/We, *[insert full name/s]*, being director/s of *[insert name of non-exempt EDB]* certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached annual price-setting compliance statement of *[name of non-exempt EDB]*, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all the relevant requirements, and all forecasts used in the calculations for forecast revenue from prices and forecast allowable revenue are reasonable**[except in the following respects]*.

**[insert description of non-compliance]*

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$100,000 in the case of an individual or \$300,000 in the case of a body corporate.

Schedule 7: Form of director's certificate for annual compliance statement

Clause 11.5(d)

I/We, *[insert full name/s]*, being director/s of *[insert name of non-exempt EDB]* certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached annual compliance statement of *[name of non-exempt EDB]*, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all the relevant requirements**[except in the following respects]*.

**[insert description of non-compliance]*

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$100,000 in the case of an individual or \$300,000 in the case of a body corporate.

Schedule 8: Independent auditor's report on annual compliance statement

Clause 11.5(e)

- (1) For the purpose of clause 11.5(e), a **non-exempt EDB** must procure an assurance report by an **independent auditor** in respect of the **annual compliance statement** that is prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements (New Zealand) 3000 (ISAE (NZ) 3000), signed by the **independent auditor** (either in their own name or that of their firm), and that—
- (a) is addressed to the **directors** of the **non-exempt EDB** as the intended users of the assurance report;
 - (b) states—
 - (i) that it has been prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements (New Zealand) 3000 (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 **non-exempt 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; and
 - (vi) whether, in the **independent auditor's** opinion, as far as appears from an examination, the information used in the preparation of the **annual compliance statement** has been properly extracted from the **non-exempt EDB's** accounting and other records, sourced from its financial and non-financial systems; and
 - (c) states whether (and, if not, the respects in which it has not), in the **independent auditor's** opinion, the **non-exempt EDB** has complied, in all material respects, with the *Electricity Distribution Services Default Price-Quality Path Determination 2020* in preparing the **annual compliance statement**.

Schedule 9: Form of director's certificate for planned interruptions reporting

Clause 12.2(f)

I/We, *[insert full name/s]*, being director/s of *[insert name of non-exempt EDB]* certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached planned interruptions reporting of *[name of non-exempt EDB]*, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all the relevant requirements**[except in the following respects]*.

**[insert description of non-compliance]*

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$100,000 in the case of an individual or \$300,000 in the case of a body corporate.

Schedule 10: Form of director's certificate for unplanned interruptions reporting

Clause 12.4(h)

I/We, *[insert full name/s]*, being director/s of *[insert name of non-exempt EDB]* certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached unplanned interruptions reporting of *[name of non-exempt EDB]*, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all the relevant requirements**[except in the following respects]*.

**[insert description of non-compliance]*

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$100,000 in the case of an individual or \$300,000 in the case of a body corporate.

Schedule 11: Form of director's certificate for extreme event standard reporting

Clause 12.6(g)

I/We, *[insert full name/s]*, being director/s of *[insert name of non-exempt EDB]* certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached extreme event standard reporting of *[name of non-exempt EDB]*, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all the relevant requirements**[except in the following respects]*.

**[insert description of non-compliance]*

[Signatures of director(s)]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$100,000 in the case of an individual or \$300,000 in the case of a body corporate.

Explanatory note

- (1) The purpose of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* (“the Determination”) is to set default price-quality paths for Electricity Distribution Businesses (“EDBs”) for the five years beginning 1 April 2020 and ending 31 March 2025, pursuant to Part 4 of the Commerce Act 1986 (“the Act”).
- (2) Pursuant to section 53N of the Act, each EDB is required to provide to the Commerce Commission (“the Commission”) separate compliance statements relating to price setting, the wash-up account calculation, and its performance against quality standards. Each EDB must state whether or not it has complied with the default price-quality path set out in the Determination, provide its wash-up amount calculation, and supporting evidence. The two compliance statements must both be accompanied by a director’s certificate. The compliance statement for the wash-up amount calculation and quality standards must also be accompanied by an auditor’s report. Each EDB must publish its compliance statements on its website at the same time as submitting them to the Commission.
- (3) A reasons paper providing detailed background to, and analysis of, the Determination can be found at—

<https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-lines-price-quality-paths/electricity-lines-default-price-quality-path/2020-2025-default-price-quality-path>
- (4) Copies of this Determination are available for inspection free of charge at the Commission (during ordinary office hours), on the Commission’s website at the above link, or for purchase at a reasonable price at the Commission.