Aurora
ENERGY

Feedback

Commerce Commission Part 4 Input Methodologies Review 2022

Request for feedback – Questions regarding reopener process, reopener thresholds, type and extent of reopeners, other in-period adjustment mechanisms and CPP mechanism

20 December 2022

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1. Introduction

1. Aurora Energy Limited (**Aurora**) welcomes the opportunity to submit its views on the Commerce Commission's (the **Commission**'s) "Request for feedback – Questions regarding reopener process, reopener thresholds, type and extent of reopeners, other in-period adjustment mechanisms and CPP mechanism".

2. No part of our submission is confidential.

2. General Comments

3. As we noted in our submission on expenditure forecasting[1], intra-period adjustments are one of three interrelated inputs to price-quality regulation that cause concern for electricity distribution businesses (**EDBs**) as the sector moves from the relatively static, 'business-as-usual' operating environment of network maintenance and development, to a more volatile environment driven by decarbonisation and characterised by uncertain development requirements (scale and/or timing) and the need to integrate third-party distributed energy resources (**DER**).

4. In the face of uncertainty and, potentially, expenditure allowances that do not fully meet EDBs needs, effective mechanisms need to be available for adjusting EDBs' expenditure allowances so that they are appropriately compensated for needed investments, and do not face IRIS penalties in circumstances that have little to do with expenditure inefficiency.

5. Decarbonisation expenditure needs are likely to be significant, commensurate with the expected step-change in electricity demand. While they will be helpful, and will contribute to moderation of decarbonisation-driven expenditure, innovative responses like widespread procurement of flexibility services are not a 'silver bullet' – they will only be able to do so much, and may not be appropriate or feasible in all circumstances or locations.

6. Innovation is important. The Commission must ensure that EDBs have incentives to innovate, but before constraining EDBs' expenditure allowances on the basis of perceived absent or inadequate innovation, the Commission must consider whether the innovation that it believes is inadequate is (1) technically and ubiquitously achievable and (2) of a nature and scale that would materially offset EDBs' costs. In the face of a declared climate emergency[2], among all of the incentives required by the Part 4 purpose[3], the Commission must prioritise incentives to invest and, intrinsically, incentives to provide services at a quality that reflects consumer demands (in the broadest sense).

7. Decarbonisation will bring cost challenges for consumers, at least in the short-term. However, it is not all bad news. A Sapere report[4], commissioned by the Electricity Networks' Association, indicates that from 2025 consumers that transition to all electric appliances combined with an electric vehicle (**EV**), including capital costs, are likely to be better off.

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1 Aurora Energy Limited (2022). Commerce Commission Part 4 Input Methodologies Review 2022: Feedback on expenditure forecasting by electricity distribution businesses and areas of focus for the 2025 default price-quality path reset.

2 New Zealand Parliament. (2020). Motions – Climate Change – Declarations of Emergency. Retrieved 15 December 2022 from New Zealand Parliament website: https://www.parliament.nz/en/pb/hansard-debates/rhr/combined/HansDeb_20201202_20201202_08

3 Commerce Act 1986, section 52A.

4 Sapere (2022). Total Household Energy Costs NZ. Retrieved 15 December 2022 from Electricity Networks' Association website: https://www.ena.org.nz/resources/electrification-of-nzs-energy-needs/document/1231

8. In the absence of excessive profits (the Commission has demonstrated that EDBs have been earning below expected returns)[5], the Commission needs to take care as to the degree to which it disallows EDBs' legitimate costs in the pursuit of price suppression. While constraining excess profits is a component of the overarching Part 4 purpose, consumer price suppression is not.

2.1. Commission concerns[6]

2.1.1. Relatively low cost DPP mechanism

9. The Commission is concerned that more extensive use of reconsideration mechanisms may blur "*the role of the DPP as the relatively low-cost generic approach to setting price-quality paths, and creating greater regime complexity and greater regulatory cost for stakeholders and* [the Commission]".

10. Aurora's response to the Commission's concern is that 'relatively-low cost' has been a somewhat moving feast, and not an absolute, as more detailed analysis and greater sophistication of modelling (especially in regard to quality standards and incentives) has been a feature of each subsequent default price-quality path (DPP) reset. In Aurora's view, the changing environment driven by decarbonisation and a declared climate emergency will compel the Commission to further 'recalibrate' what 'relatively low cost' means.

2.1.2. Loss of certainty

11. The Commission is also concerned that greater use of reconsideration mechanisms may contribute "*to potentially less certainty for stakeholders, as the outcome of a reopener application is not guaranteed and is subject to approval discretion*".

12. Aurora considers that, in relation to expenditure forecasting, certainty is somewhat illusory, as DPP forecasting is not codified in the input methodologies (IMs). While a DPP determination provides a reasonable degree of price certainty to consumer stakeholders, the fact that the reset process is not materially codified does not provide reasonable certainty to regulated suppliers that the expenditure allowances that underpin the DPP are adequate.

13. A countervailing measure of consumer stakeholder certainty will involve the ability of consumers to electrify their installations when needed, and to integrate their DER into distributors' networks. If expenditure allowances are inadequate, and reconsideration mechanisms constrained or ineffective, the likely result is that EDBs will defer decarbonisation-enabling investments into the next regulatory period and beyond, and will need to constrain the operation of DER until expenditure to increase hosting capacity is approved. This would be an unfortunate outcome, as the Part 4 framework would likely be viewed as a barrier to decarbonisation.

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5 Commerce Commission. (2022). Part 4 Input Methodologies Review 2023: Process and Issues paper. Paragraph 5.18, p51.

6 Commerce Commission (2022). Workshop : Price-quality path inperiod adjustment mechanisms (Staff views). Material to guide stakeholder preparation for the workshop. Page 11.

2.1.3. Innovation and efficiency

14. The Commission's final principal concern is that more extensive use of reconsideration mechanisms may create the "*potential to disincentivise businesses to innovate and achieve efficiencies*".

15. Aurora considers that the Commission needs to be realistic about the extent to which innovations and/or efficiencies, which tend to be somewhat incremental in nature, have the ability to offset sudden and significant decarbonisation-driven step changes in expenditure requirements.

16. Firstly, when the reopener thresholds are considered, the innovations that would need to be deployed, and/or efficiencies secured, in order to avoid a reopener, would be so significant as to lead to an immediate transformation in the way in which electricity lines services are delivered.

17. Secondly, as stated above, there are competing incentives within the Part 4 purpose statement, such as incentives to invest. If innovation and efficiencies cannot counter EDBs' funding needs, then it is prudent to prioritise incentives to invest and provide services at a quality that reflects consumer demands.

3. Answers to the Commission's Questions

3.1. Reopener process

Would our proposed updated reopener process address any concerns you may have on the current perceived lack of clarity in the reopeners?

18. In general, we consider that the Commission's proposed updated reopener process will increase process certainty for applicants. We have provided further suggestions for improvements at paragraph 25.

19. We consider that reprioritisation is an important consideration when facing additional investment pressures; however, reprioritisation may not be a realistic option for EDBs whose expenditures are largely aimed at asset renewals and replacement. Reprioritisation of asset renewals and replacement is likely to lead to public safety and reliability issues. Therefore, it's probably not valid to assume that, by leveraging reprioritisation, reopeners are most likely to be needed mid-to-end of the regulatory period.

20. We note that the Commission's proposed updated reopener process makes provisions for consumer consultation. We consider that this requirement should be tailored to the circumstances of the reopener event:

    20.1. Consultation may not be required in all cases. Consider a large electrification project where the consumer will pay all costs associated with the project through a non-standard line charge. The expenditure will still need to be capitalised into the regulatory asset base (RAB) and expenditure allowances will need to be adjusted to accommodate. However, because a non-standard line charge would be used to recover those costs, broader consumer consultation is not required, since the general consumer base will be shielded from the impact of the additional expenditure.

    20.2. Consumer consultation is time consuming. The time to prepare and approve consultation material, seek submissions, consider submissions, consider changes to the reopener proposal, and prepare consultation feedback is likely to take several months. Where a customer project drives the re-opener, customer expectations need to be managed, and this is easier if consultation requirements are well specified.

What do you think of our current thinking on updating the process steps for a reopener, broadly in line with the equivalent process under the Fibre IMs with relevant Part 4 reopener process additions?

21. We are not convinced that the reopener provisions of the fibre IMs represent a material improvement to the process. Our observation is that the fibre IM reopener provisions:

    – define a narrower range of events that might trigger reconsideration; and
    – lack the same process prescription as the electricity distribution IMs (we discuss process prescription improvements at paragraph 25, below).

As our current thinking is based largely on our review of the EDB reopeners, with reference to the Fibre reopener provisions, are there any significant variations to this process that we should consider for Gas or Transpower IMs?

22. Aurora considers that this question is best answered by gas pipeline businesses (GPBs) and Transpower; therefore, we offer no comment.

From a workability point of view, how significant is the overhead to produce information for a reopener application? Could suppliers repurpose or use existing business case justification information that they already produce internally for reopener applications?

23. Aurora expects that EDBs' internal process information and documentation would be available to some extent, and could be repurposed; however, that information may not be at the level of detail required by the Commission, owing to the manner in which governance processes within EDBs are undertaken – for example, a board workshop on a new project.

24. EDBs are likely to have different internal governance processes, and therefore it is equally likely that the amount of information that each EDB has for repurposing and incorporating within a reopener application will also vary.

We are making refinements to DPP reopener IMs to reduce ambiguity, improve clarity and consistency. Please provide examples of areas that could be improved in this respect.

25. Aurora considers that the clarity of the reopener process could be improved in a number of ways. The following improvements should be considered:

    25.1. Specify the information and evidence that must be included in a reopener application;

    25.2. Specify any assurance requirements (engineer's report, external verifier, etc.), including the terms of reference for any expert that the reopener applicant may be required to procure and furnish;

    25.3. Specify assessment timeframes (initial assessment, final decision, etc.). Aurora considers a decision within 3 months of a complete reopener application is appropriate;

    25.4. Specify the terms of reference and outputs required for any engagement, by the Commission, of an expert to assist in evaluating the reopener application; and

    25.5. Specify any costs that may be charged for evaluating reopener applications, including that those costs are recoverable costs.

3.2. REOPENER THRESHOLDS

Are the current reopener materiality thresholds still appropriate? If not, please explain why.

26. In its submission to the Commission's process and issues paper, Aurora noted that the materiality thresholds scaled according to EDB size, and ran counter to reasonable investor expectations:

> *"Both reopeners* [unforeseeable major capex projects (clause 4.5.5A) and foreseeable major capex projects (clause 4.5.5.B)] *require the forecast value of commissioned assets for the reopener project or programme to exceed either 1% of the EDB's forecast net allowable revenue for the DPP period the assets will be commissioned in, or $2 million. For DPP3, this presented a situation where most (10 of 15) EDBs would be able to reopen their DPP for project values under $2 million, with the lowest threshold being $286,000. This represents a threshold that is scaled according to EDB size and is unreasonable – for an equivalent level of investment, an investor in a large EDB must wait for up to 5 years to be compensated for its investment, while an investor in a small EDB can be compensated much earlier through the reopener mechanism. It is reasonable to presume, dollar for dollar, that an investor's expectations regarding investment compensation do not vary according to the size of the business they invest in. Aurora considers that the reopener thresholds could be improved by removing the scaled element and setting a lower uniform threshold of (say) $0.5 million."*[7]

27. The upper threshold ($30 million) for both foreseeable and unforeseeable capex projects appears reasonable; however, the Commission should consider whether those thresholds remain suitable if its preference is to use reopeners in preference to a single issue CPP.

Some submissions on our Process and Issues paper raised that the cost of more than one project should be able to be considered to meet the lower DPP reopener threshold level. Our current thinking is that projects should only be considered for a cumulative application if each project is substantive, and the projects are part of the same programme or relate to the same scenario. What are your views on this?

Can you please provide examples of:

- *where you would have applied for a reopener, if projects could have been considered together?*
- *potential future situations where you think you might have a number of projects, the combined cost of which will meet the current threshold?*

28. Aurora is currently subject to a CPP, and is therefore not constrained by the limitations of the current DPP reopener mechanisms. Aurora's CPP contains 'capacity event' and 'risk event' reopeners[8], under a Deed of Variation to the IMs, which allows aggregation of projects, similar to the treatment of the same events in the

7 Aurora Energy Limited. (2022). Submission - Commerce Commission Part 4 Input Methodologies Review 2022: Process and Issues Paper Paragraph 69.1, p16.

8 Commerce Commission. (2021). Aurora Energy Limited Electricity Distribution Customised Price-Quality Path Determination 2021. Schedule 12, p72.

GPB IMs[9,10]. We are considering pursuing a 'capacity event' reopener due to a sustained increase in consumer connections and associated network growth above that which was allowed in our CPP.

29. Aurora considers that, in the context of decarbonisation, reinforcement and upgrading of low voltage circuits to accommodate DER is an area where the cumulative value of multiple projects could be material. With low voltage circuits historically designed around a relatively low after-diversity maximum demand (ADMD), the number of these projects could be significant. In the absence of a workable aggregated reopener mechanism, EDBs' options are limited and are likely to involve constraining DER use (narrow EV charging times, generation export curtailment, etc.) until at least the next regulatory period when funding may be made available.

3.3. Type and extent of reopeners

Could you please provide feedback on our initial assessment of coverage provided by our existing DPP reopeners of the scenarios from submissions on the Process and Issues paper?

30. The reopener coverage scenarios seems to be comprehensive and appropriately mapped. Our specific comments on individual scenarios are noted below:

    30.1. General uncertainty. We do not consider that general uncertainty is a genuine reopener scenario. While we can see that uncertainty is an aggravating factor across a range of scenarios, it does not require treatment in isolation. Uncertainty will generally be exhibited in expenditure forecasting, leading to potentially inadequate expenditure allowances, with reopeners targeted at correcting those inadequacies for specific expenditure categories.

    30.2. Greater use of digitalisation and data. We generally consider that this is foreseeable expenditure, which is likely to increase over time. The key is appropriate forecasting and, given the likelihood for greater use of digitalisation and data to drive opex, the Commission's 'step' and 'trend' forecasting processes should be responsive to this.

    30.3. Increased expenditure on disaster readiness. We also consider that this is likely to be foreseeable, but expenditure growth may be greater than other opex growth, and therefore the Commission's 'step' and 'trend' forecasting processes needs to be responsive to this.

    30.4. Cybersecurity costs. While, under most circumstances, this should be foreseeable, it is a fast moving arena where new threats can emerge at short notice, and can be expensive to counter. The relatively short timeline over which new threats may emerge makes cybersecurity costs a reasonable candidate for a new reopener category.

    30.5. Flexibility services. While flexibility services is shown as a separate theme, we note that flexibility is linked to demand growth, which is currently limited to capex (unforeseeable & foreseeable major

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9 Commerce Commission. (2022). Gas Distribution Services Input Methodologies Amendment Determination (No.2) 2022

10 Commerce Commission. (2022). Gas Transmission Services Input Methodologies Amendment Determination (No.2) 2022.

capex reopeners). Flexibility services and other non-traditional solutions are invariably opex solutions, and require a new reopener category.

30.6. Legislative change affecting the supply chain. We agree that legislative changes affecting upstream suppliers (EDB input costs) should be included as a reopener. This might be appropriate as a 'whole of sector' (general) reopener.

What are the electrification scenarios that you consider need to be accounted for in DPP reopeners, and why?

31. We consider the following electrification scenarios need to be accommodated for in reopener mechanisms:

31.1. Additional capex to accommodate:

- consumer connections. Greater connection activity can be expected, especially in large connections, as industrial process heat conversions occur. As we discussed in paragraph 20, above, consumers may prefer to pay for the cost of electrification through non-standard line charges, rather than an up-front capital contributions, which will have an impact on expenditure allowances as the new or upgraded assets supporting the conversion processes are capitalised into the RAB.
- Large distributed generation. It is expected that electrification will drive a need for further supply-side investment. As for connections, generation customers may have a preference for how they pay for EDBs' investments that could affect expenditure allowances.
- System growth. Increased system growth expenditure is likely to be driven by:
  - congestion on low voltage networks, affecting DER;
  - hosting capacity for large distributed generation; and
  - increased demand on high voltage circuits from industrial process heat conversions

31.2. Additional opex to accommodate deferral of capital investment in system growth, as flexibility services become an additional, reliable demand management tool.

Process and issues paper submissions suggested that new or expanded reopeners may be needed to address the higher levels of general uncertainty anticipated. Please provide specific examples of scenarios to enable us to assess coverage provided by our current reopeners.

32. Aurora considers that uncertainty exists not so much in what will need to be done to electrify the economy, but in where and when. As such, and as noted at paragraph 30, above, the type of reopeners that are likely to be required seems reasonably well understood, with only a few gaps. What is essential, is that those reopeners are effective, efficient and timely.

33. As noted above, an expanded reopener may be required to accommodate the aggregate impact of multiple projects; for example, low voltage reinforcement as DER clustering creates network impacts that would otherwise require the operation of DER to be constrained.

34. The 'capacity event' reopener introduced to the IMs for GPBs (and Aurora's CPP) is likely to be suitable. The 'risk event' reopener in those determinations should also be considered, as DER clustering may also give rise

to safety issues that will need to be remediated (non-compliance with engineering parameters specified in the Electricity (Safety) Regulations 2010).

Is expenditure relating to disaster readiness, cyber security, greater use of digitalisation and data able to be foreseen and is it within the control of suppliers? If not, please explain.

35. We noted our views, at paragraph 30, that digitalisation/data expenditure and disaster readiness expenditure should be foreseeable and appropriately planned for, but that those largely operational expenditures may grow faster than other non-network opex, and that the Commission's forecasting approach (the 'step' and 'trend' elements) would need to be responsive to that growth need.

36. Cybersecurity is a fast moving arena, and potentially expensive counter-measures to unforeseen threats could be anticipated within the regulatory period. Therefore, cybersecurity is a candidate for a new reopener, in our view.

We are reviewing whether DPP reopeners should provide more scope for opex, for example:

- *there may be scenarios where an opex solution might be more cost-effective than a capex solution*
- *opex that is consequential to capex*

Can you tell us about any other scenarios which might be appropriate for opex to be included in DPP reopeners?

37. Aurora agrees that the DPP reopeners should be expanded to accommodate opex, for the reasons stated in the question. Adjustments to opex allowances should not remain unavailable simply because it's fast money and immediately impacts prices. EDBs should not just be required to absorb legitimate additional opex costs until the end of the regulatory period (and face the inevitable IRIS penalties in the next period), especially when that opex is more efficient that the capex counterfactual.

38. This links to the 'base-step-trend' approach to forecasting opex where, because there is currently no capability to reopen opex costs, positive steps (increases) tend to be ignored and growth in base year expenditure is relied upon instead. We note that this approach compromises the integrity of the opex IRIS, as it creates a bias toward overspending as new operational costs arise.

3.4. Other in-period adjustment mechanisms

Can you identify circumstances in which suppliers might want to make use of a potential DPP contingent project reopener? Please explain why the current reopeners are not suitable in those circumstances.

39. We consider that the current reopeners, along with the small number of identified new reopeners, could achieve the same outcome as a contingent project reopener; however, the value of a contingent project reopener is that the scope of the project (and attendant detail) is included in the AMP, and that the reopener only deals to uncertain timing.

Which scenarios could we consider including under a DPP wash-up mechanism, and why?

40. Aurora considers that washup mechanisms may be useful where investment requirements are dictated by third parties. For example, EDBs' have little control over asset relocations, or the location and timing of new connections. A washup allowance could cater for those types of investment (although, in most cases, capital contributions will limit the impact).

Do you consider that there may be value in us considering a range of in-period adjustment mechanisms, eg, reopeners used for larger suppliers and as part of the DPP, use-it-or-lose-it allowances for smaller suppliers, and if so, why?

41. Aurora is unclear on the rationale for this proposal. There are arguments that can be made for and against.

42. On one hand, larger EDBs have more capacity to absorb the costs of preparing a reopener application, but on the other, all else being equal, a reopener project has a greater consumer price impact for small EDBs owing to scale effects. Counterintuitively, this greater consumer impact suggests that deeper scrutiny of the smaller EDB's reopener may be required, rather than a 'free-pass', contingency allowance.

Can you identify any other potential in-period adjustment mechanisms which you think we should consider? What situations would this cover, which are not covered by current reopeners or other mechanisms we are considering as outlined in questions D1-D3?

43. We have not identified any additional or alternative in-period adjustment mechanisms. We consider that reopeners and, potentially, contingent projects are likely to be the most workable adjustment mechanisms, and that the Commission's main focus should be on ensuring that the underlying processes are effective, efficient, and timely.

3.5. CPP MECHANISMS

What are the barriers or challenges of applying for a CPP?

44. CPPs are suited to situations where a business needs to make a broad step-change in its base expenditures and reset to a 'new normal'. They are less suitable to adjusting allowances across a limited number of expenditure categories.

45. We outlined the challenges of applying for a CPP in our submission to the Commission's process and issues paper:

> *"CPP applications require significant time and resources to prepare and submit. Preparation, verification, and audit can be expected to take a minimum of 12-18 months and cost, literally, several million dollars (some of which, only, is recoverable). A further nine months is consumed in the Commission's assessment of a CPP proposal before a decision is made, and additional timing constraints exist under the Act, where by an EDB cannot submit a CPP proposal within the 12 months before a DPP reset . Our observation is that assessment of a CPP proposal is also a*

considerable drain on the Commission's resources. CPPs are not a flexible, adaptive or responsive mechanism."[11]

46. Aurora considers that the cost of the CPP process could become prohibitive for smaller EDBs. Table 1, below, shows the relative costs of audit, verification and Commission assessment of Powerco's CPP and Aurora's CPP. The Powerco and Aurora CPPs are good comparators, since they are relatively recent, 'full'[12] CPP applications.

47. While the issues underpinning each CPP are different and may give rise to variations in the level of scrutiny applied, with different levels of scrutiny altering the costs of audit, verification and assessment to some degree, the analysis indicates that it is the size of the EDB that predominantly drives consumer impact.

Table 1: Relative cost per ICP of CPP scrutiny and assessment

Activity	Powerco	Aurora
Audit	$375,314	$350,921
Verification	$369,286	$677,923
Commission assessment	$1,300,000[13]	$1,500,000[14]
Total	**$2,044,600**	**$2,528,844**
ICP count[15]	337,135	92,096
Cost per ICP	**$6.06**	**$27.46**

How do you view the effectiveness of the modification and exemption provisions in the current CPP IMs?

48. Aurora's experience is that the modification and exemption (M&E) process is useful, although candidate M&Es can be difficult to identify in advance. Potential M&Es can sometimes be identified too late in the preparation of the CPP proposal (for example, during final compliance checking) to allow for their approval, meaning the that the IM clause that could otherwise be amended or avoided has to be complied with.

49. It is useful that the process is not restricted to the CPP applicant, and that the Commission is also able to propose M&Es. In Aurora's case, a Commission proposed M&E led to Aurora's customised 'capacity event' and 'risk event' reopeners, in the face of electricity demand and property development uncertainty due to the Covid-19 pandemic.

11 Ibid. Paragraph 65, p15.

12 As opposed to Wellington Electricity's single-issue CPP.

13 Powerco Limited. (2018). Powerco Electricity Distribution Customised Price-Quality Path, Annual Price-Setting Compliance Statement, 2019 Assessment Period (1/4/2018 – 31/3/2019). Table 5, p9

14 Aurora Energy Limited. (2021). Annual Price-setting Compliance Statement, 1 April 2021. Table 6, p10.

15 ICP numbers reported in information disclosure for the disclosure year in which the CPP was determined (Powerco - 2018, Aurora – 2021).

Keeping in mind the need for: (1) scrutiny of expenditure for large step-changes in investment associated with CPPs, (2) transparency of information, and (3) ability to consult for interested parties e.g., consumers:

- *How might the current CPP IMs be refined to better promote the overarching objectives of the IM Review?*
- *Are there information or application requirements that you consider are not needed for the regime? If so, which ones are they, and why?*

50. The costs of preparing a CPP can be lowered by standardising wherever possible. It may be useful to consider including a template Tripartite Deed (Verifier) as a schedule to the IMs. Some realities associated with seeking a CPP are not obvious to applicants before they commence the process, including expectations regarding:

- Commission liaison and Commission site visits; and
- early engagement of the verifier and ongoing pre-verification meetings.

These are key matters that are generally set out in the Tripartite Deed, and so having a template available would provide greater transparency.

51. Aurora considers that the CPP IMs should be amended to provide some prescription around the Commission's use of experts when assessing CPP applications. Aurora considers that this would help to avoid misunderstandings as to purpose and expected outputs. This should include:

- A templated terms of reference; and
- A requirement to produce a report for public disclosure (or at least to the CPP applicant).

52. It may also be useful for the Commission to provide applicant guidance on the following matters, in order to set expectations for assessment:

- Specific requirements for consultation, and a description of 'good' or 'best' practice. This might entail endorsing a framework such as the IAP2 'Spectrum of Public Participation'[16] used by Aurora in its CPP consultation, or some other framework ; and
- Specific requirements for price impact modelling, including replication of the EDBs' pricing methodology, inclusion of tax impacts[17] and whether price impacts should be expressed as real or nominal[18].

If you hold a view that our current suite of DPP reopeners does not fulfil a similar purpose as a single-issue CPP, please explain why, and provide examples of scenarios that would not be covered by existing DPP reopeners.

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16 Available from the International Association for Public Paritipation website: https://www.iap2.org/

17 Aurora was criticised for not including GST impact is its price modelling. While we accept that criticism (despite the fact that we were clear about the GST treatment), we also note that affordability driven by tax impacts is a matter best addressed by Central Government.

18 Aurora was criticised for presenting its price impact modelling in real terms. We continue to reject that criticism. As we noted in our submission on the Commission's draft decision on our CPP, "price shock is caused by real price increases not nominal increases".

53. Aurora agrees that reopener provisions should be able to accommodate events that would otherwise give rise to a single issue CPP