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Submission on Targeted Information Disclosure Review – Draft Decision

To the Commerce Commission

From the Electricity Networks Association

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1. Introduction

The Electricity Networks Association (**ENA**) appreciates the opportunity to make a submission to the Commerce Commission (the Commission) on its draft decision on tranche 1 of the targeted information disclosures (ID) review for electricity distribution businesses (EDBs). This submission is on behalf of ENA's members (listed in appendix B to this submission), the EDBs of New Zealand.

EDBs will play a critical role in supporting and enabling the decarbonisation and electrification of the New Zealand economy, as the country responds to the challenges posed by climate change.

2. Executive summary

ENA and its members are pleased to see the Commission has listened to stakeholders, stepping back from many of the complex quantitative measures proposed in its process and issues paper. Instead, the Commission has chosen to focus instead on narrative reporting on key forward-looking issues that will be critical in the delivery of long-term benefits to consumers.

The ENA in its response to the process and issues paper supported the purpose and intent of many of the Commission's proposed amendments. ENA retains its in-principle support for those same amendments, where they have been incorporated into the draft decision.

ENA and its members are encouraged to see the Commission has adopted many of the recommendations put forward by the ENA. In particular, the ENA is pleased to see the Commission, in its first tranche of changes, has opted to advance many of its amendments through the use of narrative disclosure requirements rather than quantitative measures within the ID templates.

The purpose of ID is to ensure that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 of the Commerce Act is being met. ENA is therefore disappointed the Commission has disregarded many of the straightforward changes, as put forward by the ENA and its information disclosure working group, which would improve the effectiveness of the ID in achieving its purpose and remove superfluous requirements.

The draft decision imposes several new or amended disclosure obligations that start in the reporting year 1 April 2022–31 March 2023, and which are required to be included in EDBs' disclosures due 31 August 2023. The ENA is concerned the Commission has decided to apply these new reporting obligations retrospectively.

Retrospective regulation should be avoided and may be subject to Parliamentary review under Standing Orders (327(2)(g)). EDBs are simply unable to retrospectively report data that does not exist. ENA recommends any amendments to introduce quantitative disclosure requirements are not introduced before the reporting year starting 1 April 2023.

The Commission's draft decision is silent on the auditing and director certification requirements for the proposed amendments. Clarifying these requirements for each amendment would help EDBs minimise the additional costs to consumers from providing the information.

If the Commission intends to subject the additional reporting to audit and director certification, a two-year audit moratorium period should apply, and a data quality score assigned to each metric by EDBs.

Asset management plans (AMPs) are formal instruments that are subject to director certification. In its draft decision, the Commission has proposed to allow EDBs to report on a number of narrative IDs via standalone documents. The certification requirements for these standalone reporting documents are unclear. The ENA requests the Commission clarify the certification requirements for any standalone reporting documents.

ENA notes the Commission has not published or conducted, to our knowledge, any actual customer engagement on the dimensions of service quality that matter most to customers. ENA strongly encourage the Commission to engage with customers on what matters to them in terms of EDB service quality.

By comparison, ENA has engaged with consumers directly to ascertain their views on the most important measures of EDB service quality via our Consumer Reference Panel (CRP). The CRP was asked to rank potential service quality measures by what matters most to consumers. Customers ranked satisfaction with the new connections process and with the timeliness of the new connections as the two least important measures of service quality.

ENA supports the intent behind a quantitative metric (Q3) on the time to connect. It is an important touchpoint for many customers. Because there are many factors that influence the connection process, we would like to work with the Commission to explore and define what a meaningful and actionable metric is. ENA has proposed alternative drafting for this amendment below.

3. ENA supports the Commission's key focus areas

ENA members support the Commission's focus on the key areas of quality of service, decarbonisation and asset management. These focus areas are at the core of EDBs' delivery of distribution services to consumers now and in the future. Our assets, and the services they enable, are fundamental to society's way of life and future prosperity in the face of the changing climate. We also support the focus on the alignment of IDs with other regulatory rules.

4. Tranches and timing

We support the Commission adopting a two-tranche approach to the ID review. ENA's view of the appropriate make-up of Tranche 1 is discussed in section five.

Timing of ID changes made in this draft decision

The timeline for implementing the narrative reporting components within Tranche 1 are broadly achievable. However, the timelines for reporting on the retrospective quantitative measures proposed by the Commission are unachievable and pose insurmountable challenges for EDBs. To achieve the draft decision's reporting timelines, EDBs would need to have established methods, systems and processes for capturing and reporting the disclosure data to the standard required to meet audit obligations before the start of the current reporting year (1 April 2022). It is also vital that, going forward, EDBs be allowed to assign a data quality score to any new quantitative measures and that audit requirements be phased in.

ENA recommends new disclosures be subject to a 'limited assurance' review instead of a 'reasonable assurance' review until EDBs have comparable information to ensure data quality is reliable.

The ENA is of the view the Commission should give greater consideration to the interaction between the ID and IM reviews. The draft decision is repeating the issues of the past when, four years on from the Commission's final DPP3 decision, the IDs still contain vestiges of the IRIS regime from DPP2, with no steps to resolve these.

Tranche 2

The submission responds directly to the Commission's draft decision on Tranche 1 amendments. ENA looks forward to further engagement with the Commission on the Tranche 2 amendments in due course.

5. Proposed changes to IDs

In assessing any changes to the IDs, there is one core question the Commission must keep front of mind whether the proposed change would deliver a net benefit when the cost of collation, audit and reporting is compared with benefits in achieving the purpose of Part 4.

Before introducing any new ID requirement, or the greater disaggregation of existing requirements, the cost, resources (financial and human) and systems required for their implementation must be fully considered. Their introduction should also be phased to reflect the requisite transition from the systems and data of today to where the industry will be in five years.

In its draft decision, the Commission has overlooked the scale of the systems and data sets needed for EDBs to collate and report the proposed quantitative metrics. In many cases, these require EDBs to retrospectively report on metrics such as connection times, SAIFI and SAIDI.

ENA believes the drafting of the proposed disclosure on connection times (Q3) is ill-defined and risks putting EDBs in the untenable position of facing qualified or non-compliant audits due to differing interpretations and business models. As many factors influence the connection process, we would like to work with the Commission to explore and define what a meaningful and actionable metric is. ENA has put forward alternate drafting below.

The ID requirements cover both exempt and non-exempt EDBs. For non-exempt EDBs, any expenditure on systems and processes for capturing and reporting the new disclosures set out in the draft decision are not covered by funding allowances under DPP3.

In its draft decision, the Commission has missed the opportunity to provide clearer guidance and direction on existing IDs, which would deliver more in the way of benefits to consumers compared to the proposed new measures.

When it comes to the ID, the devil is in the detail. Some of the proposed amendments do not have the requisite detail to enable EDBs to implement them consistently. The sector is keen to work with the Commission to ensure any new or amended reporting requirements are precise, implementable and have robust definitions.

Independent audit and director sign-off requirements for IDs set an extremely high bar for accuracy. Where the Commission’s proposed amendments create new reporting obligations, it should provide a two-year moratorium on independent audit requirements to give EDBs time to understand, thoroughly test and implement the requirements.

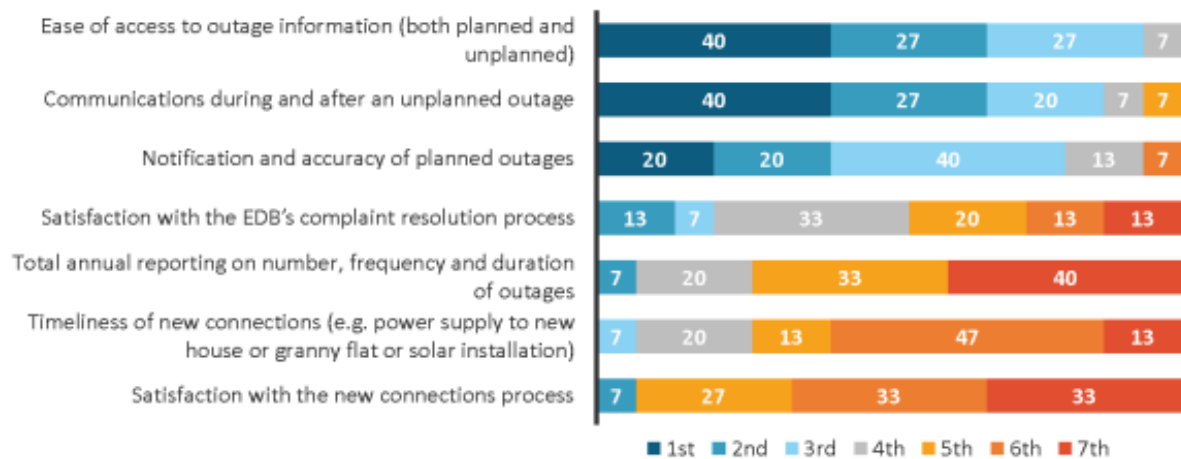
5.1. Quality of service

ENA members are committed to delivering their lines services to the level desired by their communities and customers.

EDBs agree that dimensions of quality other than SAIDI and SAIFI are important to customers, including customer service and customer communication. For most customers, direct interactions with their EDB are rare and typically limited to new connection applications (including DER installation), upgrades and responding to outages.

The ENA actively seek the views of consumers and their representatives via its Customer Reference Panel (CRP). In June 2022, the ENA asked the CRP what measures of service quality mattered most. The table below shows how customers ranked quality of service measures.

Chart 1: Customer Ranking of Quality-of-Service Measures



ENA supports the intent of the Commission’s proposed quality of service ID amendments but believes there is insufficient detail and lead-time to introduce some of the quantitative measures proposed, primarily Q3. To deliver the data on the proposed timeline, EDBs would need to have in place the requisite systems and data sets before 1 April 2022.

Amendment Q1 – expand ID requirements related to how much notice of planned interruptions is given to consumers, including planned interruptions that are booked but not carried out.

Proposed amendment

Require EDBs to disclose the following information in a new Schedule 10(vi) of the electricity distribution information disclosures:

- *the number of planned interruptions that were cancelled with short notice, i.e., including those cancelled without notice; and*
- *the number of unplanned interruptions that the EDB intentionally initiated to carry out work on its network that did not directly relate to a fault, eg, planned interruptions that are recorded as unplanned because they are not properly notified.*
- *the proportion of planned interruptions proceeding on date notified and completed within the notified interruption window.*

EDB to describe how it provides notice and communicates planned and unplanned interruptions, including any plans for changes.

ENA view

ENA supports the proposed introduction of measures, via Schedule 10, related to planned outage notifications and the on-time proportion of planned outages. The CRP ranked this measure as the most important, demonstrating its value in meeting the objectives of Part 4.

EDBs issue notifications of planned outages to retailers via EIEP5A. These include the notification of an alternative outage date. The drafting of the amendment to implement amendment Q1 should clarify if the use of the alternative date would constitute proceeding on schedule.

The cancellation of planned works often occurs due to factors outside EDBs' control (i.e. severe weather). The amendment should provide the opportunity for EDBs to assign a cause for a planned outage not proceeding as notified.

Drafting/implementation comments

There is no specific drafting in the draft determination to give effect to Schedule 10(vii). The ID spreadsheet wording "Proportion of planned interruptions proceeding on time" appears to refer only to the start time, not the completion time. The text in the templates should reflect the definition set out on page 224 of the draft determination.

The existing IDs contain drafting and definitions on cancelled planned outages that apply to Aurora specifically (i.e. planned interruption cancelled with notice). It is unclear if these definitions are intended to apply more broadly to the new metrics (i.e. planned interruption cancelled with/without notice). The drafting on page 224 of the draft determination provides some coherence. However, the Commission should be explicit where there are intentional definitional differences between Aurora and all other EDBs.

Amendment Q2 – add ID requirements on power quality

Proposed amendment

Requires EDBs to describe their practices for monitoring voltage quality (including any plans for improvements) including:

- *what the EDB is doing to develop and improve practices for monitoring voltage quality on its LV network;*

- *work it is doing on their LV network to address any non-compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010;*
- *how it is responding to voltage quality issues when they are identified; and*
- *communicating the work it is doing on voltage quality on its LV network to affected consumers.*

ENA view

ENA supports the proposed introduction of reporting on voltage quality within the AMPs.

Amendment Q3 – add ID requirements on time taken to set up new connections.

Proposed amendment

Require EDBs to disclose the following information in Schedule 9e(i):

- *average time taken to give a quote for a new ICP;*
- *average time taken to make a new ICP;*
- *average time taken to give a quote for alterations to be made to an existing ICP; and*
- *average time taken to make alterations to an existing ICP.*

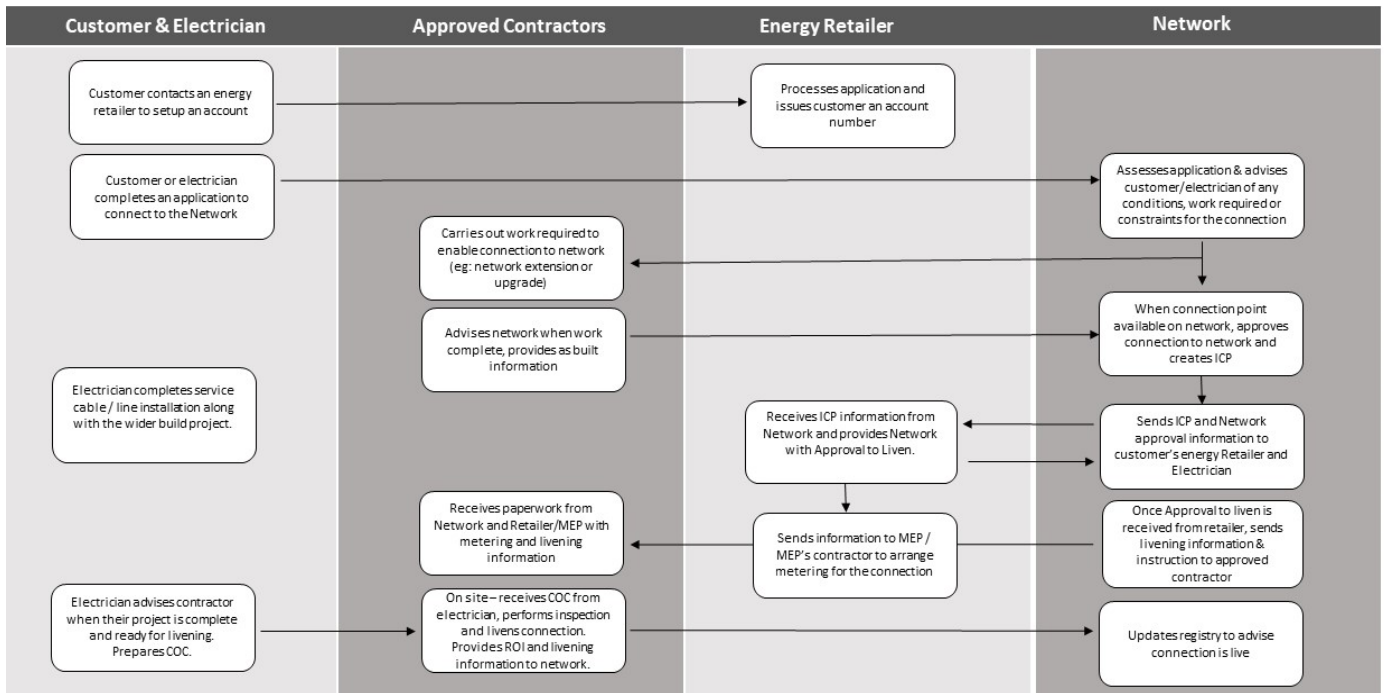
Require EDBs to describe their customer connection practices, including:

- *the EDB's approach to planning and management of new or altered connections (load and injection connections);*
- *how the EDB is seeking to minimise the cost of new or altered connections for consumers; and*
- *the EDB's approach to planning and managing communication with consumers about new or altered connections*

ENA view

The connections process is complex, involves many interactions with consumers, and contains numerous hold points where action by consumers and their agents is necessary before progressing. The complexity of this process is illustrated by the diagram below, which maps an ENA member's process for a simple connection (<100amp).

Chart 2: Process diagram for a new simple connection



ENA supports the intent of the Commission’s draft decision to include a metric that captures the customer experience of the new connection process. However, as highlighted in the ENA response to the process and issues paper, the use of time-based metrics is problematic and requires complex clock-stopping mechanisms. Therefore it is suited to, at most, simple connections.

The ENA’s CRP ranked timeliness with new connections as the least important measure of the quality of service, noting it was “Not that useful or understandable; lacking benchmark for timeliness, low consumer experience of the connection process, multiple players involved in the connection process”.

By overlooking the ENA’s recommendation, the Commission has developed metrics that are impractical, extremely difficult to implement, and that deliver little to support comparability and achievement of the objectives of Part 4.

In its draft decision, the Commission stated that EDBs are “ultimately responsible for the process from start to finish”.¹ This view is fundamentally incorrect. EDBs are not responsible for the electrical connection of an ICP (refer to *livening* in the process diagram above) and do not issue certificates of compliance.

The Electricity Industry Participation Code also makes timing of new connections a shared responsibility between EDBs, traders and MEPS, but customers and their contractors have a fundamental role to play in the connection process. The actions or inactions of connectors and their contractors are a key determinant of the time to connect.

An additional factor that greatly limits the usefulness of any quantitative time to connect metric – in achieving the objectives of the IDs – is the range of different connection models EDBs have adopted. These include EDBs

¹ Targeted Information Disclosure Review – Electricity Distribution Businesses Draft decisions paper – Tranche 1 Paragraph 4.49

use of their own staff to perform the connection, outsourcing of the connection, and full competition in connection services.

ENA is eager to work with the Commission to build its understanding of the practicalities of the connection process and develop alternative drafting that delivers the amendment's intent.

The Commission's proposal to require EDBs to publish descriptions of their customer connection practices is supported by the ENA.

Drafting/implementation comments

The timeline for implementing the quantitative metric is unachievable and requires retrospective data. At a minimum, the implementation of any quantitative metrics should only occur after the completion of the reporting year starting 1 April 2023.

The Commission's proposed measures go beyond simple connection types. While the proposal to allow EDBs to disaggregate metrics by customer types allows EDBs to reflect their own practices, it increases complexity and significantly reduces comparability, both between years (due to the make-up of connection applications) and between EDBs (due to different classifications).

Reporting should be limited to simple connections and ENA recommends it should only cover connections less than 100-amps.

The starting point for the time to connect metric should be payment of the connection fee/quote and the site made ready by the customer. The endpoint should be the ICP being recorded in the registry as "ready". Although this is likely to include factors outside the EDB's control, it is a clear and consistent end point.

Other changes that ENA suggests the Commission consider limit reporting to simple connections where the point of supply is available and the inclusion of additional clock-stopping mechanisms.

The time to provide a quote should only start once a customer has provided all the information the EDB has requested.

ENA proposed drafting

Time taken to quote new connections and alterations to existing connections means the time taken for an EDB to provide a quote for the physical works for a new connection, or an alteration to an existing connection, beginning with the EDB's receipt of the customer request and **all required information** and ending with the customer's receipt of the EDB's quote.

Time taken to install new **low voltage** connections **less than 100 amps**, and alterations to existing low voltage connections **less than 100 amps**, means the time taken for an EDB to install a new ICP or alter an existing ICP beginning with the latter of the customer's **payment of the connection fee or acceptance of quote agreement** ~~to the proposed design and quote, payment of any required upfront payment by the customer,~~ and readying of the site by the customer, and ending ~~with the receipt of the certificate of compliance for new connections~~ **when the ICP is made ready for electrification by the customer and the ICP has been recorded in the registry as "ready"** for new connections or power restoration to the customer's ICP for alterations.

Amendment Q4 – add ID requirements on customer service, eg, customer complaints.

Proposed amendment

Require EDBs to describe their current Customer service practices including:

- *the EDB’s customer engagement protocols and customer service*
- *measures – including customer satisfaction with the EDB’s supply of electricity distribution services; and*
- *the EDB’s approach to planning and managing customer complaint resolution.;*

ENA view

ENA supports the proposed introduction of narrative reporting on customer service practices.

Amendment Q5 – add ID requirements on information about customer charters and guaranteed service level (customer compensation) schemes, eg, information about existing schemes

Proposed Amendment

Require that EDBs maintain up to date copies of

- *the following on their website:*
- *the EDB’s existing customer charters including guaranteed service levels, if any; and*
- *information about existing customer compensation schemes (if any)that it has in place.*

ENA view

ENA notes the Commission has adopted the ENA’s recommendation in its response to the process and issues paper. Therefore, ENA supports the proposed publication requirement.

Amendment Q11 – refine ID requirements on interruptions by clarifying definitions to ensure successive interruptions are recorded consistently

Proposed amendment

Modify the definition of SAIFI and SAIDI values to ensure EDBs record successive interruptions as an additional SAIFI value or SAIDI value if restoration of supply occurs for longer than one minute.

Introduce a transitional reporting requirement in Schedule 10(i), for the 2023 and 2024 disclosure years, where EDBs that do not currently record their SAIFI and SAIDI values using the 'multi-count' approach continue to record their SAIFI and SAIDI values on the same basis that they employed as at 31 March 2022.

ENA view

ENA supports the proposed clarification. However, the ENA recommends the Commission be explicit on how it intends to use the metric for setting performance targets as part of future price-quality path determinations, as there is a risk of misalignment between the ID and price-quality path determinations.

Schedule 10 SAIFI and SAIDI reporting is subject to independent auditing requirements. Given this amendment gives rise to a new data set, the ENA recommends the Commission exclude this metric from the audit requirements for a two-year period and require EDBs to provide a data quality/accuracy score for each metric.

Amendment Q13 – refine ID requirements on third-party interference interruptions by breaking down into more specific categories, such as vehicle damage, “dig in”, overhead contact, and vandalism.

Proposed amendment

Require EDBs to break down reporting of interruptions caused by third-party interference in Schedule 10(ii) to include commonly occurring interruptions resulting from external contractors or members of the public. The reporting categories include:

- *'Dig-In': means any unintended damage to any underground network asset caused by a third party.*
- *Overhead Contact: means any form of unintended damage to any above ground network asset caused by contact that is not related to vegetation, animals, or ground vehicles.*
- *Vandalism: means any unintended destruction of, or damage to, any network asset.*
- *Vehicle Damage: means any unintended damage to any network asset caused by a ground vehicle.*
- *Other*

ENA view

ENA agrees there is value in reporting the causes of third-party interference as this is a significant driver of SAIDI and SAIFI.

ENA notes that the definition of Vandalism refers to “unintended’ destruction or damage. Vandalism by its nature is an intentional act, the ENA recommends the definition of Vandalism be amended to “Vandalism: means any intentional destruction of, or damage to, any network asset.”

The Commission proposes to require EDBs to report this data for the 2023 disclosure year. This disclosure year is already underway. As noted on page 3, introducing reporting requirements retrospectively is undesirable. It is not possible for EDBs to meet the reporting timeline the Commission has proposed as the collection reporting systems required to record this information to an auditable standard simply are not yet in place.

ENA recommends reporting on the disaggregation of third-party interference starts no sooner than the 2024 disclosure year.

Schedule 10 is subject to auditing requirements. Given this amendment gives rise to a new data set, the ENA recommends that the Commission excludes this metric from the audit requirements for a two-year period, and require EDBs to provide a data quality/accuracy score for each metric.

5.2. Decarbonisation

ENA supports the Commission's focus on decarbonisation. EDBs are fully committed to New Zealand's decarbonisation efforts and see themselves as a vital enabler of further electrification of the economy.

EDBs are aware of the potential for electrification to change the way their networks are used, operated and maintained. They are investing in developing an understanding of the true scale and timing of these changes. In light of current uncertainty, EDBs are taking least regrets actions today to prepare for what lies ahead.

ENA and its members support the Commission's goal of improving the public disclosure of EDBs' commitment to innovation and facilitating decarbonisation.

AMPs are a key vehicle for EDBs to communicate their asset stewardship and operational frameworks. ENA supports the use of AMPs and/or standalone narrative reporting for decarbonisation issues.

Amendment D2 – add requirements on new network loads likely to have a significant impact on network operations or asset management priorities.

Proposed amendment

Require EDBs to disclose a description of:

- *how the EDB assesses the impact that new network loads will have on its network, including:*
 - *how the EDB measures the scale and impact of new network loads;*
 - *how the EDB takes the timing and uncertainty of new network loads into account; and*
 - *how the EDB takes other factors into account, eg the network location of new loads;*
and
 - *how the EDB assesses and manages the risk posed by uncertainty regarding new network loads.*

ENA view

ENA supports the reporting of new material loads in AMPs and/or standalone documents. As drafted, this disclosure applies only to new loads, not to new distributed generation. This is likely to have a similar, if not, larger impact on network operations or asset management priorities, especially for those EDBs without large fossil fuel loads with potential for conversion.

Amendment D4 – add reporting requirements on EDBs' innovation practices

Proposed amendment

Require EDBs to describe their innovation practices, including:

- *innovation practices the EDB has planned or undertaken since the last AMP was published, including case studies and trials;*
- *the basis on which the EDB makes decisions regarding innovation practices, including how the EDB decides to commence, adopt commercially and continue these practices;*
- *how the EDB's decision-making and innovation practices depend on the work of other companies, including other EDBs and providers of non-network solutions; and*
- *the types of information the EDB has to inform or enable innovation practices, and their approach to seeking that information.*

ENA view

ENA supports the reporting of innovation practices in AMPs and/or standalone documents. However, innovation is not a standalone, discrete part of EDBs, but is central to, and indivisible from, EDBs core business practices and processes.

5.3. Asset management

EDBs pride themselves rightfully on stewardship of their assets and ensuring their service delivery provides long-term benefits to the communities they serve.

EDBs are planning and investing to ensure their assets are maintained and replaced as appropriate. This includes using innovative and non-wire solutions when in the long-term interest of consumers.

Amendment AM6 – Amend the definition of 'overhead circuit requiring vegetation management'

Proposed amendment

Define 'overhead circuit requiring vegetation management' as those circuits around which vegetation falls within the 'notice zone' as defined in the Electricity (Hazards from Trees) Regulations 2003.

The amendment would be dependent on the definition from these regulations, meaning if the 'notice zone' distance definition changed, then the distance within which vegetation is deemed to be affecting overhead circuits in this amendment would also automatically change to align with the new 'notice zone' definition.

ENA view

ENA supports the attempt to clarify 'overhead circuit requiring vegetation management'. However, the use of 'notice zone' under the Hazards from Trees regulations will pose significant cost burdens on EDBs, particularly those with extensive networks.

To get an accurate value for overhead circuits requiring vegetation management, an EDB would need to inspect the whole network annually. This cost would be significant and outweigh the benefits of the metric.

Amendment AM7A/AM7B – improve lifecycle asset management planning provisions (vegetation, assumptions)

Proposed amendment

AM7A Information on vegetation management-related maintenance; and summary discussion of the modelling approaches used, assumptions used to inform the model used, and economic justifications that underpin the model used

AM7B The modelling approach, and rationale used to inform capital expenditure forecasts for their assets.

ENA view

ENA supports the introduction of AM7A as it provides EDBs with the opportunity to describe their vegetation management strategy in more detail and explain the complications of managing trees near overhead lines.

However, AM7B is not supported by the ENA, as it would require extensive additional reporting for little or no benefit for consumers in achieving the objectives of Part 4, as set out in section 52A(1). The ID regime is intended to be light-handed. This proposed disclosure goes far beyond ‘sufficient information’ as per section 53(a).

Amendment AM8A/AM8B – improve lifecycle asset management planning provisions (processes, forecast assumptions) and provide additional information on data and models

Proposed amendment

Amending clause 3.11 of Attachment A to require EDBs to provide a description of:

- *how asset management data informs the models that an EDB develops and uses to assess asset health; and*
- *how the outputs of these models are used in developing capital expenditure projections.*

Amending Part 12 of Attachment A to include a requirement that provide information regarding its consideration of non-network solutions to inform its expenditure projections, which must include:

- *the modelling of non-network solutions the EDB used to inform these expenditure projections; and*
- *the assumptions used to inform the modelling of non-network solutions.*

ENA view

ENA supports amendments AM8A and AM8B.

Amendment AM9 – add explanation and exploration of scenarios, in addition to providing a single point forecast in forecasting schedules

Proposed amendment

Retain the requirement for EDBs to release single point forecast estimates and create a place in Schedule 11a(i) and 11(b) for EDBs to voluntarily describe the options and considerations made in their assessment of forecasting scenarios.

ENA view

The decision to retain single-point forecasts is supported by ENA.

EDBs are likely to include scenario analysis in their AMPs, to explore and explain the impacts of decarbonisation on network use, and EDB expenditure under different demand scenarios.

Amendment AM10 – disconnections data

Proposed amendment

Require EDBs to disclose forecast and actual disconnections (in Schedules 9e(1) and 12C(1) of the electricity distribution information disclosures, respectively) for both individual connection points (ICPs) and distributed generation.

ENA view

ENA supports the inclusion of reporting on disconnections. However, the drafting of the ID to implement this needs to change as there is currently no definition of disconnection within the IDs.

ENA recommends the Electricity Industry Participation Code's definition of "decommissioned" be used for this disclosure within the ID, rather than introducing the new term "disconnection". This will ensure reporting captures only permanent removal of ICPs, rather than temporary disconnections for non-payment, vacant properties or construction works.

Amendment AM13 – require EDBs to make a confidential disclosure of operational expenditure on cybersecurity

Proposed amendment

Require EDBs to disclose to the Commission their actual and forecast cybersecurity operational expenditure in Schedule 6b(ii) and Schedule 11b respectively.

ENA view

ENA welcomes the Commission's adoption of its recommendation that cybersecurity be included in the ID as a standalone opex cost.

5.4. Aligning ID with other regulatory rules

Since the last review of the ID, there has been two DPPs, three CPPs (Aurora's CPP being the most recent) and an IM review. Each has resulted in amendments to IDs. A thorough clean-up of the IDs is required to ensure the ID and published schedules reflect current regulatory rules.

The ENA is disappointed the Commission has seen fit to include only one amendment in Tranche 1 to address the disconnect between the ID and the Commission's other regulatory rules.

Amendment A1 – changes to recoverable and pass-through costs definition

Proposed amendment

Updates to definitions of:

- 'pass-through cost' shall have the meaning as specified in clause 3.1.2(1) of the EDB IMs;
- 'recoverable cost' shall have the meaning as specified in clause 3.1.3(1) of the EDB IMs.

ENA view

ENA welcomes the consistent use of definitions for pass-through and recoverable costs.

5.5. Other changes to IDs

ENA and its information disclosure working group have carried out a comprehensive review of the IDs and identified changes required to remove inconsistencies and improve comparability.

ENA is disappointed the Commission has not taken the opportunity to make these simple and straightforward amendments as part of the Tranche 1 changes, as they improve delivery of the Part 4 objectives without unnecessary burden on EDBs.

ENA calls on the Commission to reconsider the inclusion of the changes below into the Tranche 1 amendments.

Reference	Issue	Recommendation
Schedule 10	The methodology for normalising unplanned interruptions for reporting in Schedule 10 is misaligned with the methodology for normalising unplanned interruptions within the price-quality framework.	<p>ENA members recommend the Commission:</p> <ul style="list-style-type: none"> (a) specify the same unplanned normalisation methodology for both ID, including attachment B and price-quality path compliance assessment (b) limit the major event day/major event calculations for unplanned SAIDI/SAIFI to just one set, instead of having two different sets for price quality and ID determination containing different boundary values (c) ID uses 2004–2009 to set boundary values. This is out of date. To align we suggest this data be updated every five years when new boundary values are set for non-exempt EDBs under the price-quality path resets.
Lease treatments Schedule 6(a)(i) and Schedule 4(iv)	The inclusion of IFRS16 leases creates an anomaly between the capital expenditure in row 20 of schedule 6(a)(i) and the roll forward of works under construction in row 70 of schedules 4(iv).	
Definition of 'subnetwork' and reporting of schedules 9a, 9b, 9c, 9e and 10 by subnetwork	There is a disconnect between the ID Determination and the Commission's 2012 final decision paper relating to the ID Determination. The Commission has recently expressed the view the commentary contained in clause 7.3 of the final decision paper means that, if different prices are applied across different regions, this constitutes a non-contiguous network.	<p>The ENA recommends the Commission:</p> <ul style="list-style-type: none"> (a) clarify in the ID Determination the definition of 'subnetwork' (b) remove the requirement to report Schedules 9a, 9b, 9c and 9e by subnetwork where those subnetworks are contiguous and have the same owner, irrespective of whether different prices are applied by the EDB.
Schedule 5a: Calculation of deferred tax balance	EDB input methodology clause 2.3.7 (1)(c) "in respect of each disclosure year after the disclosure year 2010, for assets for which there is no regulatory tax asset	The ENA recommends the Commission amend Schedule 5a to include a specific box in the calculation of deferred tax for adjustment arising from clause 2.3.7(1)(c).

	<p>value, the opening deferred tax balance under GAAP for those assets at the date when those assets were first commissioned.”</p> <p>In relation to the above clause, the adjustment is required to be included in regulatory deferred tax at the date the asset is commissioned and affects the closing deferred tax balance for that year.</p> <p>Schedule 5a (vi): Calculation of deferred tax balance has no specific box where this adjustment can be included. Currently, we are adjusting the opening deferred tax balance for the following year to comply with clause 2.3.7 (1)(c).</p>	
<p>Schedule 3(iii) — IRIS</p>	<p>The Incremental Rolling Incentive Scheme (IRIS) is based on the previous IMs IRIS disclosure.</p>	<p>The ENA recommends:</p> <ul style="list-style-type: none"> (a) updating ID Schedule 2(i) and 2(v) to include the IRIS amount which aligns with current IRIS Input Methodologies, and (b) removing the IRIS calculation in Schedule 3(iii) as it is no longer relevant, and the detailed calculation is provided in the Annual Compliance Statement. <p>EDBs are also seeking clarification on how operating leases (IFRS60 adoption timing) should be treated and whether adjustments are needed.</p>
<p>Clause 2.4.19(2)(b)</p>	<p>The requirement to publish pricing notifications in two separate editions of the local newspaper is outdated, inefficient and costly.</p>	<p>The ENA recommends this requirement be removed so that EDBs are required only to publicly disclose the information in clause 2.4.18.</p> <p>Rather than helping consumers understand their bills, publication of network charges in newspapers leads to confusion. This is because retailers are ultimately the entities that bundle network charges into their retail prices. We do not see consumers using information published in newspapers to understand their retail bills. Instead, it leads to confusion about why the numbers are different from their electricity retail bills.</p>

Clause 2.4.9–2.4.17	Clauses 2.4.9 to 2.4.17 requires publishing information in relation to part (a) of the definition of prescribed contract in the information disclosure determination. That is “(a) a contract under which the EDB supplies electricity lines services; ”	The ENA recommends removing part (a) from the definition of prescribed contract.
Schedule 3	Better alignment is needed between DPP measures and ID.	The ENA recommends aligning profit reporting to include DPP measures where relevant (for example, IRIS, QoS, capex wash-ups, wash-ups).
Clause 2.4.9–2.4.17	Clauses 2.4.9 to 2.4.17 requires the publishing of information in relation to part (a) of the definition of prescribed contract in the information disclosure determination. That is “(a) a contract under which the EDB supplies electricity lines services; ”	The ENA recommends removing part (a) from the definition of prescribed contract.
Schedule 9d: embedded networks	Lack of clarity on the basis for the number reported.	Suggest re-labelling the reporting requirement as the average number of ICPs served over the year.
AMP: Attachment A clause 3.8	Requirement is for all significant assumptions with detailed subclause requirements.	The ENA membership recommends limiting the requirement to ‘assumptions that led to material uncertainty’ or similar.

6. Contact

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Appendix B – ENA members

The Electricity Networks Association makes this submission with the support of its members, listed below.

Alpine Energy
Aurora Energy
Buller Electricity
Centralines
Counties Energy
Eastland Network
Electra
EA Networks
Horizon Energy
MainPower NZ
Marlborough Lines
Nelson Electricity
Network Tasman
Network Waitaki
Northpower
Orion New Zealand
Powerco
PowerNet
Scanpower
The Lines Company
Top Energy
Unison Networks
Vector
Waipa Networks
WEL Networks
Wellington Electricity Lines
Westpower