

ENA submission draft decision targeted information disclosure (2024)

Submission to the Commerce Commission

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NAME OF SUBMITTER

Electricity Networks Aotearoa

INDUSTRY/AREA OF INTEREST

Utilities/infrastructure

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1 Introduction

Electricity Networks Aotearoa (ENA) represents the 27 electricity distribution businesses (EDBs) in New Zealand (see Appendix A) which provide local and regional electricity networks. EDBs employ 10,000 people, deliver energy to more than two million homes and businesses and are expected to spend \$22 billion over the next six years to ensure that New Zealand has reliable, resilient and secure electricity to enable its decarbonisation.

ENA welcomes the opportunity to comment on the proposed amendments to the information disclosures (ID) for EDBs.

2 Executive Summary

ENA is supportive of the approach taken by the Commerce Commission (Commission) in its review of information disclosures (ID) for EDBs. From the draft decision reasons document, it is clear that the Commission has taken on board the feedback of stakeholders from earlier consultations and the 2023 workshop.

The IDs have an important role in informing interested persons on the performance of EDBs. To allow the IDs to play this role the information disclosed must be meaningful and contain the right level of detail. ENA is concerned that the proposed disclosure of raw interruption and geospatial data will cloud the ability of interested parties to draw meaningful conclusions on the performance of EDBs.

It is proposed to require EDBs to disclose a series of new or amended backward-looking measures for the disclosure year commencing 31 August 2024. Given the Commission's final decision is due days before the commencement of the reporting year ENA recommends that no new or amended quantitative requirements be imposed for reporting year 2024.

ENA notes the Commission has proposed to add many new disclosure requirements but has proposed limited changes to remove obsolete or low-value disclosure obligations.

The cost and regulatory burden of the IDs lands solely at the feet of EDBs. ENA calls on the Commission to clearly and explicitly lay out each proposed amendment's full cost and benefit.

3 No new quantitative disclosures for 2024

The Commission has proposed to introduce several backward-looking quantitative disclosures that would come into effect for the 2024 reporting year, which commences on 1 April 2024. Given the Commission's final decision on the proposed measures is not due until the first quarter of 2024, this means EDBs will not be in a position to have auditable systems and procedures in place to capture and report the required data for reporting year 2024. Therefore, ENA recommends that no new or amended quantitative requirements (including geospatial mapping) be imposed for reporting year 2024.

4 Decarbonisation

As New Zealand looks to decarbonise via electrification, understanding network constraints is important for both EDBs and parties looking to connect new load or generation to EDBs' networks.

EDBs have a well-developed understanding of current and emerging network constraints on the high and medium-voltage components of their networks. EDBs are actively pursuing greater visibility on the low-voltage (LV) networks' performance and availability of capacity. The tools and data that are critical to this LV visibility are slowly becoming more readily available.

For EDBs, non-traditional means to deliver their critical line services will become more common and allow them to deliver their services in the most efficient way possible. ENA welcomes the Commission's focus on documenting EBD expenditure in this space.

Amendment D3—Network Constraints

Proposed Amendment

Require EDBs to report more meaningful network constraint (and supporting) information in Schedule 12b(i), and additional information in AMPs related to network constraints.

ENA View

ENA welcomes the proposed changes to schedule 12b(i). ENA and its Information Disclosure Working Group (IDWG) suggested similar changes in its earlier submission to the Commission and is heartened that the Commission has acted upon its recommendations.

ENA's view is that the time horizon for constraint reporting in Schedule 12b(i) should align with the 10-year forecast horizon from EDBs' asset management plans (AMPs).

ENA also views AMPs as the best vehicle for disclosure of the solutions EDBs are considering for the resolution of constraints, not schedule 12B(i). Therefore, ENA suggests that the type of solution (where known) to address a constraint not be included in Schedule 12b(i).

The proposed descriptive AMP reporting obligations on LV constraints are supported by ENA.

Amendment D3—Network Constraints

Proposed Amendment

Require EDBs to disclose geospatial data about their networks in a generic geospatial file format.

ENA View

ENA members are eager to work with the Commission to ensure that its proposal to require the disclosure of geospatial data is properly scoped to strike a balance between meeting the purpose of the IDs (as set out in section 53A of the Commerce Act 1986) and the regulatory and cost burden on EDBs. Noting that there is no precedent for the geospatial data requirements in the IDs or elsewhere in the Commission's Part 4 regime.

EDBs geospatial systems and data on network constraints are at varying states of maturity. Geographic Information Systems will likely differ between EDBs, so developing a common data set and format will be a significant undertaking. ENA and its members are eager to work with the Commission to establish appropriate data formats for any geospatial reporting.

It is important to note that the data published under this disclosure would, by its nature, be static, based on a point in time, and would not replace the necessity for access seekers to engage with the relevant EDB to understand the up-to-the-minute network conditions.

The Commission must also be mindful of putting network security at risk when requiring the disclosure of geospatial data.

Amendment D5— Work and investment on flexibility resources (non-traditional solutions)

Proposed Amendment

Amendments to expand ID requirements for EDBs to include information on EDB investigations undertaken and improved reporting of non-traditional solutions.

ENA View

ENA welcomes the Commission’s proposal to allow EDBs to explicitly report operational expenditure on non-traditional solutions in the ID schedules. However, the proposed implementation of this, reporting year 2024 is unachievable. The time between the Commission’s likely decision on the changes and the commencement of reporting is likely to be a matter of days. This proposed timeframe is insufficient for robust and auditable changes to be made to EDB accounting and reporting systems.

The definition of “non-traditional solutions” requires clarity. For example, would the use of diesel generators, a technology that has been used for many decades, be classified as a non-traditional solution?

Once these boundary issues are addressed ENA’s view is that the term “non-traditional solutions” should be adopted into the regulatory regime more broadly including the IM’s “innovation allowance”.

Amendment D6 – Standardised pricing components including transmission costs

Proposed Amendment

Amendments to ID requirements for EDBs to disclose their prices within standardised disclosure options, including transmission cost.

ENA View

ENA supports the introduction of standardised price components into Schedule 8. The published draft determination proposes to implement this by adding a series of newly-defined terms into Schedule 16. These defined terms refer to each price component as “tariffs”. ENA recommends that the word “tariffs” be replaced with “charges” for all Schedule 16 defined terms.

Within Schedule 8(i) of the published templates distribution and transmission billed quantities are separately recorded and summed together (i.e. columns P-Q and R). This appears to be an error, EDBs’ distribution and transmission billed quantities should not be summed, doing so would lead to double counting.

ENA does, however, not support the introduction of standardised connection types. The use of metering categories ignores and conflicts with the connection categories EDBs use in their pricing to reflect the makeup of their networks and customer base.

For example, several EDBs have a single connection category for small users (i.e. connection with ≤ 15 kW installed capacity) that does not differentiate between residential and non-residential consumers. Such real-world practicalities highlight the problems that arise from attempting to introduce arbitrary connection types. ENA is concerned that diverging from EDBs’ tailored connection categories in favour of the proposed, ill-suited metering categories will introduce unnecessary inaccuracy and complexity to the ID dataset.

ENA is also concerned that by mandating the use of connection categories, it risks straying into the regulation of distribution prices and thereby creating regulatory conflict and overlap with the Electricity Authority’s distribution pricing oversight regime.

5 Asset Management

EDBs are rightfully proud of their stewardship of their assets and their delivery of 99.96% reliability of networks¹.

Vegetation poses the largest risk to the reliability of the 108,172km² of above-ground lines operated by EDBs. A review commissioned by ENA into the impact on distribution networks from Cyclone Gabrielle found “out of zone” trees were the single-largest contributor to outages. In contrast, 16% of customer outages were caused by in-zone vegetation. Leading industry expert Energia concluded that “EDBs are likely doing a reasonable job of managing vegetation within the rules available to them”.³

ENA recognises the role ID reporting can play in informing interested parties including policy makers and tree owners of the critical importance of vegetation management and its associated cost and reliability impact for EDBs.

Amendment AM6—Vegetation management reporting

Proposed Amendment

Require EDBs to disclose additional information on vegetation management operating expenditure, and vegetation-related interruptions.

ENA View

The proposed disaggregation of vegetation management opex is not supported by ENA. The Commission’s intent to inform interested parties of the scope and composition of EDBs’ vegetation management programmes is noble. However, the practicality of such reporting means the costs outweigh the benefits in achieving the objectives set out in section 53A of the Commerce Act.

EDBs would need to introduce material changes to contractor contracts, processes, work orders, and reporting to enable this reporting. ENA recommends that the reporting of disaggregated vegetation management opex not be introduced. Of particular concern is the differentiation of in- and out-of-zone management costs.

Opex reporting of the type proposed would be subject to audit, ENA is concerned that auditors would find it extremely hard to certify the disaggregated vegetation management opex, which would significantly increase audit costs.

Any disclosures of the type proposed would necessitate the Commission publishing clear guidance on the categorisation of vegetation management costs especially the delineation between fault response and vegetation management.

The Commission’s attempt to develop meaningful metrics on vegetation management based on the length and vegetative make-up of EDB networks is commendable. However, ENA believes that the chosen metric will not provide clarity for interested parties and would require significant EDB resources to collate and report.

In place of the proposed metric, ENA recommends that the Commission adopt the vegetation management reporting required of Aurora Energy as part of its customised price-quality path (CPP) Annual Delivery

¹ Commerce Commission, Performance accessibility tool – New Zealand electricity distributors – Data and metrics, Aug 2023

² Ibid

³ Energia, Electricity Distribution Sector Cyclone Gabrielle Review, 2023

Report⁴. This simple metric strikes the balance between providing interested parties with sufficient information to assess the performance of EDBs, and the reporting and cost burden on EDBs.

The introduction of disaggregation of Class C interruptions from vegetation is not supported by ENA. Ascertaining, post an outage, the source of the vegetation that impacted the network is a decidedly difficult task. The reporting burden, audibility issues and the inherent inaccuracy of the proposed disclosure measure outweigh its benefits in the achievement of the purposes of the ID.

6 Interruptions

Q14 – Expand ID requirements to include raw interruption data and information on worst-performing feeders

Proposed Amendment

Require publication of raw interruption data, consistent with that provided by non-exempt EDBs in advance of Price Quality resets, including location, cause and SAIDI and SAIFI values as well as other data.

ENA View

While all EDBs collect and collate raw interruption data, ENA questions the value of the public disclosure of this raw data as the volume of data and its granularity would not advance the purposes of the ID.

ENA does not support the publication of raw interruption data. Audited summarised interruption data is provided within EDBs' IDs (Schedule 10), the publication of the raw data would obscure rather than provide further insight into the performance of the EDBs.

ENA supports the removal of the requirement for the disclosure of normalised SAIFI and SAIDI using the ID methodology. The removal of the conflicting normalisation methods between the ID and price quality determination will remove the duplication of efforts. As noted in the reasons paper, non-exempt EDBs will continue to report normalised SAIFI and SAIDI via their annual default price-quality path (DPP)/CPP compliance statements.

Q14 – Expand ID requirements to include raw interruption data and information on worst-performing feeders

Proposed Amendment

Require information on the worst-performing feeders in the distribution network.

ENA View

ENA does not oppose the introduction of reporting on worst-performing feeders. However, the reporting should be limited to those feeders in the 90th percentile of **unplanned** SAIDI and or SAIFI.

ENA recommends that contextual data for each of the identified feeders be included in the disclosure. This contextual information should include its length and the number of customers served.

⁴ Section 1.6.4, Appendix C Electricity Distribution Information Disclosure Determination 2012

7 Other Changes

ENA has no comment on the proposed change definition of gains/(losses) on asset disposals and other changes set out in paragraph 3.227 of the reasons paper.

8 Contact

ENA's contact person for this submission is Keith Hutchinson. Email: Keith@electricity.org.nz

Appendix A: ENA Members

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

Alpine Energy
Aurora Energy
Buller Electricity
Centralines
Counties Energy
Firstlight Network
Electra
EA Networks
Horizon Energy Distribution
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