

27 October 2021

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

by email: compliance@ea.govt.nz

Response to

1. Orion New Zealand Limited (Orion) welcomes the opportunity to provide a submission on the Electricity Authority's (the Authority) draft compliance strategy (the paper).

Compliance strategy a proactive initiative

2. Orion commends the Authority for the development of the compliance strategy and the purposeful connection in seeking submissions on the draft.
3. We agree transparency around your philosophy and approach to compliance will build regulatory trust and confidence.
4. We submit that the Authority should share its compliance strategy with the Commerce Commission. The industry has been advocating for the Commission to publish enforcement guidelines for some time. Standardisation of approach between regulators on the compliance operating model would be beneficial.

Approach to compliance

5. The paper suggests that the Authority's responsibility is to maximise participants' compliance for the benefit of consumers. We agree.
6. We submit that the Authority's compliance function is also to maximise participant's compliance for the benefit of all participants.

Focus on risk

7. We agree that concentrating Authority activities where a pattern of problems or issues are seen is prudent.
8. We submit that further emerging examples of where these patterns might occur that could be added to the compliance document include where they "surface due to new business models or technology".

Risk, attitude, behaviour and capability

9. We submit that the last paragraph on page 6 could be supported by the diagram below and would tie into the diagram on page 7 thereby creating greater clarity and reducing uncertainty about how the Authority will balance between risk and attitude in coming to compliance decisions (VADE).

<i>Risk</i>		
High	Enforced	Directed
Low	Assisted	Voluntary
<i>Attitude</i>	Low	High

10. We submit that it would be useful for the Authority to indicate as part of the compliance strategy that it will, early in a compliance investigation, indicate at what level on the VADE operating model the Authority considers the non-compliance as an initial view. This may assist participants to direct the appropriate level and capability of resource to the process in line with the potential level of intervention. The process may also run more smoothly and efficiently as a result.

Guiding principles for decision-making on compliance interventions

11. We agree with the guiding principles proposed.
12. We submit that additional guidance should be added on what ‘timely’ might look like relative to the different interventions in the compliance operating model (VADE) so that participants can understand what to expect.

Concluding remarks

Thank you for the opportunity to provide this submission. We do not consider that any part of this information is confidential. If you have any questions please contact Dayle Parris (Head of Regulatory and Commercial), DDI 03 363 9874, email dayle.parris@oriongroup.co.nz.

Yours sincerely



Dayle Parris
Head of Regulatory and Commercial