



14 April 2022

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Dear Jo

## Electricity Distribution Businesses Targeted Information Disclosure Review

### Introduction

1. Orion would like to thank the Commerce Commission for initiating the review of the Information Disclosures (ID).
2. The Commission's invited interested parties to submit on the Process and Issues paper dated 23 March 2022<sup>1</sup>.
  - The purpose of the paper is to seek views on information provided to stakeholders in the ID's with a focus on:
    - quality of service,
    - decarbonisation,
    - asset management, and
    - alignment of ID with other regulatory rules.

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<sup>1</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0033/279573/Targeted-information-disclosure-review-for-electricity-distribution-businesses-Process-and-Issues-paper-23-March-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0033/279573/Targeted-information-disclosure-review-for-electricity-distribution-businesses-Process-and-Issues-paper-23-March-2022.pdf)

## Summary

3. Orion welcomes the engagement by the Commission to seek regulated businesses input into the review of the ID's.
4. This submission forms part of the first tranche submissions which is due by 20 April 2022.
5. Orion supports the review which focusses on quality of supply, decarbonisation, asset management and the alignment of ID with other regulatory rules.

## Orion Context

6. Orion's purpose is 'Powering a cleaner and brighter future for our communities'<sup>2</sup> which is underpinned by a focus on selected United Nations sustainability goals where we believe we can provide positive outcomes through:
  - Sustainable cities and communities
  - Affordable and clean energy
  - Climate action
  - Decent work and economic growth
  - Responsible consumption and economic growth
  - Partnership for the goals
  - Reduced inequalities.
7. To support our purpose, we have focussed on five strategic programmes:
  - Transformation of our network for the future
  - Customer engagement
  - Tackling climate emergency and low carbon objectives
  - Optimising performance
  - Evolving industry capability.
8. Orion's commitment to sustainability includes, remaining open to using innovative ways to achieve sustainable outcomes and aspiring to be a leader for sustainability<sup>3</sup>.

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<sup>2</sup> Page 5, <https://www.oriongroup.co.nz/assets/Company/Submissions/Orion-Feedback-on-ComCom-Open-Letter-priorities-for-energy-networks-2021-Final.pdf>

<sup>3</sup> <https://www.oriongroup.co.nz/corporate/our-sustainability-commitment/>

## Other Feedback

9. We support the submission of the Electricity Network's Association and have contributed fully to its development and the supporting detailed recommendation reports.

## Quality of Service

### Network Resilience

10. We have spent some time reviewing overseas jurisdictions to identify any definitive measures of resilience. However, there is no individual measure that can address this aspect of Quality of Service.
11. The EEA carried out a project to capture the various aspects that would demonstrate a 'best practice' approach to resilience. The EEA's Resilience Guide is the outcome of this work and the "Resilience Management Maturity Assessment Tool" contained within that is recommended as part of ID. We fully support the introduction of this guide as part of ID and the self-assessment reporting against it in conjunction with AMP commentary on EDBs approach to climate adaptation. Together we believe this would be an appropriate combination to inform stakeholders about EDB asset management from a resilience point of view.

## Decarbonisation

12. Reporting decarbonisation as part of a Strategic Asset Management Plan would be the first step in providing insights into the plans of EDB's going forward.
13. Overall, we support enhanced asset management reporting, including practices and plans going forward.
14. Reporting should be substantiated by adequate Capex and Opex forecasts to ensure that the Commission is aware of EDB's plans to address decarbonisation on their networks. It should take into consideration that there are multiple factors such as DER and electrification of process heat which could have both beneficial and negative impacts on network demand.
15. Comprehensive reporting will:
  - provide information to stakeholders and potential third-party service providers of our future plan's, intentions and performance, and
  - ensure that due consideration of our operating environment is factored into our planning and provides commentary that would aid in justifying re-openers should they arise.

## Asset Management Plans (AMP)

16. The Asset Management Plan provides important commentary and insights into the development of distribution networks. Over time however this has created a very detailed and lengthy document for stakeholders to read and digest.
17. We suggest that the AMP be divided into two sections or separate documents.
  - A Strategic Asset Management Plan (SAMP) that incorporates a network's asset management approach and its linkage to the business strategy, and how the network plans to address decarbonisation with a long-term view of the network (e.g. it's Network Transformation Roadmap). This could be reviewed less frequently e.g. five yearly,
  - An Annual Update of the Asset Management Plan (AMP) to focus on the operational and capital expenditure that puts the SAMP principles into practice with a 10-year view and links to customer expectations and benefits.
18. We also recommend making provision for Research and Development on Schedule 11(a) and 11(b) for future proofing the network, specifically in years 5 to 10 of the AMP which is not linked to asset class. The reason for this is that we do not always have specific details on the projects we will be delivering to address the impact of emerging technologies on the network.

## Alignment of ID with other regulatory rules

### Information Disclosure reporting should be more dynamic

The Commerce Commission should be open to the modification or cessation of existing ID reporting or additional reporting where this better serves stakeholders in an evolving environment.

The Commerce Commission should also consider carefully what the right balance is between quality versus quantity in the ID reporting, including where reporting is already disclosed under other regulators jurisdictions, such as the Electricity Authority and EEA.

### Guaranteed Services Levels and the Default Distributor Agreement (DDA)

19. We are concerned about adding additional ID requirements in respect of customer charters and guaranteed service level (customer compensation) schemes.
  - It is in the best interest of each EDB's business to engage with customers directly. We would support a customer charter although we would require further high-level guidance on the content of the charter,

- The DDA already provides for contracted service levels with retailers, adding this reporting requirement to the information disclosures could reopen these recently renegotiated contractual arrangements. A new DDA was introduced in early 2021.

### Alignment of ID's with Input Methodologies

20. We support the Commission's review of the Input Methodologies (IM) at the same time as the review of the ID's.
21. It would be beneficial that an ongoing review and update of the IM's happens to support timely re-alignment of the IM's with IDs to address any inconsistencies as they arise.

### Number of ICP's reported in a year

22. ID Schedule 9e(i) Consumer Connections states "Number of ICPs connected in year by consumer type"
  - There are inconsistencies across the industry when reporting ICP's connected to EDB's networks in a year.
  - Some EDBs report the total number (size) of ICP connections on their networks, while most lines companies report only new connections (growth) on their network.
  - This also creates inconsistencies when benchmarking network growth or size.
23. We recommend that the Commission clarify whether the intention of Schedule 9e(i) is to report on "growth" (additional ICPs which would be comparable to Schedule 12c(i) in the AMP) or size (total ICP's connected to the network).

### Concluding Remarks

Thank you again for the opportunity to provide feedback. I do not consider any part of this feedback as confidential.

Please contact me if you have any questions on 027 234 4017 or [rob.tweedie@oriongroup.co.nz](mailto:rob.tweedie@oriongroup.co.nz)

Yours sincerely



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