

Orion New Zealand Limited - submission on utilities in the transportation corridor			
POs and SOs	Para 12	a) Do you agree with the intent of the primary objectives? If not, which parts?	Yes, Orion agrees with the intent of the primary objectives. They are consistent with the objectives identified in our submission to the MED on <i>issues affecting utilities and road, rail and motorway corridors</i> dated 5 August 2005 (<i>our previous submission</i>).
		b) Do you agree with the specific outcomes as described? If not, which parts?	Yes, we agree with the specific outcomes as described.
		c) Do you consider that the POs and SOs are actually needed, or should legislated reasonable conditions be sufficient for decision-making as dispute resolution?	Both the POs and SOs provide a useful high level framework which will assist with interpretation.
Options	Para 23	a) Which of the two options A and B for notification do you prefer and why?	<p>Orion prefers Option B for notification. All of the utilities (including the RCAs) which utilise the road corridor have an important function and should be treated consistently and fairly. There does not appear to be any rationale for treating utilities differently or favouring one over another. A solution to the current inconsistencies would be to implement the notice provisions in the <i>Code of Practice for Working in the Road SNZ HB 2002:2003</i> (the <i>Code of Practice</i>).</p> <p>We note that in particular, RCAs should be required to notify affected parties and other utility operators of their intention to carry out works within the road corridor. This is particularly important from a public safety perspective. As mentioned in our previous submission, there have been examples in Orion's area where RCA works have created public safety risks through their impacts on Orion's assets. For example, the road surface has been lowered leaving electricity cables very close to the road surface. Orion is unable to remedy this situation if it has no notice of the RCA works. We suggest that the notification provisions in the Code of Practice be extended to apply to RCAs.</p>

			<p>We also consider that the entity that is responsible for managing the road corridor should be responsible for notifying affected parties as part of its overall management of the road corridor. Having one party responsible for this function would provide consistent results and efficiencies. This entity may also be in a better position to determine who will be affected by the works as it may have greater access to land ownership information.</p> <p>As mentioned in our previous submission, we consider that rather than just coordinating the notification process, a road manager should manage the notification process and assume responsibility for the process.</p>
		b) Does the assumption that NC has responsibility for notification because it receives the 'as built' notices raise any issues? What are they?	<p>We do not consider that this assumption will give rise to any issues. It is the NUOs' responsibility to keep accurate records; the issue therefore is ensuring adequate access to records from the NUOs.</p>
		c) What factors will affect the ability of the NUOs and NCs to keep to timeframes?	<p>The need to find practical solutions to resolve conflicts may impact on timeframes. For example, resolving disputes over off-sets and where an asset should be placed in the corridor may require coordination with several parties. We note that this issue should not affect the majority of requests.</p>
		d) If the NUO is owned by the Territorial local authority (TLA) which is also the NC then the notification process may raise conflict of interest issues. What could be done to resolve potential conflicts?	<p>As stated in our previous submission, the road corridor needs to be managed in a way that is fair and equitable to all stakeholders.</p> <p>Management includes responsibilities in relation to access, applying industry agreed standards, monitoring use, maintaining a database of works and reserving designed off-sets within a planning period.</p> <p>Orion considers that this management needs to be carried out in a fair and equitable manner by an entity that does not have a vested interest in the road corridor. The current structure places road corridor control on RCAs. RCAs have a vested interest in the road corridor because of their roading function, and in the case of RCAs who are TLAs, because of their interest in the amenity and utility value of the road corridor. It is important that this management function be separated away from any entity that has a vested interest in the road corridor to ensure that decisions provide a balanced result for key stakeholders and do not swing the balance of power to favour one stakeholder.</p>

			<p>If it is unfeasible to set up a completely separate management structure, then Orion considers that the separate management function could be carried out by entities established by TLAs and operating within industry agreed guidelines. These guidelines could be created in a manner similar to the NZUAG Roadshare Charter of Understanding.</p>
		e) Has anything been missed with either process?	<p>We are concerned that the ability for NUOs to stipulate reasonable conditions on placement of utilities in the transportation corridor has been removed. Some utilities impact significantly on other utilities. For example, excavation of thermal material around a cable by one party may affect the capacity of the electrical cable. We consider it important that NUOs retain the ability to impose reasonable conditions to protect the functionality of their assets.</p>
		f) What do you think might be the size of the incremental costs incurred with the processing requirements?	<p>We consider that, overall, a cost reduction may occur for TLAs as compliance will be managed more efficiently and there should be less repair and maintenance costs, due to the improved management regime which protects assets in the corridor.</p>
Cost-Sharing	Para 28	a) What rules for cost-sharing do you think should apply?	<p>It is important that the rules for cost-sharing be as simple as possible to prevent inefficiencies.</p> <p>Orion has experienced few cost-sharing arrangement problems. We believe our positive results have been achieved through good communication and a willingness to act responsibly. We have endeavoured to agree cost-sharing guidelines with other stakeholders, whereby we clarify the cost-share arrangements identified in the Electricity Act and identify ways in which costs will be shared in a variety of common scenarios. To date, this process has worked well as costs are consistently shared in a fair and equitable manner.</p> <p>We note that any 'cost-sharing' difficulties have generally arisen where RCA consultants have not adequately identified all associated works and their cost impacts prior to works commencing. Orion considers that these difficulties result from planning/budgeting problems, rather than problems with cost-sharing itself.</p> <p>We do not believe that there is good reason for legislative differences in cost-sharing arrangements. Orion considers that all parties should be treated equally. This equality would promote fairness and provide balanced results for key stakeholders.</p>

			<p>We do have some concerns with the concept of 'betterment'. Under the current proposal, 'betterment' should be paid for by the 'beneficiary' and not the 'causer'. 'Betterment' is open to subjective interpretation and may give rise to disputes.</p> <p>We are also concerned about the impact that requirements to 'underground' our assets will have on the economics of our electricity distribution service. The cost of undergrounding is significantly higher than the cost of installing above-ground assets that fulfil the same purpose. Our electricity delivery charges will have to substantially increase, particularly in remote rural areas, if we are to meet the costs of undergrounding. As undergrounding in the transportation corridor is predominantly a safety issue for road users, we suggest that undergrounding requested by the NC should be funded by road users and not by electricity customers.</p> <p>We also note that the impact of roadwork on the true whole-of-life costs to utility works needs to be addressed. For example, the true whole-of-life costs to utility works are affected by:</p> <ul style="list-style-type: none"> • the frequent changes to utility assets as a result of roadwork; • the damage (and resulting costs) to utility networks from roadwork. This damage can sometimes be detected immediately as a result of the works but can also remain undetected for lengthy periods; and • the additional cable joints that are required each time a cable is shifted as a result of roadwork. The insulation and lifecycle of a cable is affected each time the cable is cut and rejoined. <p>The Code of Practice already addresses these issues with respect to RCA asset lifecycle damage. We suggest that reciprocal provisions should be included in the Code of Practice to apportion the true whole-of-life costs of roadwork on utility assets.</p>
		b) If you think cost-sharing should be calculated using a formula, what	We do not consider that cost-sharing should be calculated using an inflexible formula. An appropriate and effective outcome would result from either:

		methods could apply?	<ul style="list-style-type: none"> the use of a negotiated settlement process for cost-sharing arrangements (possibly with a legislative fall back position); or as a general rule, sharing costs equally whereby the asset owner pays for the assets and the person requesting that the assets be relocated pays the relocation costs. <p>We note that there will be some situations where the party requesting the relocation may bear a greater proportion of the cost. If, for example, the RCA requests that a pole be moved onto private property and the property owner is unwilling to accommodate the request, then Orion considers that the RCA should arrange a legal right to the private land or pay the additional costs of undergrounding the asset within the road corridor.</p>
Reasonable Conditions	Para 33	Do you think the reasonable conditions should include:	We note that 'reasonable' conditions should be determined in relation to the particular works required. While in general we support all of the conditions listed below, in some situations one or more conditions may be inappropriate or may conflict. By way of example, recently when Orion proposed to carry out work in the road corridor, the TLA imposed a condition that no work be carried out at night, while Transit imposed a condition that no work be carried out during the day. This is clearly unworkable.
		a) the need to complete works in one continuous operation	Yes, if practical.
		b) the need to obtain at the NUO's cost all necessary approvals, consents and permits	Yes.
		(c) the need to manage environmental effects (noise, dust etc) during the works	Yes.
		d) Prior agreement on special conditions that are specific to the request because of location	Yes.

		e) the management of interference according to prescribed technical standards	Yes.
		f) in the setting of the reasonable conditions, no regard shall be given to amenity values	Yes.
		g) the need to assess the risks to the public on the placement of works	Yes.
		h) What other possible guidelines could / should be included?	<p>Orion notes that reasonable conditions will all be set within the parameters of the Code of Practice. The Code of Practice has been developed by Standards New Zealand (as an independent facilitator) with input from RCAs and utility operators and provides a balanced approach to this issue. Orion has experienced few problems when negotiating reasonable conditions with reference to the Code of Practice.</p> <p>We also note that Transit should also be required to act consistently with the proposed requirements identified in the code of practise, and should not be able to unilaterally state excessive conditions that apply to its assets, i.e. they should be required to consult and gain agreement with other affected parties.</p>
Ontrack's Reasonable Conditions	Para 42	a) Could the legislated guidelines for reasonable conditions be the same in the Railways Act and will be in all Utilities Acts and the Transit Act?	Yes, for consistency.
CCNCs additional	Para	a) (a) We wish to explore further the implications of assigning such powers	No comment.

responsibilities	48	to the NCs and invite responses – in particular, on the additional resource time and capability this would need	
		b) Option A may be a more suitable process for NCs with fewer resources and less complex issues to resolve. Should option A be made the default process but without restricting NCs ability to undertake the additional responsibilities as proposed in Option B?	No, Orion supports Option B for the reasons outlined above. We believe that the NC should have overall responsibility for ensuring that all necessary notification occurs. The NC is in a position to negotiate processes with NUOs to ensure that notice is given.