

16 January 2026

Claire Harkess
Data and Information Disclosure Manager
Commerce Commission
44 The Terrace
WELLINGTON

Dear Claire

Submission – Electricity Distribution Information Disclosure – Related party transaction threshold

[Body text]

1. INTRODUCTION

1. Orion welcomes this opportunity to provide feedback on the Commerce Commission's (Commission) consultation, 'Electricity Distribution ID Amendments – Related party transaction threshold 2025: Draft Decision – Reasons paper'.
2. No part of this submission is confidential.
3. Orion owns and operates the electricity distribution infrastructure in Central Canterbury, including Ōtautahi Christchurch city and Selwyn district. Our network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north, to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. We deliver electricity to more than 228,000 homes and businesses and are New Zealand's third largest Electricity Distribution Business (EDB).

2. POLICY INTENT

4. Orion continues to support the policy intent behind the reporting of related party transactions (RPT).¹

3. DE MINIMIS THRESHOLD

5. Properly designed and applied, de minimis thresholds can be a useful mechanism to triage disclosures based on materiality and related risk.

¹ The Commission's policy intent is most recently summarised in paragraph 2.42 (p26) of the [Input methodologies review – related party transactions: Final decision and determinations guidance](#). 21 December 2017.

6. The Commission's proposal to increase the financial de minimis from \$20 million to \$30 million, represents a 50% increase. In terms of inflationary effects since the enhanced RPT rules were promulgated in 2017, we note that:
 - 6.1. the Consumers Price Index (CPI) has increased by 31% (Q4 2017 to Q3 2025);
 - 6.2. the Capital Goods Price Index (CGPI) has increased by 38% (Q4 2017 to Q3 2025); and
 - 6.3. the Labour Cost Index (LCI) has increased by 26% (Q4 2017 to Q3 2025).²
7. We are not clear why a 50% increase to the financial de minimis was chosen. We can surmise that the increase accommodates further inflationary growth until a future substantive review of the input methodology (IM) and information disclosure (ID) requirements; however, this is not stated.
8. Orion recommends, as an alternative and considering the differences in the inflation metrics listed above, that the financial de minimis is increased to \$26 million (30%), and that ID clause 2.3.9 is amended to incorporate an annual CPI adjustment.

3.1. De Minimis Concerns

9. We are not entirely convinced that the current de minimis settings specified in clause 2.3.9 are consistent with the policy intent. An EDB is exempted from enhanced RPT reporting if it is below the financial de minimis (subclause (1)) or below the proportionate de minimis (subclause (2)).
10. Using ID data for 2025, we note that there would be two EDBs that would gain an exemption from the increase in the financial de minimis, but have high proportions of RPTs relative to total expenditure (70%, and 82%). In Orion's view, this means that, all else being equal, a substantial proportion of these EDBs' expenditure would be subject to the risks presented by unscrutinised RPTs. The potential risk is demonstrated by calculating the value of RPTs per ICP, which reveals that the identified EDBs rank the 4th- and 5th- highest, respectively.
11. Orion recommends that, if the policy intent is to be preserved, clause 2.3.9 be amended so that the exemption is only gained if RPTs are below both the financial and proportionate de minimis (subclause (1) and subclause (2)).

4. OTHER RPT REPORTING ISSUES

12. There are aspects of the enhanced RPT reporting that Orion considers should be amended:
 - 12.1. A lack of specified materiality;
 - 12.2. Excessive frequency of reporting;
 - 12.3. Inappropriate timing for reporting.

4.1. Materiality

13. We noted in our 2017 submission to the IM review - related party transactions, that:

² Stats Infoshare (<https://infoshare.stats.govt.nz/>). Report parameters are: CPI – all groups; CGP – all groups; LCI – all salary and wage rates & electricity, gas, water and waste services.

“Along with the expanded scope of the definition of related parties, the paper also appears to capture every and each related party transaction. We suggest that the scope of transactions that are to be included should be narrower. ... In particular we believe there should be carve out for low value transactions to avoid inefficiency of administration costs versus value of transaction. Each transaction is an extremely high bar especially in the context that:

- *we do hundreds of jobs via our contractors each year.*
- *small transaction levels are common – the costs of proving arms-length for many will outweigh any benefits.”³*

14. This prospective view was subsequently borne out by the depth of scrutiny applied by Orion’s auditors to relatively low value transactions, and the commensurate burden of defending those transactions as being at an arm’s-length equivalent.
15. Orion remains of the view that the ID determination should specify a materiality threshold for individual transactions.

5. FREQUENCY OF REPORTING

16. Orion holds the view that the frequency of some of the enhanced RPT reporting is excessive.
17. While acknowledging their importance, information disclosures are not a trivial or costless exercise and, in our view, this means that disclosures should be proportionate to the benefit derived from them. We see little benefit from annual disclosures, if the disclosed information does not change materially year-on-year.
18. We consider that the frequency of all RPT (and potentially other) disclosures should be considered as part of a substantive review of the current ID requirements (this is overdue, in our opinion, with only targeted reviews since the current ID requirements were determined 13 years ago). A brief examination suggests that most RPT disclosures could be made biennially or when a substantive change is made by the EDB.
19. We noted our concerns in our response to the Commission’s recent open letter⁴ on price paths:

“Another area where we identify questionable use is in the related party disclosures (additional to the information disclosed in Schedule 5b). While we acknowledge that there are potential risks to consumers from related party transactions, and that it is important to periodically ‘shine a light’ on the nature and character of related party relationships, we find EDBs’ disclosures to be highly repetitive year-on-year, and question whether annual disclosure is appropriate, and whether the information is actually used at this frequency of disclosure.”⁵

and

“While there have been periodic, targeted reviews of ID, a more substantive review might soon be needed to ensure that the overall regime remains fit-for-purpose, and to rationalise low value disclosures.”⁶

³ Orion New Zealand Limited. (2017). [Submission on input methodologies review draft decision- related party transactions](#). Paragraph 12, p4.

⁴ Commerce Commission. (2025). [Ensuring our approach to price paths is delivering for consumers](#). 25 August 2025.

⁵ Orion New Zealand Limited. (2025). [Submission to Open Letter](#). Paragraph 61, p13.

⁶ [Ibid](#). Paragraph 63, p13.

5.1. Disclosure Timing

20. Orion notes the requirement to publish a map of anticipated expenditure and network constraints (clauses 2.3.13 to 2.3.16) as part of year-ending disclosures. As the disclosure information is 'anticipatory', the timing of the disclosure seems somewhat incongruous and, in our view, would be better as a year-beginning disclosure where it could be more readily absorbed alongside EDBs' asset management plans, given the strong link to network planning.

6. DIRECTOR CERTIFICATION REQUIREMENTS

21. Orion considers that the proposed changes to director certification are reasonable, subject to two caveats:
 - 21.1. If the Commission was minded to change the timing of disclosure of the map of anticipated expenditure and network constraints (clauses 2.3.13 to 2.3.16), Schedule 17 would need to be amended accordingly; and
 - 21.2. The certification of clause 2.3.18 does not seem well matched to the disclosure requirement, since the requirement simply requires the engineer's report to be publicly disclosed (which will be self-evident and the disclosure will not be enhanced by director certification). Further, the certification requirement "*in all material respects complies with that determination*" (the ID determination) seems mismatched since the engineer's report needs to be prepared in accordance with IM clause 2.2.8.

7. SCHEDULE TEMPLATES

22. Orion supports rationalising the ID schedules to remove redundant reporting fields.

8. CONSOLIDATED DETERMINATION

23. Orion observes that publishing consolidated determinations is not keeping pace with changes. When this change is published, there will be two 'active' amendment determinations in play, with the last consolidated ID determination published in July 2023. A similar situation exists with the IMs. In our view, this could contribute to non-compliance if the wrong amendment determination is referred to.
24. With most amendment determinations being accompanied by a red-lined version of the principal determination (this change proposal appears to be an exception), creating a consolidated determination should be a relatively administrative exercise, and we recommend that the Commission publishes consolidated determinations more promptly.

9. CLOSING

25. Orion appreciates the Commission's ongoing efforts to refine the ID regime and ensure it remains fit-for-purpose. We believe that the recommendations outlined in this submission - particularly regarding the calibration of de minimis thresholds, the alignment of exemptions with policy intent, and the rationalisation of reporting frequency and materiality - would help achieve a more efficient and effective framework.

26. If you have any questions about this submission, please contact the undersigned.

Yours sincerely

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the left.

Alec Findlater
Regulatory Lead – Commerce Commission