

25 June 2026

Ben Woodham
Electricity Distribution Manager
Commerce Commission
44 The Terrace
WELLINGTON

Dear Ben

Submission - Draft Decision on IM Amendments – Treatment of Government Grants Related to Income

1. INTRODUCTION

1. Orion welcomes this opportunity to provide feedback on the Commerce Commission's (Commission) draft decision, *'Proposed amendments to input methodologies for electricity distribution businesses, gas pipeline businesses and Transpower related to government grants and other regulated income'*.
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 230,000 homes and businesses and are New Zealand's third largest Electricity Distribution Business (EDB).

2. PROPOSED IM AMENDMENT

4. Orion supports the proposed input methodologies (IM) amendment. We consider that the proposed amendment offers a pragmatic approach to the treatment of government grants, at a time where grants may become more accessible for exploring innovative approaches to delivering electricity lines services.
5. We note that the approach is consistent with the 2024 IM amendment relating to insurance and compensatory entitlements and should therefore be uncontroversial.¹

¹ Commerce Commission. (2024). [Electricity Distribution Services Input Methodologies \(treatment of insurance entitlements\) Amendment Determination 2024](#). [2024] NZCC 36,

6. We support the Commission's intention to broadly define 'government grant related to income' in a manner consistent with GAAP; however, we anticipate that the "implicit" qualifier may be problematic for EDBs to evidence. We assume that this qualifier is mainly targeted at DPP allowances, since CPP proposals and decisions are inherently more granular. We question what level of evidence might be required of an EDB to demonstrate that the expenditure to which the grant relates has not been implicitly included in the DPP.

3. CONSOLIDATED IM DETERMINATION

7. We were pleased to note that the Commission published a consolidated IM determination on 23 June 2026.
8. Prior to that publication, we had growing concerns that a significant number of amendment determinations were being published that needed to be separately referred to. Our concerns were driven by observing an instance (external to Orion) of reliance on the previous consolidated determination (23 April 2024) published on the Commission's "*Current input methodologies for electricity distribution businesses*" webpage, where we had to advise of subsequent amendments that needed to be considered.
9. We consider it reasonable that EDBs, and others involved in regulatory processes, should expect to be able to access a 'single source of the truth' when it comes to the IMs and not be forced to piece the rules together from different documents over an extended period.
10. While the consolidation of IM amendments has been dealt with for the time being, similar concerns remain over the status of the Information Disclosure (ID) determination, where the last consolidated version was published on 6 July 2023, followed by four subsequent amendments.
11. We also note that practices vary when amendment determinations are published. On some occasions, 'red-lined' versions of the principal determination are appended that incorporate preceding amendments and allow the determination to be read in full. On other occasions, the amendment determination carries only the changed clauses of the principal determination.²
12. Orion recommends that, when publishing amendment determinations, the Commission consistently appends the full, principal determination with prior changes incorporated and new changes 'red-lined'. Such an approach will reduce the risk of non-compliance for EDBs, since they can access the complete requirements in a single document, and would likely be more efficient for the Commission, as it would remove the need to periodically publish consolidated determinations.

4. SUMMARY

13. Orion supports the proposed IM amendment, viewing it as a pragmatic approach and consistent with earlier, similar amendments. We seek clarification on how EDBs would demonstrate that expenditure funded by a grant has not been "implicitly" included in DPP allowances.

² Our understanding is that three of the last four IM amendment determinations published focussed only on changes to specific clauses, and similarly two of the last four ID determinations published.

14. Orion considers that the way amendment determinations are published can be improved, to reduce confusion and the risk of non-compliance, and recommends that the Commission publishes each amendment determination with a fully updated, red-lined version of the principal determination appended.
15. 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