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Electricity Authority
PO Box 10041
Wellington 6143

Submitted via email to consumercareconsultation@ea.govt.nz

**Code amendment omnibus #7: clarification to consumer care and billing refinements and director certification for AUFLS and other amendments**

## Introduction

1. Orion welcomes the opportunity to provide feedback to the Electricity Authority (Authority) on the Code amendment omnibus #7: clarification to consumer care and billing refinements and director certification for AUFLS and other amendments (Consultation Paper).
2. Orion owns and operates the electricity distribution infrastructure in central Canterbury, including Ōtautahi Christchurch City and Selwyn District. The 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. Orion delivers electricity to more than 233,000 homes and businesses and is New Zealand's third largest Electricity Distribution Business (EDB).
3. The Consultation Paper proposes a number of distinct changes to the Electricity Industry Participation Code (Code). This submission focuses solely on the proposal to require annual director certification of compliance with automatic under-frequency load shedding (AUFLS) Code requirements.

## Submission

3. Orion is a South Island connected asset owner that provides AUFLS to assist the grid owner in meeting its obligations. The AUFLS scheme in Part 8 of the Code is of vital importance to the reliability and security of New Zealand's electricity system and Orion takes its responsibility seriously.

4. Orion has robust processes in place to ensure high levels of compliance and these levels are reported annually. Fortunately, examples of Orion's processes being tested under real life under frequency events are few. However, an event in 2017[1] showed that Orion's systems worked well and as expected.

[1] https://www.ea.govt.nz/projects/all/under-frequency-event-determinations/consultation/2-march-2017-under-frequency-events/

Orion New Zealand Ltd
565 Wairakei Road
PO Box 13896
Christchurch 8141
+64 3 363 9898
oriongroup.co.nz

5. While currently there is no explicit Code requirement to have director-level oversight or governance of AUFLS compliance, Orion does not agree with the Authority that this creates a risk of poor internal oversight and consequential non-compliance. It is simply untrue that without certification AUFLS providers will take less care in ensuring they meet their AUFLS obligations. AUFLS providers are incentivised to have strong compliance because their core business relies on reliable electricity for customers. For Orion, director certification will do nothing more than create administrative work for staff.

6. Director certification is not a simple task and will require directors to get into the detail of Orion's day to day processes. This is not the role of a director. Directors' shape an organisation's long-term vision, guide high-level strategy, and ensure legal and financial health. They do not run daily operations. Instead, they provide governance, set core policies, and supervise senior managers to keep the business aligned with its ultimate goals[2]. The technical staff with the relevant tools and expertise are the most appropriate for ensuring AUFLS compliance.

7. Orion suggests that if the Authority is concerned with the compliance level of some AUFLS providers, then the Authority should target those parties specifically by using the compliance actions already available under the Code.

## Concluding remarks

8. Orion understands the importance of the AUFLS scheme in Part 8 of the Code and gives it a level of attention and effort that reflects this. Director certification will not improve Orion's quality of AUFLS, it will simply require directors to get into a level of detail that is beyond their remit and create administrative work for the wider Orion team. Orion therefore does not support the proposal to require annual director certification of compliance with AUFLS.

Yours sincerely,

Grace Burtin
**Regulatory Lead -Electricity Authority**

[2] The Director's role explained | IoD NZ