

# Targeted Information Disclosure review

## EEA Asset Information Managers Forum

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# Context

## Commerce Commission

### Competition

### Regulation

**Consumer**

- Fair Trading
- Consumer Credit
- Product Safety

**Competition**

- Mergers and acquisitions
- Business competition



That's us!

**Telco**



**Electricity**



**Gas**



**Airports**



**Dairy**



**Fuel**



**Retail Payment**



**Supermarkets**



# How we regulate electricity distributors and Transpower

## Information disclosure

Require businesses to publish information about their financials, quality of service, asset management and pricing.

## Price-quality paths

Set maximum revenue limits and minimum quality standards  
Either standard or customised

**Input methodologies:** the rules and processes that underpin our regulation



# Information disclosure

*“sunlight is said to be the best of disinfectants”* – Brandeis

- Influences suppliers’ behaviour
- Encourages suppliers to act as prudent network operators
- Complements price-quality regulation by capturing financial and non-financial information
- Supplemented by our summary and analysis of disclosed information

**Financials**

**Asset  
management**

**Quality of  
service**

**Pricing**

# We are reviewing information disclosure requirements for electricity distributors

## Why?

- Changing environment:
  - Decarbonising the economy
  - Climate change
  - Impact of COVID-19
- Learning from experience:
  - Feedback from regulated businesses
  - Analysing information disclosures and keeping an eye on trends



# Review of information disclosure requirements

# We are reviewing information disclosure requirements for electricity distributors

What are we trying to achieve?

- Improve information on quality of service and asset management
- Capture more information on decarbonisation and emerging risks

Multiple considerations:

- Comparability versus flexibility
- Precision versus capture
- Certainty versus keeping up with the future
- Accessibility for different audiences





# Targeted ID review – work so far

12 October 2021	<u>Published an open letter on priorities for energy and airports</u>
18 November 2021	<u>Reviewed electricity distribution businesses' 2021 Asset Management Plans in relation to decarbonisation</u>
7 December 2021	<u>Workshop on the impact of decarbonisation on electricity lines services</u>
23 March 2022	<u>Published a process and issues paper to begin the targeted ID review</u>
3 August 2022	<u>Published our draft decision for Tranche 1 of the targeted ID review for consultation</u>
<b>25 November 2022</b>	<u>Published our final decision for Tranche 1 of the targeted ID review – changes to information disclosure requirements</u>

[Landing page for all documents](#)



# Tranche 1 – Quality

Issue #	Information required
Q1	Describe how you provide notice of planned interruptions to consumers, including cancellations.
Q2	Describe your practices around visibility of power quality on the low voltage network.
Q3	Describe your practices around connecting consumers and altering existing connections (e.g. distributed generation at an existing connection point).
Q4	<b>Describe your consumer engagement practices, including your approach to managing consumer complaints.</b>



# Tranche 1 – Quality (2)

Issue	Description
Q5	Publish up-to-date copies of any customer charters or customer compensation schemes you have in place.
Q11	<b>Disclose SAIDI and SAIFI using a “multi-count” approach to successive interruptions where supply occurs for more than one minute.</b>
Q13	Disclose a more detailed breakdown of interruptions caused by third-party interference, using specific cause categories.



# Tranche 1 – Decarbonisation

Issue	Description
D2	Describe your planning and risk management approach around the potential impact of new connections/alterations on the network, including new offtake (demand load), injection (generation), or storage (batteries).
D4	<b>Describe any innovation activities or practices you have undertaken, including how you measure success and make decisions around commercial viability.</b>



# Tranche 1 – Asset Management

Issue	Description
AM7A	Describe your approach to lifecycle-based vegetation management, and the assumptions that drive your approach.
AM7B	Describe the assumptions and rationale behind your asset-related capex forecasts.
AM8A	Describe how asset management data informs your asset health models and describe how you use asset health models to forecast capex.
AM8B	Describe how considering non-network solutions informs your capex and opex forecasting, and what assumptions you make around this.
AM9	(Voluntary) describe any scenario assumptions and considerations that influenced your financial and asset forecasting.



# Tranche 1 – Asset Management (2)

Issue	Description
AM10	<b>Include decommissioning numbers in connection data.</b>
AM13	Confidentially disclose your actual and forecast expenditure on cybersecurity to the Commission.
A1	-- We have aligned the definitions of pass-through and recoverable costs with the price paths, as they were previously inconsistent.



# Spotlight: examples from our final decision

# Consumer engagement and approach to complaints (Q4)

## Objective

Capture more dimensions of quality of service, in terms of the consumer's perspective

## Requirement

Description of consumer engagement practices, particularly approach to complaints.

## How and why:

Low prescription requirement – text to explain in a way anyone can understand

Can be disclosed in the AMP or in a document on the website





# Consistent approach to successive interruptions (Q11)

## Objective

Make SAIFI more comparable between businesses, so our understanding of the trends can improve.

## Requirement

Businesses must use a consistent approach to counting successive interruptions.

## How and why:

- Begins in Disclosure Year 2024 - lead-in time is important for a change to the core quality metrics. We signalled this change was coming when we reset default price paths in 2020.
- Changing a core time series has consequences – there is a requirement to disclose according to **both** old and new methods, to create a Rosetta stone and preserve the value of the old time series.



# Innovation practices (D4)

## Objective

Improve visibility of innovation among electricity distributors, see the **process** of innovation, and the tests/triggers involved.

## Requirement

Description of:

- Any innovation activities/practices the business has undertaken,
- How the business measures success and makes decisions about innovation,
- Where the business is at in terms of collaboration and information access

## How and why:

Low prescription requirement – open-ended because of current state



# Consideration of non-network solutions (AM8B)

## Objective

- Understand how non-network solutions factor into businesses' planning
- Improve visibility of different businesses' approaches and circumstances

Non-network solutions are becoming more and more common, and we expect this to continue.

## Requirement

Description of how any consideration of non-network solutions informs the business' capex and opex projections – including what scenarios/assumptions the business uses about non-network solutions.

## How and why

Low prescription requirement – open-ended because of current state



**Any questions?**

# Purpose of this slide pack

- This slide pack is a presentation of key aspects of our final decision on Tranche 1 which was published 25 November.
- This pack was created for presentation at the EEA Asset Information Managers' Forum on 25 November.
- For full detail of our final decision on Tranche 1, please refer to the relevant determination and reasons paper published on our [website](#).



# Tranche 2: upcoming work

# Potential Tranche 2 issues

Issue number	Category	Description of issue
Q1B	Quality	Proposed new requirement for quantitative information on notice of planned outages.
Q3B	Quality	Proposed new requirement for quantitative information on time taken for new connections.
Q6	Quality	Proposed changes to expand ID requirements on response time to interruptions.
Q7	Quality	Proposed changes to AMP requirements on how EDBs will continue to perform for consumers, eg, commitments to develop the network for future technology.
Q8	Quality	Proposed change to add an ID requirement on the Momentary Average Interruption Frequency Index (MAIFI) to capture momentary interruptions that can be hidden or misrepresented by existing SAIDI and SAIFI requirements.



# Potential Tranche 2 issues

Issue number	Category	Description of issue
Q9	Quality	Proposed changes to add ID requirements regarding those customers worst served on the network in terms of reliability.
Q10	Quality	Proposed changes to expand ID requirements to include disaggregated SAIDI and SAIFI by network category (eg, urban, rural) and region.
Q12	Quality	Proposed changes to refine ID requirements or add guidance on assigning interruptions to cause categories.
Q14	Quality	Proposed changes to expand ID requirements to include some raw interruption data, which is currently only provided to us by non-exempt EDBs in advance of price-quality path resets.





# Potential Tranche 2 issues

Issue number	Category	Description of issue
D1	Decarbonisation	Proposed changes to add ID requirements for EDBs to provide more information about their LV networks, such as those on capacity and power quality, location and capacity of installed DERs, and/or their plans to develop and improve their LV network.
D3	Decarbonisation	Proposed changes to add ID requirements for EDBs to provide information on current and expected network constraints, eg, heat maps.
D5	Decarbonisation	Proposed changes to expand ID requirements for EDBs to include information on EDB investigations undertaken and investment into flexibility resources
D6	Decarbonisation	Proposed changes to refine ID requirements by providing standardised price components and/or price categories that EDBs can record revenue against in addition to a free field for revenue that does not fit one of the standardised categories or components.



# Potential Tranche 2 issues

Issue number	Category	Description of issue
AM1	Asset Management	Proposed changes to expand ID requirements enabling EDBs to provide better asset age data.
AM2	Asset Management	Proposed changes to refine ID requirements for EDB expenditure categories such as to include Capex and Opex unit cost information.
AM3	Asset Management	Proposed changes to refine ID requirements for EDBs to keep AMPs fit for purpose and ensure information is accessible to stakeholders.
AM4	Asset Management	Proposed changes to refine ID requirements for EDB reporting on resilience and contingency planning to include the risks posed by the effects of climate change on weather and sea levels (and possibly) other factors such as vegetation growth rates.



# Potential Tranche 2 issues

Issue number	Category	Description of issue
AM4	Asset Management	Proposed changes to refine ID requirements for EDB reporting on resilience and contingency planning to include the risks posed by the effects of climate change on weather and sea levels (and possibly) other factors such as vegetation growth rates.
AM5	Asset Management	Proposed changes to expand ID requirements to include a summary report by EDBs for significant storm events impacting their networks.
AM6	Asset Management	Proposed changes to amend the definition of 'overhead circuit requiring vegetation management'
AM11	Asset Management	Proposed changes to expand ID requirements to better assess EDB expenditure proposals, enabling the related ID metrics to support capex forecasts.



# Potential Tranche 2 issues

Issue number	Category	Description of issue
AM12	Asset Management	Proposed changes to align AMP content requirements with work on the Electricity Networks Association's Network Transformation Roadmap.
AM14	Asset Management	Potential changes to the "cycle" of AMPs and AMP updates
A2	Alignment	Proposed change to amend the definition of "Assets with changes to depreciation".



# Contact us



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