

Targeted Information Disclosure Review 2022

Electricity Distribution Businesses

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Introduction/overview to Information Disclosure



- The Commission amongst other things regulates the services provided by electricity distribution businesses (EDB), Transpower and Gas pipelines under Part 4 of the Commerce Act.¹ This is because there is little or no competition, and little or no likelihood of a substantial increase in competition in these sectors.
- A key tool in our “regulatory tool box” is the ability to impose Information Disclosure (ID) which provides transparency on the performance of regulated suppliers.
 - **Purpose of ID** – so that interested parties can have sufficient information on regulated suppliers to assess whether the purpose of Part 4 (long term benefits of consumers) is being promoted
 - **Form of ID** – varies across the sectors we regulate. For EDBs and Transpower, it consists of schedules which require the regulated party to provide regular information about financial and non-financial measures (eg quality - number and frequency of outages etc). We also require businesses in the energy sectors we regulate to release an Asset Management Plan which details their planning for the next 10 years
 - **Use of ID** – The Commission under Part 4 is required to publish a summary and analyse of ID information. In the last five years we have published numerous studies of EDBs ID data especially in relation to asset management practices
 - **History of ID.** ID for EDBs and Transpower came into effect in 2012. That means the Commission has a large amount of data that we can undertake summary and analyses of including a sufficient record of data to undertake time series trend analysis

1. for EDBs – all EDBs are subject to information disclosure regulation and 16/29 EDBs and Transpower are subject to price/quality regulation as well.

The Targeted ID Review

- We are considering improvements to our ID requirements for EDBs to reflect things we have learned since we first set them and ensure that they are fit for purpose in a changing environment. A lot of this learning has come from past stakeholder feedback on various pieces of our published work.
- A key change effecting EDBs is the transition to a decarbonised economy. Decarbonising the transport fleet, industrial process heat and gas heating by replacing fossil fuels with electricity is expected to lead to significant increase in electricity demand – some study scenarios have projected national electricity demand to increase 90% between 2020-2050
- In addition, there will likely be more complex electricity flows on EDBs network and more parties connecting to the network and more parties engaging with EDBs– eg distributed energy resources, flexibility players.
- The Targeted ID review will focus on four areas.
 - Quality
 - Decarbonisation
 - Asset management
 - Alignment of ID with other regulatory rules

The Targeted ID Review - continued

- **Quality of Service** – our current quality ID requirements for EDBs are relatively high level and may not capture all the dimensions of quality that consumers are interested in. eg:
 - information on how much notice provided for planned outages
 - information on time taken to set up new connections
 - information on power quality metrics – ie voltage
- **Decarbonisation** – likely to have a major effect on EDBs. Potential additional ID requirements to provide more transparency on how EDBs are planning and adapting to decarbonisation. eg:
 - information on the performance of low voltage (<1000v) parts of an EDBs network
 - information on pending network constraints eg, “Heat maps”
 - information on how EDBs are planning for the electrification of major process heat loads in their area (ie dairy factories, hospital boilers)
 - Information on EDBs investigation into, and investment in flexibility resources

The Targeted ID Review - continued



- **Asset management** – has been a focus for the Commission over the last five years. From the reviews we have undertaken, we have identified some potential changes to ID, eg
 - improved ID information on asset age data through more granular age data
 - more comprehensive ID reporting of information related to resilience especially in relation to effect of climate change on EDBs assets

- **Alignment of ID with other regulatory rules** - we are aware of some inconsistencies between ID requirements and our other regulatory rules that apply to EDBs (eg DPP determinations). We will consider ID changes to address these issues as part of this ID review where the changes are simple enough (and material) to be made in time for the 2025 reset of EDBs' prices and quality settings.

The Targeted ID Review – scope and relationship with our other work



- **Extension of some of the Targeted ID changes to Transpower** - we will consider extending some of the ID changes that we propose for EDBs to Transpower after considering submissions on the Targeted ID Review Issue Paper
- **How the targeted ID Review fits within our broader programme of work** - We have recently started our statutory review of our Part 4 input methodologies (IM Review). The IMs are the rules, requirements and processes that we determine must be applied to our regulation of EDBs, Transpower, gas pipeline businesses, and the three main international airports
 - The IM review is a broader and a much more fulsome review of our regulatory settings under Part 4. The IM review may result in further changes to ID
 - We also intend to undertake regular “tidy up” reviews of ID and we have already identified some issues that can be dealt with through these “tidy up” reviews

Timeline

- We released an Issues Paper for consultation on 23 March 2022 for a four-week period of consultation followed by two-week period for cross submissions
- Consultation paper is here: <https://comcom.govt.nz/regulated-industries/electricity-lines/projects/targeted-information-disclosure-review-for-electricity-distribution-businesses>
- The full timeline is shown below. Note, we intend to undertake 2 tranches of changes:
 - Tranche 1 - a “fast track” tranche of changes and
 - Tranche 2 - a “slower track” tranche of changes

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indicative Milestones



Appendix - Decarbonisation will effect EDBs in numerous ways

