

7 November 2024

Ben Woodham
Electricity Distribution Manager
Commerce Commission
Wellington 6140

By email to: infrastructure.regulation@comcom.govt.nz

Dear Ben,

Submission to the Commerce Commission (Commission) on the reconsideration of customised price-quality path for Aurora Energy (Capacity Event) 2024 draft decision

Electricity Networks Aotearoa (ENA) appreciates the opportunity to make a submission to the Commission on its consultation paper on *the reconsideration of customised price-quality path for Aurora Energy (Capacity Event) 2024 draft decision*.

ENA is the industry membership body that represents the 29 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix A.).. EDBs employ 10,000 people, deliver energy to more than two million homes and businesses and have spent or invested \$8 billion in the last five years. ENA harnesses members' collective expertise to promote safe, reliable and affordable power for our members' customers.

ENA supports the Commission's draft decision

ENA supports the Commission's draft decision to amend Aurora's price-quality path to include an additional \$44.602 million capex allowance over five years to reflect the change in costs resulting from a capacity event.

We welcome the Commission's understanding that capacity and demand needs can be difficult to forecast and having a mechanism within the Input Methodologies (IMs) to allow reconsideration in light of new information is vital for EDBs and in the long-term interests of consumers.

Whilst we note that the Commission highlights the "unique circumstances" and how "this reconsideration is also specific to Aurora,"¹ ENA also believes that Aurora's circumstances with respect to unforeseen demand and uncertain timing of capacity events can apply just as easily to any EDB. Demand forecasting is inherently difficult and a focus on electrifying Aotearoa increases the probability of EDBs needing reconsideration of their price paths for growth and capacity reasons going forward.

¹ Commerce Commission, [Reconsideration-of-customised-price-quality-path-for-Aurora-Energy-Capacity-Event-2024-Draft-decision.pdf](#), 24 October 2024, paragraph A15

We also support the Commission’s decision to “take account of costs incurred by Aurora in respect of a capacity event prior to the date at which Aurora applied for reconsideration.”² We note the Commission’s caveat that this approach differs to most other reconsideration mechanisms, “which do not allow the Commission to amend the price path to account for costs already incurred or assets already commissioned, except to the extent the IMs expressly provide for this outcome.”³

However, with the upcoming IM amendments consultation, we hope the Commission factors this recent experience with Aurora into the drafting of the IMs for all non-exempt EDBs. We think the pragmatism applied by the Commission in this Aurora decision provides a greater long-term benefit to consumers, because it allows EDBs to focus on ensuring they make prudent and efficient investments on a timely basis, rather than deferring necessary investment to ensure they meet ex-ante approval requirements.

If you have any questions about ENA’s submission please contact Gemma Pascall, Regulatory Manager ().

Yours sincerely

Gemma Pascall
Regulatory Manager

² Commerce Commission, [Reconsideration-of-customised-price-quality-path-for-Aurora-Energy-Capacity-Event-2024-Draft-decision.pdf](#), 24 October 2024, paragraph A16

³ Commerce Commission, [Reconsideration-of-customised-price-quality-path-for-Aurora-Energy-Capacity-Event-2024-Draft-decision.pdf](#), 24 October 2024, paragraph A17

Appendix A: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- Electra
- EA Networks
- Firstlight Network
- Horizon Networks
- Mainpower
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower