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23 June 2023

*Ben Woodham*  
Manager, Electricity Distribution  
Commerce Commission  
44 The Terrace  
Wellington 6140  
By email: infrastructure.regulation@comcom.govt.nz

Dear Ben

### **Vector submission on EDB DPP 2025 Process Paper**

1. This is Vector's submission on the Commerce Commission's (Commission) request for feedback on the Process Paper for the 2025 default price-quality path (DPP) reset. None of this submission is confidential.

#### **Timeline**

2. The Commission's proposed timeline is robust, but we would encourage the sharing of specific dates for key milestones as soon as is reasonably feasible.
3. At present the information gathering exercise (s53ZD notices) is outlined to run from September to December 2023. We encourage the Commission to push the requests for expenditure forecasts as early as possible given EDBs might need a decent amount of time to respond.
4. We question the four-week allocation to the submission period for the Issues Paper. It does not make sense that a Process Paper and an Issues Paper get the same consultation length. We recommend that it be increased to six weeks.

#### **Review of the 2023 asset management plans (AMP)**

5. Vector welcomes the independent reviews of EDBs' 2023 AMPs and welcome the early start of that process in July 2023. In order for EDBs (as well as the Commission) to benefit from the process, we request that AMP23 feedback is issued as early as possible. We believe that EDBs and stakeholders need to receive this information before s53ZD notices for expenditure forecasts are issued, in order to inform our responses.

#### **Disclosure of 2024 expenditure forecasting**

6. The Commission is interested to understand the practicalities of advancing either the completion of the AMP process for those components with material change, or the full AMP.
7. We would like to stress that delivering a full AMP is a six-month process due to the modelling required to derive accurate forecasts. It includes involvement of various teams across our business and a robust governance process including Board review and sign-off.
8. However we see the merits of providing those elements of the AMP where there is a material change between the 2023 and 2024 versions.
9. When the Commission issues the s53ZD notices we understand that they will disclose the levels of assurance required. The Commission must be mindful that this will impact the timelines for delivery of EDBs' responses.
10. It will also be good to understand whether or not EDBs' responses to the s53ZD notices will be published.

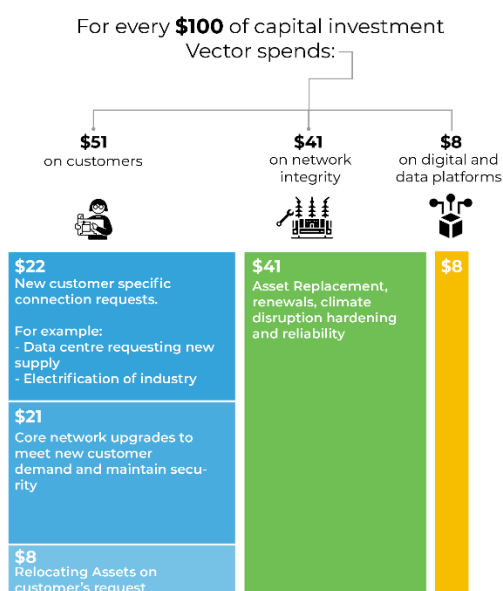
### **Stakeholder workshops**

11. Based on the Input Methodology (IM) workshops held in November and December 2022 we would like to provide the following suggestions.
  - Workshops should not be considered as a replacement of issues paper and instead should be complimentary.
  - Material is distributed at least a week ahead of the workshop, so attendees have time to digest the information and be prepared to participate with knowledge of the material.
  - Workshops must facilitate a two-way conversation. During the IM review we heard a lot of the Commission's staff views but EDBs and other stakeholders were not asked to provide theirs. The Commission should be amenable to hearing different opinions on topics first-hand (and additional to the written consultation process).
  - If written feedback to the workshops is requested, we would recommend sending the questions with the workshop material in advance of the session. This gives EDBs more time to properly address the issues raised. For the IM review workshops EDBs were given only two weeks to respond to a large number of questions covering some important topics.
  - Some topics may require more dedicated workshop time than others – where a given topic requires more focus the Commission should ensure enough time is allocated to it (even if this means considering half day or full day sessions).

### **Engagement with consumers and Māori**

12. We understand that the Commission has not yet finalised their consumer engagement approach for DPP4 and may build consumer-specific steps into the process or adapt existing steps to have a consumer focus.
13. This makes sense and we look forward to gaining more insight into the proposed steps once the Commission has finalised its approach.
14. At Vector we capture customer insights through data analytics as well as regular engagement with customers at all levels which feeds into our AMP process.
15. Over the next 10 years, 51% of our capital expenditure will be customer driven (see Figure 1 below) means that how and when we invest largely depends on our customers' requirements.

Figure 1: Breakdown of forecast capex (AMP 2023)



16. We believe that customer engagement in the energy industry in New Zealand is on a journey. We do not see the levels of engagement activities here as we see in the Australian and the British regimes, but in those jurisdictions, there is either funding or specific incentives to propagate them.

### DPP regulatory period

17. Vector supports the continuation of a five-year regulatory period.

### Other changes outside of DPP4

18. We would like to highlight the importance of aligning the DPP requirements for the Commission's information disclosure (ID) requirements. For example, in DPP3 EDBs are still

reporting a different methodology for reporting SAIDI in schedule 10 of the electricity information disclosure (EID) to reporting in the electricity compliance statement (EPQ).

Yours sincerely,



**Richard Sharp**

GM Economic Regulation and Pricing