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Finance and Expenditure Committee

By email: [fe@parliament.govt.nz](mailto:fe@parliament.govt.nz)

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## **Vector Limited submission: Local Government (Water Services) Bill**

### **Summary**

1. Vector Limited (“**Vector**”) is New Zealand’s largest distributor of electricity, supplying more than 629,000 electricity connections between Papakura and Wellsford.
2. We welcome the opportunity to submit on the Local Government (Water Services) Bill (“**the Bill**”).
3. Electricity distribution businesses (“**EDBs**”) operate lifeline utilities with specific operational requirements. This includes both activities located on land owned or administered by the EDB and within shared utility corridors such as public roads.
4. We are concerned that the powers and associated notification and dispute processes proposed in the Bill are not suitable to address valid technical considerations related to complex electricity network assets.
5. Vector wishes to be heard by the Select Committee.

**Aimee Gulliver**

GM Public Policy and Government Relations

### **Electricity distribution context**

#### **Substation sites**

6. Substations operated on land owned or administered by an EDB are significant and complex individual assets, supplying electricity to local customer catchments. These sites are acquired, and associated development is planned, based on their geographic location, suitability for development and ability to upgrade relative to electricity demand over time. This includes the interface between substations (via high voltage subtransmission cables), and the high and medium voltage cables connecting substations to the local networks of transformers and switchgear that connect customers to the network. Because these sites are so complex, activities by third parties on land operated or planned for substation development can have broader impacts on how the electricity distribution network operates.
7. Vector is concerned that the processes proposed in the Bill do not adequately address the considerations for sites containing or planned for substation site development. The powers provided to water service providers under the Bill, and the framework for resolving disputes, are more appropriately applied to land uses such as residential sites that are not subject to the same operational requirements and technical dependencies as substation sites. Assessment of the implications on the electricity network are more complex and can take significantly more time to address via agreement between parties. Time limits proposed for notification will not be reasonable for large linear networks to respond appropriately to requests to access substation land.

### **Assets in roads**

8. A significant number of Vector's assets are located in the road, including some 11,400km of underground electricity distribution circuits. The removal or relocation of an electrical circuit can have significant run-on effects for the security of the broader network and affect the supply of electricity to large groups of customers, especially where these cables provide a high voltage subtransmission function between substations.
9. We are concerned that there is insufficient clarity or certainty about how the process is intended to work where works carried out by a water services operator require the relocation of electricity assets in the road.
10. Negotiated works between utilities in shared road corridors are currently negotiated in good faith between parties and we are concerned that the Bill could place an arbitrary structure around this engagement. This could result in an unintended, and undesirable, consequence of tendency toward litigation rather than cooperative management of access to land.

### **Specific feedback on the provisions of the Bill**

#### **Section 115 – Outline of subpart 4**

11. Subsection (2) notes:

*"In this subpart, owner, in relation to land or a road or level crossing, includes the occupier of the land if the owner is not the occupier".*

12. EDBs have numerous assets located on third party sites under existing works rights<sup>1</sup> or easements. It is unclear if "occupier" extends to assets located on land not owned by the operator of the asset.

#### **Relief sought:**

13. Insert new subsection 115(4) as follows:

**(4) For the purposes of subsection (2), the occupier of the land includes any utility operator whose assets are located on or under the land, where the land is not owned by the utility operator.**

[Note: utility operator is as defined in the Utilities Access Act 2010.]

#### **Section 116 – Power to carry out work in relation to water services infrastructure on land**

14. Substation sites are complex and have technical considerations regarding the possible impacts of third-party infrastructure works beyond those typically anticipated on sites owned by private individuals.
15. The power for water service providers to carry out works, particularly the construction or placement of new infrastructure, on a site owned and administered for substation purposes is likely to require broader timeframes to allow for appropriate consideration of effects and agreement to terms or reasonable conditions for mitigation and compensation.

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<sup>1</sup> s23 Electricity Act 1992

### Relief sought:

16. Insert an additional exclusion in subsection s116(5)(c) as follows:

- (5) Subsection (1)(a) does not apply to—
- (a) land owned by the Crown; or
  - (b) land held or administered under the Conservation Act 1987 or any of the Acts specified in Schedule 1 of that Act; or
  - (c) land owned or administered by a utility operator.**

### Section 117 - Notice required before carrying out work on, over, or under land

17. The notification and response timeframes proposed in s117 for notification appear to envisage engagement with owners of land with fewer technical considerations than a substation (or assets located on a third-party site).
18. The relief sought in relation to sections 115 and 116 will ensure that appropriate notice and resulting agreements can be made in writing between network utility operators, reflecting the complex technical considerations that may be required to relocate any particular works.

### Sections 118 to 121 – Notification and disputes processes

19. No changes are proposed provided relief is granted as requested for sections 115 and 116.

### Section 132 - Power to carry out work in relation to water services infrastructure on roads

20. Section 132(1) enables water services providers to carry out works:
- “altering the position of, or altering, repairing, or removing, any gas, electricity, or telecommunications infrastructure or any part of that infrastructure on, along, over, across, or under any road in the provider’s service area.”*
21. Subsection (2)(c) states that:
- “the provider must exercise the powers specified in subsection (1) in accordance with any reasonable conditions imposed by... a utility operator whose infrastructure (including pipes and lines) is likely to be affected by the work”,* however it is unclear what constitutes a “reasonable condition”.
22. Section 24 of the Electricity Act 1992 sets out similar powers for EDBs to alter the position of infrastructure in roads, which are subject to criteria for setting reasonable conditions under section 24A. Notably this includes *“any pipe (not being a main) for the supply of water or gas”*. There are no such criteria proposed in the Bill.

### Relief sought:

23. Insert new subsection 132A – Criteria for setting reasonable conditions, or a clause to like effect:

**Any assessment of whether a condition is reasonable must consider the need to ensure the:**

- (a) safety and efficiency of the affected utility operation;**
- (b) health and safety of any person or class of persons;**
- (c) minimisation of disruption to users of the utility operation;**
- (d) the co-ordination of works with the works of other utility operators;**
- (e) avoidance of any material deterioration to service associated with assets owned and operated by the affected utility operator;**

**(f) cost of all work required to be done shall be paid by the person that requires the work to be done, and the utility operator does not suffer any direct financial loss as a result of the work.**

#### **Section 137 – Urgency**

- 24. Section 137 allows water services providers to take immediate action either in response to a declared emergency or on reasonable grounds that a serious risk exists, without being required to obtain consent to provide notice to the owner of land or infrastructure in a road.
- 25. Access to substation sites, or relocation or alteration of electricity assets cannot be safely managed without the express involvement of the utility operator responsible for the land or asset.

#### **Relief sought:**

- 26. Add new subsection (4) to Section 137:

**(4) Provided that no emergency work will be undertaken on a utility operator's assets without full compliance by the water service provider with all relevant health and safety and operational notifications and requirements.**