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20 November 2009

David Healy
Network Performance Group
Commerce Commission
By e-mail

Dear David

This letter constitutes Vector's submission on the *Initial Reset of the Default Price-Quality Path for Electricity Distribution Businesses Consultation Update Paper* ("Update Paper").

We have also seen the submission from ENA's Regulatory Working Group and support its recommendations. We have only one key point which we wish to raise with the Commission on its technical drafting.

Further clarity on multi-day quality events

In the Commission's previous guidelines on extreme events the Commission adopted the following guideline:

Where an extreme event occurs over multiple days and supporting evidence is provided by the ELB, the Commission will consider whether to include those days in the extreme event. This would mean the boundary value would replace multiple days, i.e., if an extreme event occurred on day one but it continued into day two, then day one's SAIDI value would be replaced with the boundary value and day two's SAIDI value would be set to zero.¹

The Commission has accepted Vector and other's suggestion in relation to an *interruption* that spans multiple days due to an extreme event. However, there are incidents where a storm can span multiple days leading to multiple interruptions which, on their own, are not sufficient to reach the boundary value, but should be considered an extreme event. For example, in Vector's 2007 compliance statement we combined a number of interruptions into a single event as a result of severe multi-day storms during the 2006/07 regulatory year, with evidence of the extent of the storms. Vector submits that the Commission should further clarify that interruptions resulting from an extreme event that spans multiple days can be accrued to the first day, with EDBs being required to establish that all relevant

¹ Commerce Commission (2007) *Supplementary Guidelines for Investigating Breaches of the Reliability Criterion of the Quality Threshold* page 11

interruptions can be reasonably attributed to the extreme event in their compliance statement. For example, information on the length and extent of a storm would need to be provided.

Concluding comment

Vector wishes to acknowledge the constructive process followed by the Commission in providing a clear determination by 1 December. In particular, the additional technical consultation step has proved extremely useful. We look forward to the Commission's future work programme and in particular the development of improved incentive mechanisms relating to quality and energy efficiency.

Kind regards

A handwritten signature in black ink, appearing to read 'Nathan Strong', written in a cursive style.

Nathan Strong
Manager Regulatory Affairs