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Tēnā koe,

EDB IM amendment – incentivising investment throughout a DPP period

We appreciate the opportunity to respond to the Commerce Commission's (**Commission's**) draft decision to amend the input methodologies (**IMs**) for electricity distribution businesses (**EDBs**) to account for revenue shifted in the regulatory period immediately before an EDB moves to a customised price-quality path (**CPP**).

We welcome the Commission's proactive consideration of potential deterrents to EDBs applying for a CPP when doing so is in the best interests of consumers. The proposal ensures that when an EDB transitions from a DPP to a CPP mid-period, both the EDB (in cases of revenue deferral) and consumers (if revenue has been accelerated) are made whole for the building blocks revenue during the DPP period. This approach aligns with the section 52A(1)(a) objective by maintaining incentives for efficient investment - regardless of timing - for the long-term benefit of consumers

Powerco supports the intention for shifted revenue to be included in the maximum allowable revenue for transitioning EDBs, and we agree with the Commission that given it's likely there are a number of CPP applications over DPP4, that it's appropriate to make the amendment now.

We note the draft decision did not include a worked or modelled example illustrating the mechanics of the shift-revenue calculation. We strongly encourage the Commission to publish a worked example in the final decision. Worked examples are critical to identifying potential quirks in the calculations as well as contributing to EDBs' learning and understanding as to how the mechanism works.

Yours sincerely,



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POWERCO