

Electricity Distribution ID Amendments – Related party transaction threshold 2026

Final Decision – Reasons paper



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Final decisions on Electricity Distribution Businesses Information Disclosure amendments

Purpose

1. We are implementing targeted changes to the current Electricity Distribution Businesses (**EDB**) Information Disclosure (**ID**) requirements so that they:¹
 - 1.1 remain fit for purpose;
 - 1.2 keep pace with changes in the industry and competitive landscape; and
 - 1.3 improve the quality of information available to stakeholders seeking to understand how EDBs are performing.
2. The final decisions apply to all 29 ID regulated EDBs.
3. The Part 4 ID reviews framework paper outlines the approach we use for setting and amending EDB ID requirements. The framework ensures the requirements meet the purpose of the regulation and are cost effective.²
4. These targeted changes include:
 - 4.1 amending the threshold after which additional related parties reporting is required (**the threshold**);³
 - 4.2 making minor amendment to the Director certification of disclosures; and
 - 4.3 making minor amendments to improve the process of filling in the ID Schedules.

Application dates

5. Changes to EDB ID requirements will take effect from 20 February 2026. This decision will impact the disclosures due by 31 August 2026.

Structure

6. Our final decisions to amend the EDB ID requirements and the reasons for the amendments are set out in paragraphs 7 to 20 below. This is followed by:
 - 6.1 Appendix A – Table of associated documents; and

¹ Commerce Commission, [Electricity Distribution Information Disclosure \(amendments related to IM Review 2023\) Amendment Determination 2024](#), (27 November 2024).

² Commerce Commission, [Part 4 Information Disclosure Reviews, Framework paper](#), (14 December 2023).

³ Commerce Commission, [Input methodologies review - related party transactions. Final decision and Determinations guidance](#), (21 December 2017).

6.2 Appendix B – Stakeholder views.

Issue 1: Amending the threshold after which additional related parties reporting is required

Background

7. Related party transactions happen when a regulated supplier does business with an entity connected to it through shared ownership or control. These transactions might not follow normal market terms, meaning the supplier's costs may not reflect efficient costs that we would expect might otherwise apply in the absence of such a relationship.⁴
8. In 2017, we introduced a 'de minimis' threshold to reduce disclosure requirements for suppliers with lower total expenditure or a minimal proportion of related party transactions. With this threshold, an EDB makes limited disclosures if its combined capital and operational expenditure is less than \$20 million, or if related party transactions account for less than 10 percent of that combined expenditure in the disclosure year.⁵ This approach ensures compliance costs remain proportionate to the size of the supplier and the level of related party transaction.⁶

Final decision

9. We have adopted submitters' recommendation to adjust the threshold for Consumer Price Index (CPI). We have increased the threshold from \$20 million to \$30 million, with the new value adjusted CPI in accordance with clause 2.3.9 (1) of the ID Determination.⁷

Why is change required

10. This review was prompted by an enquiry from an EDB in August 2025, suggesting a reassessment of the threshold to maintain the intent behind clause 2.3.9(1) of the ID Determination. The intent of this clause is to reduce the regulatory burden on smaller EDBs with lower total expenditure.⁸

⁴ Commerce Commission, [Input methodologies review - related party transactions. Final decision and Determinations guidance.](#), (21 December 2017).

⁵ Commerce Commission, [Electricity Distribution Information Disclosure \(amendments related to IM Review 2023\) Amendment Determination 2024](#), (27 November 2024), page 52.

⁶ Commerce Commission, [Input methodologies review - related party transactions. Final decision and Determinations guidance.](#), (21 December 2017).

⁷ Commerce Commission, [Electricity Distribution Information Disclosure \(amendments related to IM Review 2023\) Amendment Determination 2024](#), (27 November 2024).

⁸ Commerce Commission, [Input methodologies review - related party transactions. Final decision and Determinations guidance.](#), (21 December 2017).

11. The existing threshold we set in 2017 no longer accurately reflects the scale of operations it was originally intended to capture.⁹ Due to the significant inflation and increased investment activity across the electricity distribution sector, smaller EDBs are likely to exceed the current \$20 million expenditure threshold despite no significant changes in their scale or operational complexity. To maintain the real value of the threshold over time, the revised \$30 million threshold will be adjusted annually in line with movements in CPI.

Reasons for the final decision

12. We have assessed the appropriateness of the current threshold and determined that an adjustment is necessary to ensure the threshold continues to serve its intended purpose of reducing reporting requirements for smaller EDBs.¹⁰ Updating the threshold will ensure that disclosure obligations remain targeted and align with the evolving scale of industry operations. This change also supports the broader objective of reducing unnecessary compliance burdens, while maintaining transparency and accountability for larger EDBs.
13. Based on the 2025 ID data and applying the proposed \$30 million threshold, 10 EDBs fall below the proposed threshold expenditure and would only be required to disclose limited disclosures.¹¹ An additional nine other EDBs who exceed the proposed \$30 million threshold but have related party transactions accounting for less than 10 percent of total expenditure, would also provide limited disclosures. This leaves 10 EDBs in total that exceed either the \$30 million threshold or the 10 percent expenditure, requiring them to disclose the full set of related party disclosure requirements.

⁹ Commerce Commission, [Input methodologies review - related party transactions. Final decision and Determinations guidance.](#), (21 December 2017).

¹⁰ Commerce Commission, [Input methodologies review - related party transactions. Final decision and Determinations guidance.](#), (21 December 2017).

¹¹ Related party relationships, Valuation methodology, Report on Related Party Transactions (Schedule 5b), Audit and assurance requirements. Commerce Commission, [Related Party Transactions Audit and Appraiser Requirements.](#), (31 March 2018), page 12.

Issue 2: Director certification of disclosures

Background

14. Director certification is an important requirement as it offers a cost-effective way to provide assurance, as directors are expected to have sufficient knowledge of their business to validate the disclosed information. Directors are expected to seek advice they consider is needed prior to signing the director's certification, which may include senior executive or external advice.¹²

Final decision

15. We are amending clause 2.9.2 of the ID Determination, along with Schedule 18(a) *Certification for Disclosures* to extend their reference from clauses 2.3.8 – 2.3.12 to clauses 2.3.8 – 2.3.18.¹³ Clauses 2.3.8 – 2.3.16 are related party disclosures and clauses 2.3.17 – 2.3.18 are financial disclosures that still require audit and therefore remain in the director certification.

Why is change required

16. During the Targeted Information Disclosure Review (2024), we aligned audit and director certification obligations with the verification framework under clause 2.9.2 of the ID Determination.¹⁴ ¹⁵ Currently, this only incorporates the related party information required under clauses 2.3.8 to 2.3.12. We are proposing to extend the scope to include clauses 2.3.8 - 2.3.18 to ensure all relevant disclosure obligations are captured.

Reasons for the final decision

17. The amendment aims to correctly align the existing audit and director certification requirements in the ID Determination with the verification framework. The verification framework refers to the set of rules and processes that ensures the accuracy, reliability, and credibility of information disclosed.¹⁶ The amendment will ensure the certification process fully reflects all applicable disclosure obligations, enhancing its accuracy and completeness and better aligning it with the scope of the ID Determination.

¹²Commerce Commission, [Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final reasons paper](#), (1 October 2012).

¹³ Commerce Commission, [Electricity Distribution Information Disclosure \(amendments related to IM Review 2023\) Amendment Determination 2024](#), (27 November 2024).

¹⁴ Commerce Commission, [Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final reasons paper](#), (1 October 2012), page 9.

¹⁵ Commerce Commission, [Targeted Information Disclosure Review \(2024\) - Electricity Distribution Businesses. Final decision - Reasons paper](#), (29 February 2024).

¹⁶ Commerce Commission, [Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final reasons paper](#), (1 October 2012).

Issue 3: Minor amendments to EDB Schedule layout

Final decision

18. We are removing cells and columns in the below schedules that are no longer required from DY2026.
 - 2(v): Financial Incentives and Wash-Ups
 - 3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups
 - 4(ii): Unallocated Regulatory Asset Base
 - 4(iv): Roll Forward of Works Under Construction
 - 6b(i): Operational Expenditure
 - 9c: Overhead Lines and Underground Cables
 - 11b: Operational Expenditure Forecast
 - 12b(i): System Growth – Zone Substations

Why is change required

19. The additional cells and columns in the templates were originally included to clarify reporting requirements for DY24 and DY25. However, their continued presence has reduced clarity and caused confusion among providers. For instance, in schedule 12b(i): *System Growth – Zone Substations*, columns no longer required after DY24 contributed to one EDB omitting a column from its disclosure due to misinterpretation. Additionally, the inclusion of unnecessary extra columns increases the width of the page which can hinder readability when schedules are published as PDFs on providers' websites.

Reasons for the final decision

20. These amendments will improve the clarity and readability of the schedules.

Appendix A: Associated documents

Publication date	Reference	Title
21 December 2017	978-1-869456-20-7	<u>Input methodologies review - related party transactions. final decision and Determinations guidance, 21 December 2017</u>
14 December 2023	978-1-991085-61-0	<u>Part 4 Information Disclosure Reviews, Framework paper, (14 December 2023).</u>
29 February 2024	978-1-991085-74-0	<u>Targeted Information Disclosure Review (2024) - Electricity Distribution Businesses, final decision - reasons paper, (29 February 2024).</u>
27 November 2024	1178-2560	<u>Electricity Distribution Information Disclosure (amendment related to IM Review 2023) Amendment Determination 2024 [2024] NZCC 31.</u>

Appendix B: Stakeholder views

B1. Overall, the feedback received through submissions was generally supportive of proposed changes outlined in the draft decision reasons paper. However, several submitters raised concerns about specific amendments or recommended additional changes, prompting reconsideration in some areas. Where submission feedback has either led to revisions to the draft decisions or has prompted clarifications, we have summarised the key submission points and our responses below.

Table 1: Submission feedback on the draft decisions and our response

What we heard	Our response
Category: increasing the threshold	
<p>Most submitters supported increasing the threshold to \$30 million. Most submissions suggested the Commission consider amending clause 2.3.9(1) to specify a real-dollar threshold, with CPI applied in subsequent years to derive the nominal threshold applicable to each disclosure year. Submitters noted that this approach would preserve the real value of the threshold over time.¹⁷</p> <p>Orion proposed a similar approach, recommending that the threshold be increased to \$26 million (reflecting a DY25 inflation adjustment) and that ID clause 2.3.9 be amended to include an ongoing CPI adjustment.¹⁸</p>	<p>As noted in paragraph 9 we have decided to initially raise the threshold to \$30 million. We agree with the submitters' recommendation to amend clause 2.3.9(1) to include CPI-based annual adjustment mechanism would ensure the threshold remains aligned with inflation and avoid future material amendments.</p>

¹⁷ Unison and Centralines: [Submission on draft decision on electricity distribution - Reasons paper](#) (17 December 2026). ENA: [Submission to the Commerce Commission \(Commission\) on Electricity Distribution ID Amendment - Related party transaction threshold 2025 - draft decision](#) (17 December 2026). IEGA: [Draft Decision: Electricity Distribution ID Amendments – Related party transaction threshold](#) (18 December 2025). Wellington Electricity: [Consultation on changes to Electricity Distribution ID Amendments - Related party transaction threshold 2025.](#) (13 January 2026).

¹⁸ Orion: [Submission – Electricity Distribution Information Disclosure – Related party transaction threshold](#) (16 January 2026), page 2.

Westpower cross-submitted on Orion's submission regarding the recommendation to lower the proposed threshold from \$30m to \$26m. Westpower opposed this recommendation and noted that Orion was the only EDB advocating for a reduced threshold and argued that Orion's rationale is not supported by broader sector evidence or established regulatory practice.¹⁹

Westpower recommended an increase from \$20million to \$50million to provide longer-term certainty, particularly as Westpower expects to exceed \$30million capex/opex expenditure by FY27.²⁰

Orion raised concerns that the current de minimis settings in clause 2.3.9 may not fully align with the original policy intent. To preserve the intended policy outcome, Orion recommended amending clause 2.3.9 so that the exemption applies only where related party transactions fall below both the financial and proportionate de minimis thresholds, as set out in subclauses (1) and subclauses (2).²¹

Orion submitted on other aspects of the enhanced related party transaction reporting that they consider should be amended:²²

1. A lack of specified materiality;
2. Excessive frequency of reporting; and
3. Inappropriate timing for reporting.

When this policy was introduced in 2017, a de minimis threshold was deliberately incorporated to limit disclosure requirements for suppliers with lower levels of total expenditure or a minimal proportion of related party transactions. The intent was to ensure that compliance costs remain proportionate to both the size of the supplier and the extent of its related party transactions. We consider that the settings align with the policy intent.

This issue raised by Orion is out of scope for this project. We will note this matter in the issues and guidance register and ensure it is considered as part of a future ID amendment review.

¹⁹ Westpower: [Cross Submission on Electricity Distribution Information Disclosure Related Party Transaction Threshold Draft Package 2025](#) (21 January 2026) page 1.

²⁰ Westpower: [Submission on Electricity Distribution Information Disclosure Related Party Transaction Threshold Draft Package 2025 draft decision – Reasons paper](#) (16 January 2026), page 1.

²¹ Orion: [Submission – Electricity Distribution Information Disclosure – Related party transaction threshold](#) (16 January 2026), page 2.

²² Orion: [Submission – Electricity Distribution Information Disclosure – Related party transaction threshold](#) (16 January 2026), page 2.

Westpower suggested either retrospective application of the revised threshold or the provision of transitional exemption relief for FY25 and FY26 if the final decision is issued after 31 January 2026. Similarly, the ENA recommended that, should the Commission's final determination be delayed beyond that date, consideration be given to granting related-party exemption relief for EDBs expected to fall between the \$20 million and \$30 million thresholds for the disclosure year ending 31 March 2026.²³

The revised related party transaction threshold is proposed to apply from 20 February 2026. We are happy to consider exemptions for transitional impacts.

Category: scope of director certification

All submitters supported the proposal to extend the director certification to cover all clauses relating to related party transaction disclosures (clauses 2.3.8–2.3.16). Submitters also accepted the inclusion of clauses 2.3.17–2.3.18 but asked for clearer explanations of their purpose and why they are included, given that these clauses do not relate directly to related party transaction disclosures.²⁴

We have revised the draft decision (paragraph 15) to provide clearer explanation for the inclusion of clauses 2.3.17 and 2.3.18 within the director certification.

Category: Minor amendments to EDB schedules layout

²³ Westpower: [Submission on Electricity Distribution Information Disclosure Related Party Transaction Threshold Draft Package 2025 draft decision – Reasons paper](#) (16 January 2026), page 2.

²⁴ Orion: [Submission – Electricity Distribution Information Disclosure – Related party transaction threshold](#) (16 January 2026), page 4. Westpower: [Submission on Electricity Distribution Information Disclosure Related Party Transaction Threshold Draft Package 2025 draft decision – Reasons paper](#) (16 January 2026), page 3. Unison and Centralines: [Submission on draft decision on electricity distribution - Reasons paper](#) (17 December 2026), page 2. ENA: [Submission to the Commerce Commission \(Commission\) on Electricity Distribution ID Amendment - Related party transaction threshold 2025 - draft decision](#) (17 December 2026), page 2.

All submitters agreed with the minor amendments. Unison and Centralines noted that this change extends to section 4(iv), which was not listed in the draft decision but is reflected in the proposed schedules.²⁵

We have updated the list of changes in the final reasons paper.

²⁵ Orion: [Submission – Electricity Distribution Information Disclosure – Related party transaction threshold](#) (16 January 2026), page 4; Unison and Centralines: [Submission on draft decision on electricity distribution - Reasons paper](#) (17 December 2026), page 2; ENA: [Submission to the Commerce Commission \(Commission\) on Electricity Distribution ID Amendment - Related party transaction threshold 2025 - draft decision](#) (17 December 2026), page 2; and Westpower: [Submission on Electricity Distribution Information Disclosure Related Party Transaction Threshold Draft Package 2025 draft decision – Reasons paper](#) (16 January 2026), page 3.