

Electricity Distribution ID Amendments – Related party transaction threshold 2025

Draft Decision – Reasons paper



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Draft decisions on Electricity Distribution Businesses Information Disclosure amendments

Purpose

1. We are proposing 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 draft 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 proposed changes aim to:
 - 4.1 amend the threshold after which additional related party reporting is required (**the threshold**);³
 - 4.2 make a minor amendment to the director certification of disclosures; and
 - 4.3 make minor amendments to improve the process of filling in the ID schedules.

What we are consulting on

5. We are seeking stakeholder views on:
 - 5.1 the draft decisions to amend the EDB ID requirements outlined in paragraph nine to 23; and
 - 5.2 the proposed application date, as outline in paragraph 7 below.
6. Submissions are due by 17 December 2025. Additional information regarding the feedback process is provided in Appendix B.

¹ Commerce Commission: [Electricity Distribution Information Disclosure \(amendments related to IM Review 2023\) Amendment Determination 2024](#) [2024] NZCC 31 (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).

Proposed application dates

7. If confirmed in our final decision, the changes to EDB ID requirements will take effect from when the updated EDB ID Determination amendment is published. This decision will impact the disclosures due by 31 August 2026.

Structure

8. Our draft decisions to amend the EDB ID requirements and the reasons for the proposed changes are set out in paragraphs nine to 23 below. This is followed by:

8.1 Appendix A – Table of associated documents

8.2 Appendix B – Feedback process

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

Background

9. 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
10. 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, 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% 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 transactions.⁶

Draft decision

11. We propose to increase the threshold from \$20 million to \$30 million under clause 2.3.9 (1) of the ID Determination.⁷

Why is change required

12. 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
13. 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.

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](#) [2024] NZCC 31 (27 November 2024).

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](#) [2024] NZCC 31 (27 November 2024).

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

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

Reasons for the decision

14. 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.
15. 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 make 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% of total expenditure, would also provide limited disclosures. This leaves 10 EDBs in total that exceed both the \$30 million threshold and the 10% expenditure, requiring them to disclose the full set of related party disclosure requirements.

Stakeholder concerns regarding the increase in the related party threshold

16. We understand that some stakeholders may have concerns that increasing the threshold could reduce visibility around the potential exercise of market power by certain EDBs, creating possible competition risk - particularly those who may fall below the proposed threshold in future years. We welcome any feedback of this nature and, to the extent it is relevant to promoting the purpose of Part 4, will consider it ahead of finalising our decisions on these amendments.

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](#) (21 March 2018), p.g 12.

Issue 2: Director certification of disclosures

Background

17. 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

Draft decision

18. We propose 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

Why is change required

19. 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 to 2.3.18 to ensure all relevant disclosure obligations are captured.

Reasons for the draft decision

20. 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.

¹² Commerce 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](#) [2024] NZCC 31 (27 November 2024).

¹⁴ Commerce Commission: [Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper](#) (1 October 2012).

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 schedules layout

Draft decision

21. We intend to remove 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
 - 6b(i): Operational Expenditure
 - 9c: Overhead Lines and Underground Cables
 - 11b: Operational Expenditure Forecast
 - 12b(i): System Growth – Zone Substations

Why is change required

22. 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 draft decision

23. These proposed 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	Input methodologies review - related party transactions. Final decision and determinations guidance, 21 December 2017
14 December 2023	978-1-991085-61-0	Part 4 Information Disclosure Reviews, Framework paper, (14 December 2023).
29 February 2024	978-1-991085-74-0	Targeted Information Disclosure Review (2024) - Electricity Distribution Businesses, final decision - Reasons paper, (29 February 2024).
27 November 2024		Electricity Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024, (27 November 2024).

Appendix B: Feedback process

B1. Table 1 sets out the key dates for this ID amendment.

Table 1: Key milestones for EDB ID Amendment 2025

Indicative date	Publication / Event
3 December 2025	Draft Decision – Reasons paper
17 December 2025	Submissions due (two weeks)
22 January 2026	Cross-submissions due (one week)
Q1 2026	Final Decision - Reasons paper

B2. We welcome your feedback. Submissions are due by 5pm on 17 December 2025 and cross-submissions by 5pm on 22 January 2026.

B3. Please email your submission to infrastructure.regulation@comcom.govt.nz, and include “EDB ID Amendment” in the subject line.

B4. We prefer submissions in formats suitable for data analysis and for publication on our website, such as a Microsoft Word or a PDF document.

Confidential submissions

B5. We encourage public submissions so that all information can be tested in an open and transparent manner. We recognise that there may be cases where parties wish to provide information in confidence. We offer the following guidance:

B5.1. if it is necessary to include confidential material in a submission, the information should be clearly marked as confidential, with reasons why that information is confidential;

B5.2. where information is commercially sensitive, submitters must explain why publication of the information would be likely to unreasonably prejudice their commercial position or that of another person who is the subject of the information;

B5.3. both confidential and public versions of the submission should be provided and clearly labelled accordingly; and

B5.4. the responsibility for ensuring that confidential information is not included in a public version of a submission rests entirely with the party making the submission.

B6. Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we do not publish unless good reason existed under the Official Information Act 1982 to withhold it and it was in the public interest to do so. While we would normally consult with the party that provided the information before any disclosure is made, the Commission ultimately makes the decision regarding the disclosure.