6 November 2026

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Local lines networks: achieving better outcomes for consumers

Counties Energy Trust welcomes the Commerce Commission's focus on getting value for money and improving consumer outcomes. The Trust supports a regulatory approach that promotes efficient investment, innovation, resilience, collaboration and greater standardisation across EDBs[1] The Trust also supports updating economic regulation so it remains fit for purpose as New Zealand's electricity system changes.

EDBs are infrastructure businesses. Their cost base is dominated by long-lived network assets, and the largest efficiency opportunities therefore come from improving asset utilisation, avoiding or deferring unnecessary reinforcement, using flexibility and other non-network solutions, and sharing capability where this delivers better value for consumers. EDBs also have a critical and growing role in enabling electrification and connecting new homes, businesses and generation.

The Trust's submission is built around five propositions:

1. Regulation should support efficient investment, innovation and resilience for electrification while protecting consumers from inefficient expenditure and unnecessary price increases. We agree that consumers should have confidence they are receiving value for money and a reliable service; however, the Commission does not demonstrate that there is currently a systemic problem.

2. The regulatory framework should recognise strong performance as an example and promote best practice while ensuring any "stronger" regulatory settings are targeted to clearly identified areas of concern. The Commission should identify where it considers improvements are not yet systematic.

3. Counties Energy is demonstrating future-readiness through asset management planning, Distribution System Operator (DSO) capability, distributed energy resources (DER), digital capability, innovation trials and strategic partnerships.

4. Affordability and financeability must be balanced carefully so prudent investment can be recovered while incentives remain to manage costs and defer unnecessary reinforcement.

5. Greater collaboration, standardisation, transparency and selective use of performance measures are preferable to disruptive structural changes.

[1] Responses to select questions are provided in the Appendix.

Executive summary

As the consumer-owned shareholder of Counties Energy, Counties Energy Trust supports a regulatory framework that enables prudent investment, innovation, resilience and affordability. We appreciate that this will help ensure consumers in the Counties region benefit from a safe, reliable and future-ready electricity network balancing the needs of current and future consumers.

Counties Energy is well placed to meet the challenges of strong regional growth and the energy transition. Its asset management planning and current initiatives demonstrate a focus on developing DSO capabilities, enabling DERs and flexibility services, improving digital capability, trialling new technologies, and forming partnerships for shared services with other EDBs to deliver more efficient outcomes.

Affordability and long-term value for money remain central to the Trust's position.
The Trust recognises the need to balance timely network investment with consumer protection, and notes Counties Energy's relatively modest 2026 lines charge increase. Regulatory settings should support prudent investment while preserving incentives to manage costs and defer unnecessary reinforcement where efficient alternatives exist. The challenge that Counties Energy has in one of the fastest growing areas of the country is to keep prices down while meeting today's requirements and at the same time planning prudently for future needs and remaining mindful of who pays.

The Trust also supports greater collaboration and standardisation across the sector, including shared services, common platforms, joint procurement, consistent customer-facing processes and selective use of performance measures. Counties Energy's collaborations with other distributors, government agencies, Transpower, EECA and technology partners illustrate the practical benefits of cooperation already being delivered.

Benchmarking could have a useful role to play if it is carefully thought through, well designed and supported by expert EDB input. The risk is that it could potentially result in misleading EDB performance inferences given the different operating environments of many EDBs. For example, it is difficult to undertake 'like-for-like' comparisons of different EDB costs and reliability challenges given there are so many different variables, that are outside of the control of individual EDBs, that impact costs. In particular, an EDB with a high percentage of underground urban network relative to overhead rural network, will have a significantly lower operating cost per customer.

Care is needed to avoid over-regulation or reforms that weaken financeability, reduce confidence in recovery of efficient investment, increase the cost of capital, or unintentionally discourage the infrastructure required for electrification. The Trust encourages targeted, proportionate interventions based on clear evidence, while avoiding settings that penalise well-performing EDBs. In the Trust's view, the regulatory framework should focus on encouraging best practice across the sector rather than designing "stronger" regulation by reference to what are perceived to be the poorest performing EDBs when this is purely a 'desk-top' exercise.

On amalgamations, the Trust notes that any evidence of inefficiency across EDBs is very marginal as most of the costs are infrastructural and relate to infrastructure depreciation, return of capital and maintenance. These costs per customer do not vary by size of the entity and so size alone does not necessarily determine efficiency, innovation or service quality. The Trust therefore considers that the Commission should focus on measures that improve infrastructure utilization and efficiency. This will be critical as the country electrifies and through improved network utilization will enable EDBs to lower their cost per kWh to supplied households and businesses. This in turn will lower the household and business overall combined energy costs (electricity, petrol, diesel, gas) energy costs. This requires a DSO and the enabling of DERs and flexibility services all of which Counties Energy is developing.

Support for updating economic regulation

The Commission's role is critical for providing the supporting framework to ensure necessary investment is made to meet changing consumer needs, while avoiding inefficient or premature investment. Counties Energy Trust supports updating economic regulation, so it is fit for New Zealand's electrification challenge.

This work should form part of a coherent national energy strategy. The regulatory framework needs to support efficient investment, innovation and resilience in response to:

- growing electricity demand;
- transport electrification;
- decarbonisation; and
- severe weather events.

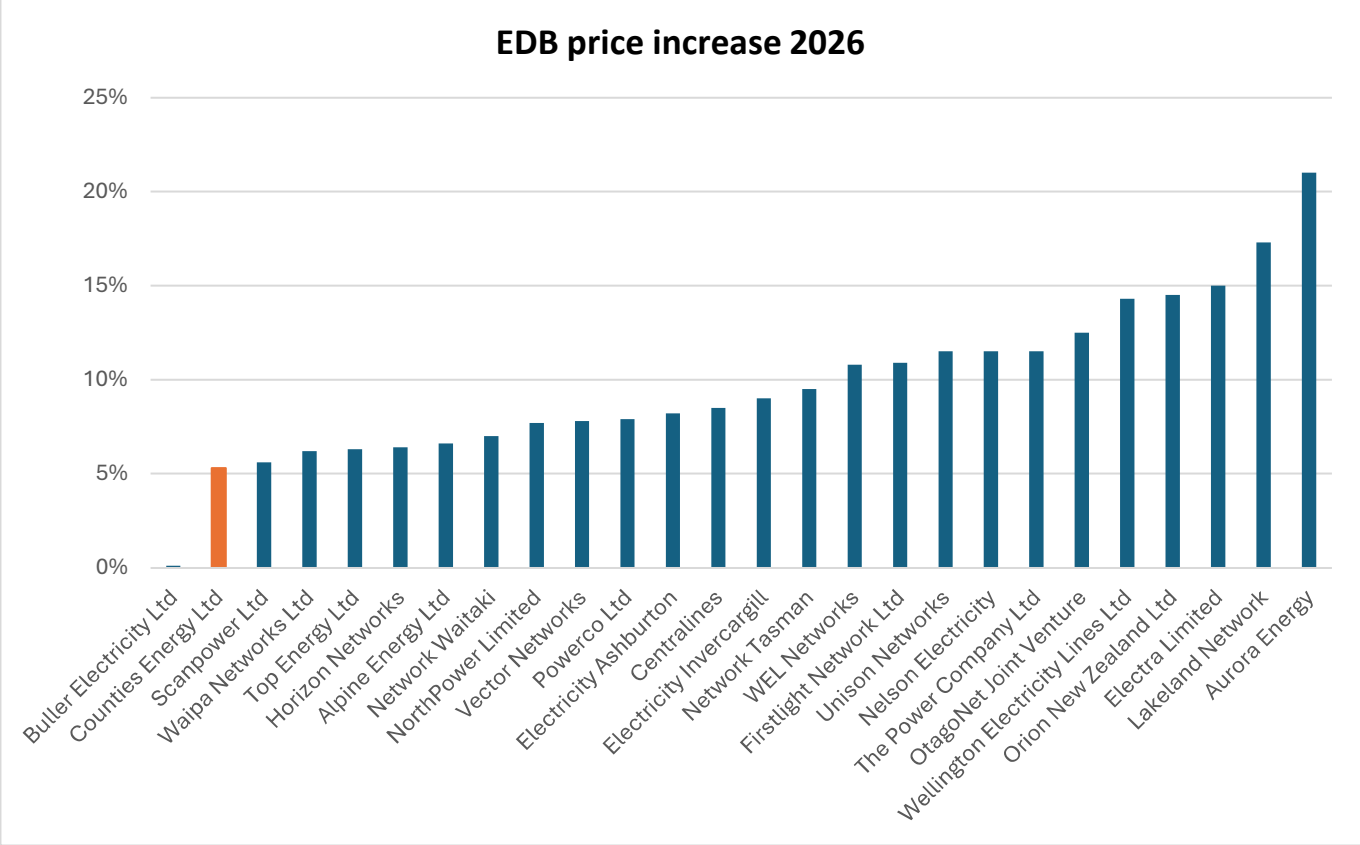
Consumers increasingly expect electricity networks to remain resilient during severe weather events and other disruptions. Regulatory settings should recognise the value of resilience investments that reduce outage frequency and duration and improve recovery times.

Just as EDBs need to adapt, the Commission's regulatory approach should also continue to evolve. In considering how best to incentivise innovation, improve efficiency and meet changing consumer needs, Counties Energy Trust considers that the framework should place a strong emphasis on pointing-out good performance, rather than designing "stronger" regulation primarily by reference to those considered the poorest performing EDBs who can perhaps be guided with learnings.

Balancing affordability against investment needs

The Trust recognises the need to balance timely network investment with consumer protection, and notes Counties Energy's relatively modest 2026 lines charge increase.

Counties Energy had the second lowest price increase in line charges for 2026.[2,3]



[2] https://simplyenergy.co.nz/price-change-notification-april-2026/
[3] Excludes The Lines Company, Mainpower, Marlborough Lines and Westpower.

Counties Energy increased line charges by 5.3% on average from 1 April 2026. The 5.3% is made up of 2.8% transmission cost pass-through (a 22% increase in transmission charges) and just a 2.5% increase in Counties Energy's distribution component of the line charges.

Counties Energy has limited the distribution component of its 1 April 2026 price increase to 2.5 percent while continuing to invest for growth, reliability and resilience. This is a more relevant indicator of consumer outcomes than ownership form alone. Any comparative industry ranking should be verified against a consistent definition of distribution-only and total line-price movements before publication.

Establishing a vision statement for the sector

The Trust welcomes the Commission's intention to "work with sector stakeholders to establish a clearly articulated view on what 'good' performance for an EDB looks like, so we are all clear on prioritised industry outcomes." In developing that view, the Trust considers it will be important to recognise that different EDBs face different circumstances and that measures of what 'good' performance looks like should reflect practical, 'in-the-field' experience.

With 29 EDBs serving different communities, networks will necessarily respond to the energy transition in different ways and at different speeds. For example, Counties Energy must manage high growth, while other EDBs may face different operating challenges, and perhaps a static or decreasing consumer and/or load base.

EDBs may therefore have legitimately different priorities, reflecting factors such as geography, topography, asset condition and customer base. The Trust considers these differences should be taken into account when designing any new regulatory settings and particularly in the assessments that are made – this is more than a 'desktop exercise'.

The Commission's observation that "some EDBs are putting in place clear initiatives to meet future challenges", while future readiness is not yet systematic across all EDBs, warrants further examination. It will be important to identify where the Commission considers performance gaps exist, and the scale of any such issues, rather than relying on generalised concerns about the sector.

Counties Energy is well placed to respond

From the Trust's perspective as the consumer-owned shareholder body for the Counties region, Counties Energy is demonstrating the planning discipline, operational focus and willingness to collaborate that will be needed to meet the region's growth and electrification challenge.

Planning evidence and regional growth

The existing Information Disclosure framework, particularly the Asset Management Plan (AMP) requirements, provides a substantial evidence base on how EDBs are preparing for growth, resilience and decarbonisation. The Commission should make greater use of robust AMP forecasts, supported by scenario analysis, consumer engagement and transparent consideration of network and non-network options.

The Trust is highly cognisant that Counties Energy is located in one of the fastest-growing regions in New Zealand,[4] while also needing to support decarbonisation, DERs and greater resilience.

[4] From the Counties Energy AMP 2026:

> "The Drury-Opāheke Structure Plan forecasts approximately 22,000 new homes and 60,000 new residents over 30 years according to plans for Auckland and Waikato. The scale of this development is significant as Drury could rival Napier in terms of size over the next 30 years.
>
> "In the Pukekohe-Paerata area, plans allow for a further 12,500 dwellings and an estimated 33,800 new residents in the next 30 years. The Paerata Rise development alone represents a substantial portion of the growth, with approximately 4,500 new build homes planned within the Paerata Rise township, to be completed by 2035.
>
> "The combined impact of these two growth areas represents over 34,500 new dwellings over the next 30 years, creating substantial additional demand for electricity. This aligns with Auckland Council's broader planning for 200,000 more Aucklanders expected by 2034."

For rapidly growing regions such as Counties, the ability to connect new homes, businesses and community infrastructure in a timely manner is a critical measure of network performance. Regulatory settings should support proactive investment that enables growth while maintaining affordability for current and future consumers.

The Trust's role is to act as a diligent shareholder on behalf of connected consumers appointing Directors and monitoring the performance of the Counties Energy business, which must ensure that the electricity network remains safe, reliable, affordable, accessible and well-maintained while also planning and investing for future growth. From that perspective, the Trust considers that Counties Energy is taking a balanced approach in preparing for capability ahead of need, rather than simply responding to change as it arises.

This ownership structure creates a direct connection between consumers and the governance of their local network. Decisions about investment, service quality and network development need to be ultimately assessed against the interests of local consumers. The Trust considers that this alignment encourages a long-term approach to network planning and investment, particularly in a region experiencing rapid population growth and increasing electrification.

Future-ready capability and innovation

Counties Energy's Asset Management Plan 2026 recognises the pressure created by rapid population growth, renewable and decentralised generation, emerging market participants, regulatory change, timing uncertainty and affordability challenges. It also recognises that strategic investments for decarbonisation, electrification, digitalisation, cybersecurity and advanced analytics are critical enablers of efficiency and new service models.

The AMP details the approach Counties Energy is taking to the Energy Transition:[5]

> **"Energy Transition Leadership**
>
> "Counties Energy is pioneering the transition from a traditional Distribution Network Operator (DNO) to a modern Distribution System Operators (DSO) and enabling renewable generation and storage at scale. AMP Response:
>
> - Develop foundational DSO capabilities and flexibility service catalogue.
> - Progress community battery pilots, energy sharing trials, and renewable energy zones to become business as usual (BAU).
> - Build strategic partnerships with other electricity distribution businesses (EDBs) and industry innovation partners to drive best-practice collaboration and efficiencies."

The Trust also notes that Counties Energy is translating this planning into practical initiatives, including working with EECA to trial vehicle-to-grid chargers. In the Trust's view, initiatives of this kind show the sort of practical experimentation, partnership and consumer-focused innovation that regulation should encourage or at least not inhibit.

Support greater collaboration and standardisation

Counties Energy Trust supports EDBs exploring opportunities for more collaboration and standardisation between EDBs.

EDBs should continue to pursue potential efficiency improvements, including scale benefits, through shared services, third-party contracting and common standards.

The Trust considers the Commission should recognise and encourage the good work that is already occurring across the sector.

[5] See also, by way of example: https://countiesenergy.co.nz/uncategorized/counties-energy-launches-gridex-to-accelerate-its-distribution-system-operator-future/

Counties Energy is actively collaborating with industry partners, government agencies and other electricity distributors to drive innovation, share digital services and future-proof its electricity network. Examples include:

- The Lines Company (TLC) Partnership: Launched a Shared Platform and Services Partnership in early 2026 to reduce duplication and share digital platforms and joint procurement. They delivered their first milestone in July 2026 by launching TLC's new Outage Portal powered by Counties Energy's Outage Hub.[6]

- Unison Networks Collaboration: Signed an MoU in January 2026 to standardise network connection, asset management, and flexibility orchestration, achieving aligned hosting capacity capabilities in April 2026.[7]

- EECA Smart Energy Neighbourhood: Partnered with the Energy Efficiency and Conservation Authority (EECA) to create New Zealand's first Smart Energy Neighbourhood in Karaka Harbourside, utilising 50% subsidised smart tech to pilot dynamic capacity allocation.[8]

- Transpower TSO-DSO Pilot: Partnered with transmission operator Transpower on a pilot project to coordinate flexibility use and system visibility between transmission and distribution levels.[9]

- Intellihub Smart Metering: Extended a partnership with Intellihub to roll out five-minute interval data for real-time network visibility and integration of DERs.[10]

Innovation sandboxes and regulatory flexibility

The Counties Energy Trust supports greater use of regulatory mechanisms that allow new technologies and service models to be trialled on a limited basis without creating undue compliance burden. Such approaches can support innovation while maintaining consumer protections.

Caution against overregulation

Regulation should enable well-performing EDBs to invest, innovate and collaborate to support New Zealand's electrification, while maintaining affordability and protecting consumers.

It will be important to ensure that the compliance cost of any new regulatory settings do not outweigh their benefits.

Care is also needed to ensure any new regulation does not have unintended consequences, particularly:

- reducing Regulatory Asset Base (RAB) capitalisation;

- actions that increase investment risk or the cost of capital; and

- measures that could discourage future infrastructure investment;

- placing on current consumers the costs of investments for future demand that may be delayed or may not materialise.

Regulatory settings should preserve confidence that efficient, prudent investment can be recovered over time.

[6] https://countiesenergy.co.nz/media-centre/the-lines-company-and-counties-energy-launch-a-shared-platform-and-services-partnership/
[7] https://countiesenergy.co.nz/media-centre/counties-energy-and-unison-reach-first-milestone-in-strategic-collaboration/

https://countiesenergy.co.nz/media-centre/unison-and-counties-energy-partner-to-standardise-network-services-and-enable-a-smoother-customer-energy-transition/
[8] https://countiesenergy.co.nz/media-centre/counties-energy-and-eeca-to-create-new-zealands-first-smart-energy-neighbourhood-in-karaka-harbourside/
[9] https://countiesenergy.co.nz/media-centre/counties-energy-and-transpower-collaborate-on-tso-dso-pilot-project/
[10] https://countiesenergy.co.nz/media-centre/counties-energy-unlocks-real-time-network-visibility-through-new-smart-metering-partnership/

If regulation makes it harder for EDBs to capitalise legitimate network investment into the RAB or creates uncertainty about whether future investment will be recoverable, this risks weakening incentives to invest in the capacity, resilience and digital capability needed for electrification.

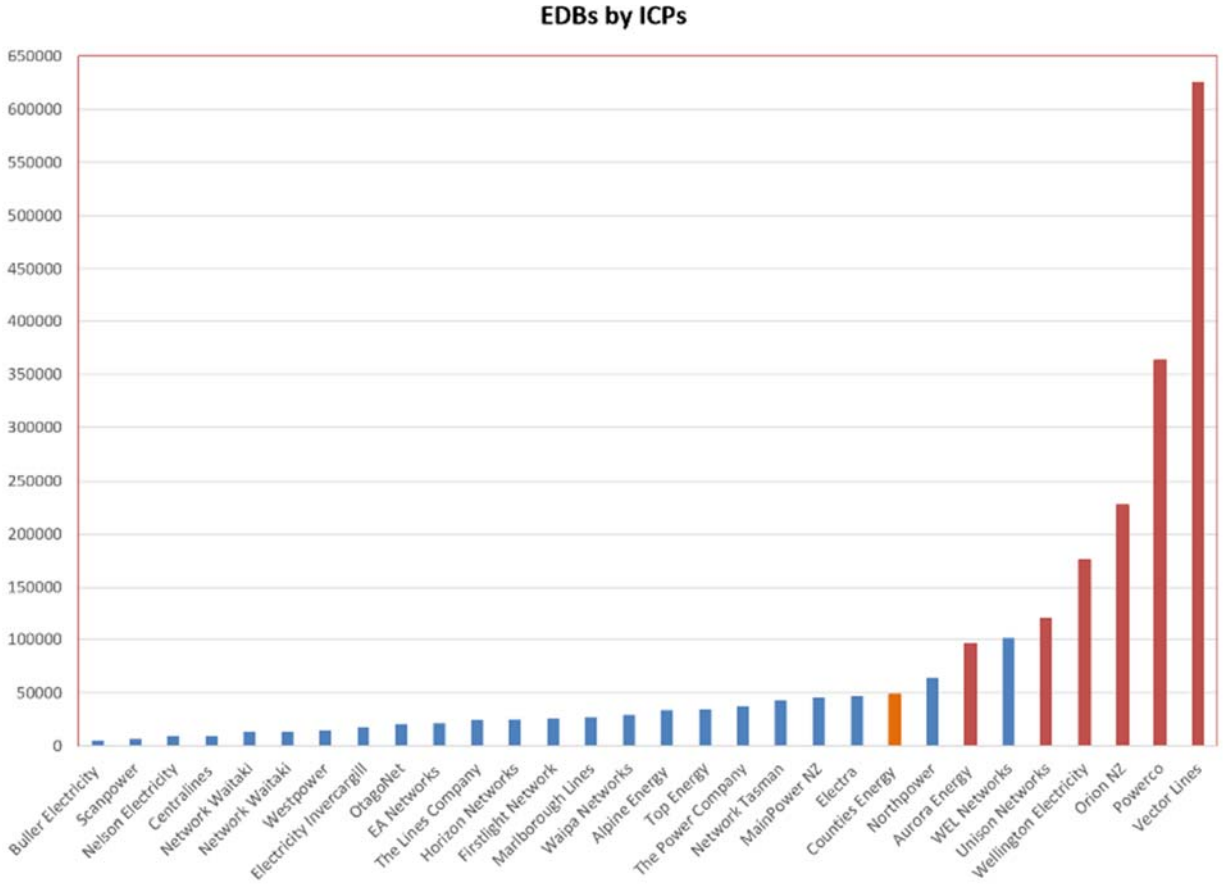
This is particularly important because electricity distribution is capital intensive and investment decisions are made over long time horizons. Measures that increase perceived regulatory risk, reduce expected returns, or make the treatment of efficient expenditure less predictable can increase the cost of capital. Over time, a higher cost of capital is likely to be borne by consumers through higher prices or result in under-investment where needed projects become harder to finance.

Counties Energy Trust therefore encourages the Commission to use targeted, proportionate interventions where underperformance is clearly identified, while avoiding settings that unintentionally penalise well-performing EDBs or discourage proactive investment. A framework that supports financeability and regulatory certainty will better protect consumers over the long term by enabling timely investment, reducing the risk of capacity constraints, and supporting reliable, resilient and affordable networks.

Amalgamations

The Trust notes that concerns have been expressed about the small size of some EDBs. New Zealand has a long tail of smaller EDBs, with more than half serving fewer than 30,000 customers.[11]

Counties Energy is a medium-sized EDB, sitting just below the self-styled 'Big-6'.



Source: Commerce Commission Information Disclosure

Whether 29 EDBs should be considered a large number depends in part on the metric applied. Norway, for example, has 140 electricity distributors serving approximately 3 million connections, compared with approximately 2.2 million connections in New Zealand.

[11] By comparison the 830 members of rural electric cooperatives in the USA are said to average just under 30,000 consumers. https://www.electric.coop/epa-power-plant-rule-nreca-statement-of-harm

MBIE has suggested "Efficiencies could occur through lower capex and operating costs (so lower distribution charges) and harmonisation of standards and customer-facing processes (e.g. for new connections). However, there is limited robust evidence showing widespread inefficiencies across EDBs"; "Some research suggests that EDB size does not determine efficiency or service quality", and that "Previous studies … highlight that there is no conclusive evidence of significant economies of scale in electricity distribution. In contrast, smaller EDBs may be more innovative out of necessity."[12]

The Trust agrees with MBIE that scale should not be viewed as determinative of efficiency or service quality. In the Trust's view, small and medium-sized EDBs can deliver strong outcomes where they are well governed and well managed, including through relatively simple, fit-for-purpose systems that support efficient delivery and responsiveness to local consumer needs.

Counties Energy Trust also agrees with MBIE that "There are alternative, less disruptive options to enhance EDB efficiency that are less challenging to implement and could deliver benefits to consumers more quickly."[13]

Intra-regulatory coordination and cooperation on network pricing

The Commerce Commission and Electricity Authority have overlapping responsibilities for EDB and Transpower activity and pricing. The Commission's success in achieving the outcomes described in its open letter will therefore depend in part on coordinated decision-making by the Electricity Authority.

Electricity network pricing, across distribution and transmission, is an important lever improving asset utilisation and avoiding unnecessary or premature upgrades.[14] The extent to which EDBs (and Transpower) "make the most out of existing assets by avoiding premature replacement or upgrades" depends, in part, on network pricing, which is directly within the remit of the Electricity Authority, together with retail tariffs that pass useful signals through to end consumers.

In a prior Counties Energy Trust submission to the Electricity Authority, we commented that "One issue is that the Authority's pricing methodology regulations could not only impact on allocation of costs but also the amount of revenue that needs to be recovered through distribution charges."

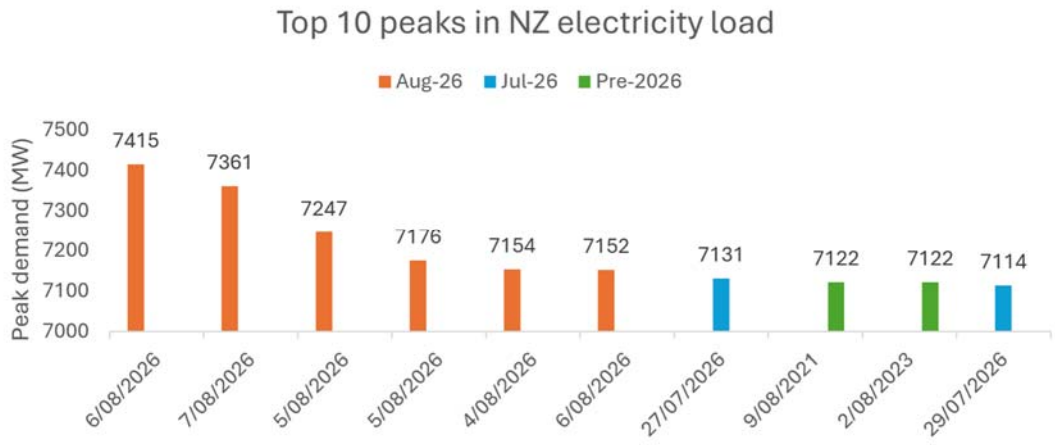
Counties Energy's pricing is a critical lever for unlocking demand-side flexibility, reducing the need for network investment and delivering better outcomes for consumers. It is committed to designing tariff structures that provide clear, actionable signals, enabling consumers to better control and lower their energy costs, make informed decisions about electricity use and benefit from emerging technologies.

Counties Energy's approach aligns closely with the Electricity Authority's Distribution Pricing Practice Note and other distribution pricing requirements. Its strategy combines congestion-responsive pricing, smart meter-enabled control, and targeted interventions to optimise network utilisation and defer unnecessary capital expenditure. For customers, this creates opportunities to access lower-cost tariffs by shifting flexible demand, such as hot water heating and EV charging, to controllable loads or off-peak periods. Given the intense, highly localised growth occurring across its network, particularly from subdivisions expanding into semi-rural areas, Counties Energy supplements baseline time-of-use (TOU) pricing with feeder-level demand management. By combining targeted price signals with automated load control, it can address constraints at specific substations and feeders without imposing higher costs across the wider network. This approach maximises the value of existing infrastructure, supports a more efficient and resilient network, and helps keep long-term network costs, and ultimately customer prices, as low as possible.

[12] MBIE, BRIEFING REQ 0013881, Encouraging EDB efficiency, 21 May 2025.
[13] MBIE, BRIEFING REQ 0015251, Further advice on encouraging EDB efficiency, 14 June 2025.
[14] Relatedly, it will also depend on how electricity retailers respond to network pricing signals. In this respect, we note that the Electricity Authority has introduced regulation requiring larger electricity retailers to adopt time-of-use pricing which suggests a lack of confidence that competitive market dynamics will drive more efficient retail pricing.

While EDBs are moving towards more dynamically efficient pricing, the benefits are constrained by the absence of a complementary national peak signal from Transpower to sit alongside local EDB tariffs. This can result in weaker signals than the true long-run marginal cost of distribution plus transmission. The Electricity Authority's decision to remove the national Regional Coincident Peak Demand (RCPD) framework without replacing it with an alternative LRMC-based peak-usage charge has left a material gap that may adversely affect efficient use of existing assets and increase the risk of unnecessary, accelerated network reinforcement.

The absence of a Transpower transmission peak charge is leading to inefficient peak growth and may require unnecessary, accelerated physical network reinforcement by Transpower across the country. The record peak demand observed on the grid since Transpower peak charges (RCPD) were removed should be carefully assessed. It is well recognised that nodal pricing provides a short-run spot pricing signal only and does not provide a dynamically efficient signal to EDBs that is needed to avoid unnecessary or early investment in network capacity.[15,16]



Recommendations

The Trust encourages the Commission to:

1. Recognise strong EDB performance.
2. Use performance transparency and specific performance measures to highlight good industry practices.
3. Ensure benchmarks and performance measures are evidence based on the opportunities and challenges faced by individual EDBs and the requirements their consumers are prepared to pay for.
4. Support efficient investment required for electrification and resilience.
5. Preserve financeability and regulatory certainty.
6. Promote collaboration and standardisation across the sector.
7. Use regulatory mechanisms that allow new technologies and service models to be trialled on a limited basis without creating undue compliance burden.
8. Coordinate closely with the Electricity Authority on pricing reform.

[15] https://static.transpower.co.nz/public/bulk-upload/documents/Market%20Operations%20-%20Weekly%20Report%20-%209%20August%202026.pdf?VersionId=cw0kPL4wgHjiVF6HJCX339Eu_ZH19YyV

[16] An increase in peak demand due to the removal of the RCPD charge was anticipated by the Authority and signalled to the industry in the Authority's consultation on the new TPM Guidelines. That might make it an intentional impact of the TPM changes, but it does not make it an efficient or beneficial outcome.

Concluding remarks

As the consumer-owned shareholder of Counties Energy, the Trust considers the focus is on balancing the interest of current and future consumers. This requires a regulatory framework that supports affordability, network resilience, electrification and prudent investment, while protecting consumers and avoiding unnecessary regulatory burdens on well-performing electricity distribution businesses.

The Trust welcomes the Commerce Commission's focus on improving outcomes for consumers and recognises the importance of ensuring the economic regulatory framework remains fit for purpose as the electricity system changes. The energy transition will require EDBs to respond to strong demand growth where this exists, changing customer expectations, decarbonisation, distributed energy resources, and increasing resilience requirements. The regulatory framework should therefore support efficient investment, innovation, collaboration and prudent risk management, driven by the ever-present filter of 'who pays?' to safeguard consumers against inefficient expenditure.

The Trust supports a regulatory framework in which compliance costs do not outweigh the benefits, and that:

- highlights strong performance;
- encourages innovation and collaboration;
- preserves financeability and investment certainty; and
- delivers long-term consumer benefits through reliable, resilient and affordable electricity networks.

Yours sincerely,

Christine P. Rupp
Chair
Counties Energy Trust
www.CountiesEnergyTrust.org.nz

Appendix: Particular questions for stakeholder feedback

Q1. Is the proposed future state focus of EDBs delivering core network operations well, having strong commercial arrangements in place and building capability for the future appropriate?

The proposed future state provides a useful tool, particularly its focus on reliable network operations, effective commercial arrangements, and future capability development. However, success should ultimately be measured by consumer outcomes, including affordability, reliability, resilience, and service quality that consumers want and are prepared to pay for.

The framework should not assume that scale alone delivers better outcomes. Smaller and medium-sized EDBs can be more responsive to local consumer needs, less bureaucratic, and quicker to innovate. Performance should therefore be assessed on outcomes rather than organisational size.

Future capability should also include workforce development, leadership, skills, and talent retention alongside technology and systems.

Q2. Are there aspects which you consider are not adequately addressed within the Vision statement (page 3) which are either impacting performance now, or are likely to in the Future?

The Vision Statement provides a strong foundation but could be strengthened by placing greater emphasis on:

- DSO capability, distributed energy resources (DER), and flexibility services are required for fully utilization of distribution networks for both generation and load in order to defer capital expenditure and lower prices.
- Consumer outcomes as the primary objective. This goes deeper than looking at the overall EDB result where averaging masks impacts on individual consumers.
- Workforce capability, including attracting and retaining skilled staff.
- Network and system resilience, including climate, cyber, and other emerging risks, balanced by cost to the consumer.
- Health and safety as a core foundation of network operations.

The vision should also recognise the importance of regulatory settings that support efficient investment while avoiding underinvestment in essential infrastructure.

3. What are the industry's priorities, based on the needs of current and future consumers, and are we aligned?

Q3.1 Where are the biggest areas of focus where a material difference can be made for consumers and the potential hierarchy (priority) of these?

The Trust considers that the greatest opportunity to enhance consumer outcomes likely lies in establishing a structured framework for continuous improvement with key priorities:

1. **Affordability and value for money** through deferring network capital investments by increasing the network utilisation.
2. **Reliability and resilience** as demand and climate-related risks increase.
3. **Efficient network investment** that optimises existing assets and avoids unnecessary costs.
4. **Workforce capability** to ensure networks can meet future challenges.
5. **Innovation and digital transformation** that improve service quality and minimise the investment required for decarbonisation.

These priorities broadly align with the Commission's proposed direction, although greater emphasis on workforce capability and consumer outcomes would be beneficial.

3.2. How should priorities be valued/evaluated, and what level of assessment or quantification may be good enough for proposed regulatory interventions?

Quantitative analysis should be supported by informed expert judgement and consumer representation. Any framework should also allow flexibility to reflect differing EDB circumstances and consumer needs.

The framework should also recognise that different EDBs operate in different environments and therefore require flexibility to respond to local circumstances and consumer needs.

Q4. How are EDBs internally determining the capabilities required to deliver most effectively and efficiently for their consumers and setting the path towards a future state? What is this compared against? Is there a specific set of Board level metrics which are tracked or specific information which would be useful to require for disclosure to the Commission to better allow comparison?

This question is best addressed by individual EDBs. Any additional disclosure requirements should focus on providing meaningful comparability without creating unnecessary compliance burdens.

Q5. What is needed from regulators/regulation/legislation to enable achievement of the vision and outcomes?

Regulation should enable investment, innovation, collaboration, and capability development while maintaining accountability and consumer protections. In particular, regulatory settings should:

- Maximise network utilisation in order to minimise network capital investments.
- Support investment required for electrification and resilience ever-mindful of "who pays".
- Encourage innovation and technology adoption where this will add value for consumers.
- Promote efficient practices and continuous improvement.
- Facilitate collaboration and standardisation where it delivers benefits.
- Recognise differing operating environments across EDBs.
- Maintain a clear focus on consumer outcomes.

Consideration should also be given to how EDB regulation fits within a broader national energy strategy.

Q6. What timescales are feasible?

This is something that will need to be worked through directly with EDBs.

The Trust considers a phased approach over five to ten years to be realistic, with an initial focus on consumer improvements (0–3 years), followed by workforce capability, infrastructure investment, and network modernisation (3–5 years), and broader transformation initiatives over the longer term (5–10 years).

Regular reviews should be built into the process to reflect changing technology, consumer needs, and market developments.

Q6.1. For EDBs, do you have a clear work programme which identifies when certain capabilities or insights will be more readily accessible?

This is best addressed by individual EDBs based on their strategic plans and capability programmes.

Q7. For smaller EDBs, where cost is identified as the key reason for not progressing system or capability development - how is the impact of this assessed and quantified?

There will not be a DSO for every EDB in New Zealand. Smaller EDBs will need to contract for DSO capability or participate in shared-service arrangements to achieve the scale needed to make these capabilities cost-effective. The Commission also needs to ensure that investment in flexibility and DSO services is financially comparable to traditional network investment. Currently, the incentives favour building network capacity, even though networks are designed for relatively infrequent peaks and decarbonisation will drive substantial growth in electricity demand. Resolving this incentive imbalance will be critical to avoiding unnecessary network investment and keeping long-term costs down..

Q8. What are the barriers to increased consolidation and standardisation within the Part 4 regime? What is needed to overcome or reduce these barriers?

As outlined in the recent submission to MBIE, barriers to standardisation and collaboration among EDBs include:

- differing network configurations;
- historical equipment deployment choices;
- customer densities, geography, topography; and
- large customer-specific needs, such as KiwiRail, Kiwi Property and data centres.

These factors can impede standardisation of procurement and operational practices.
Differences in technology platforms can make collaboration more difficult and costly. Efficiencies achieved in day-to-day operations may also be less effective during periods of system stress, such as storm conditions or the failure of major equipment, including the loss of a zone substation.

Standardisation should be pursued where it improves efficiency and outcomes, but it should not be treated as an objective in itself.

Q9. Are there particular proposed potential regime changes where you consider alternative approaches may be more impactful and easily implemented by both EDBs and the Commission.

An important regime change would be to make network utilisation a stronger regulatory objective. The current framework still favours traditional network capital investment, which provides relatively predictable regulated returns. This will incentivize network expansion as electricity demand grows through decarbonisation with consumers bearing the cost. The regime should provide comparable incentives for EDBs to invest in DSO capability, flexibility services and shared platforms where these can increase utilisation of existing assets and defer or avoid network investment. EDBs should be recognised for getting more from existing infrastructure, not simply for building more of it.