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Open letter – Local lines networks: achieving better outcomes for consumers now and in the future

Network Waitaki welcomes the opportunity to provide feedback on the "*Open letter-Local lines networks: achieving better outcomes for consumers now and in the future*". We support the submission by the Electricity Networks Association (ENA). Our responses to the detailed questions are provided in Appendix 1.

1. Need for coordinated direction

We broadly support the stated indicative vision (Vision) for the sector. However, we are concerned that this work is progressing alongside other Government and regulatory workstreams with independently stated objectives.

Alignment between Ministers, MBIE, the Electricity Authority and the Commerce Commission is essential. The sector needs a clear and coordinated direction, rather than overlapping consultations, requirements and regulatory signals.

2. Consumer value must be part of the outcome

The proposed Vision places considerable emphasis on economic efficiency, but does not recognise consumer, owner and beneficiary perception of value.

Lowest cost does not necessarily mean best value. Consumers, owners and beneficiaries may also value reliability, resilience, responsiveness, local accountability and quality of service.

The Commission is requested to increase the breadth of measurement beyond cost efficiency when considering what constituents view as 'Good EDB performance'.

3. Consolidation is not the only path to efficiency

The Commission's comments on ownership and consolidation (pp. 7–8) are particularly concerning. The framing appears to place greater weight on ownership consolidation as a means to achieving scale, without first demonstrating that larger ownership structures deliver better consumer outcomes. Cooperation, shared services, collaboration, outsourcing and joint ventures can deliver scale efficiencies without changing ownership.

Consumer ownership provides direct accountability to the communities that own and use the network. The relevant question is not whether an EDB is large or small, but whether it is delivering safe, reliable and cost-efficient services and has access to the capability required for the future.

4. Recognise what is already being achieved

In October 2026 Network Waitaki entered into an agreement with Orion to access Advance Distribution Management Systems (ADMS) capability collaboratively. This is a practical example of EDBs achieving access to modern capability without each network independently bearing the full cost of implementation and operation without the need for heavy-handed regulatory invention

The wider sector is also progressing a substantial programme of collaborative initiatives led by the ENA. The programme has achieved key priorities, with ongoing discussions with the Minister of Energy helping sustain progress on the sector's commitments. We consider this an effective approach to setting priorities and believe it should have time to prove its value before further intervention is deemed necessary.

5. Our ask of the Commerce Commission

We ask the Commission to:

- Coordinate its work with Government and other regulators;
- Measure consumer value more broadly than lowest cost;
- Assess performance and capability before drawing conclusions based on size or ownership;
- Support collaboration and shared capability as alternatives to ownership consolidation; and
- Require clear evidence of a material consumer problem and a demonstrable net consumer benefit before introducing further regulatory or structural intervention.

The objective should be better consumer outcomes, not consolidation, standardisation or additional regulation for their own sake.

We welcome the opportunity to discuss our submission further.

Yours sincerely



Dylan Andrews
Chief Executive Officer

Appendix 1

1 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?

We broadly agree that these are appropriate areas against which EDB performance should be considered and that an EDB should perform well across all three.

However, **the Vision is missing the consumer perspective.** For a consumer-owned EDB, the purpose is ultimately to serve its consumers and beneficiaries. Good performance should reflect what consumers value – not simply the lowest possible cost. Consumers may also value local responsiveness, reliability, resilience and decisions that reflect the needs of their community.

Network Waitaki considers that it already demonstrates the three characteristics in practice. However, the focus should remain on the outcomes being delivered and the value provided to consumers, rather than requiring every EDB to adopt the same systems, standards or delivery model.

For example, while alignment with standards such as ISO 55000 may provide benefits, the level of investment required should still be assessed against the additional benefit it delivers for the particular network and its consumers. A higher-cost or more sophisticated asset-management framework is not necessarily more efficient if the incremental consumer benefit does not justify the cost.

The same caution applies to standardised efficiency measures such as cost per ICP, which can be misleading where density, geography, asset configuration and operating circumstances differ materially between networks.

2 Are there aspects which you consider are not adequately addressed within the Vision statement which are either impacting performance now, or are likely to in the future?

Yes. The Vision is too narrowly focused on EDBs when the outcomes sought depend on the wider electricity system.

EDBs operate within a system involving generation, transmission, retail and multiple regulators. Efficiency should therefore be considered across the whole electricity supply chain, rather than focusing on one part of the system in isolation.

Regulatory settings can themselves affect efficient outcomes. For example, the investment in a new GXP for Network Waitaki has been classified as a Customer Project to be funded solely by local consumers due to Transpower's regulatory settings. This is despite the project being identified as having a wider benefit in Transpower's own regional planning. There is a need for regulatory settings to allow for better co-ordination to ensure efficient long-term investments across regulated entities. An outcome that is efficient for one regulated entity is not necessarily the lowest-cost outcome for New Zealand Inc.

As stated under no. 1, the Vision should also place greater weight on what consumers actually value. For consumer-owned EDBs, good performance is not solely about achieving the lowest possible cost. Consumers may also value local responsiveness, reliability, resilience, service quality and decisions that reflect the needs of their community.

The Vision should therefore focus on **whole-of-system efficiency** and **consumer value**, supported by **coordinated regulation** across the sector.

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

We consider the priorities need to be viewed from a whole-of-electricity-system perspective, rather than through an EDB lens alone.

In our view the priorities are:

- **Whole-of-system efficiency**. Generation, transmission, distribution, retail and regulation need to work together. An outcome that appears efficient for one participant may simply transfer cost elsewhere. Our current GXP investment is an example where regulatory and cost-allocation settings can affect whether costs sit with Transpower or the local network, even though ultimately consumers fund the electricity system.
- **Enable access to more real-time and granular data.** Future network capability will increasingly depend on EDBs having timely access to more real-time and granular consumption data. This will improve visibility of emerging constraints and support the use of flexibility by allowing networks to identify when and where demand response is needed, send appropriate signals, and assess whether the response can avoid or defer investment. Data access, interoperability and common standards should therefore be treated as an important future industry capability.

  Regulatory settings should facilitate timely and efficient access to this data without cost barriers. As with the Electricity Authority Registry, information that is fundamental to the efficient operation of the electricity system should be readily accessible to industry participants.
- **Invest for the right reason, at the right time**. There is an important distinction between investment required to renew existing assets and investment required for growth. Networks should maintain their assets appropriately while investing in additional capacity when consumer demand justifies it – not simply to meet a standardised view of future readiness.
- **Make it easy for consumers to deal with the industry**. Consumers value timely connections, clear processes, information and good service. Greater consistency or a common "shopfront" may be beneficial where it genuinely makes interaction with EDBs easier, while retaining flexibility behind the scenes for different network circumstances. Network Waitaki has received positive feedback on our open and practical approach to meeting consumers' needs. We would not want 'standardisation' to hinder this flexibility which is valued by consumers.
- **Enable efficient collaboration**. Regulatory settings and performance metrics should not discourage shared services, collaboration or contracting where these provide the most efficient capability. Owning every capability in-house is not necessarily more efficient.
- **Measure what matters and remove what does not**. Common performance standards may be useful where outcomes are genuinely comparable, but measures need to recognise network history, density, configuration and operating conditions. Legacy reporting and regulatory requirements that no longer provide useful information should be reviewed and removed.

Ultimately, the priority should be safe, reliable and efficient service, good customer experience, and the capability to meet future consumer needs at the lowest sustainable whole-of-system cost.

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

The area that we focus on and where we consider the greatest material difference can be made for consumers is:

- **Better information to support consumer decisions.** Consumers need clear information and education on network pricing, connection costs, available capacity and export arrangements so they can make informed decisions about technologies including solar, batteries, EVs and electrification.

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

Priorities should be assessed against **consumer outcomes and total value**, using measures that properly reflect the circumstances of each network.

- **Metrics need context.** Measures such as opex per ICP are not an effective measure. For example, Network Waitaki's shared-service approach to ADMS increases opex, but is the most cost-effective long-term solution for our consumers. We would encourage the Commission to review their key performance measures to align with the changing service delivery methods of EDBs.
- **Current network classifications are too coarse.** Broad urban/rural comparisons do not necessarily reflect actual network configuration or cost drivers. For example, an urban network (e.g. Oamaru) is still predominantly overhead compared to underground for other urban networks. This significantly impacts on the maintenance and renewal cost profiles for these different distribution types over time.
- **Consumer value is broader than lowest cost.** Consumers may value local service, responsiveness and ownership as well as price. Those outcomes should also be considered when assessing performance.
- **Regulatory intervention should demonstrate a net benefit.** More intervention does not necessarily produce greater efficiency and can itself create complexity and cost. For Network Waitaki, connection-pricing reform is a recent example of significant implementation effort and complexity with negligible benefit for local consumers.
- **Comparative measures need to distinguish between growth and renewal investment.** A network investing heavily to accommodate new demand is in a different position from one primarily replacing existing assets. Total capex alone therefore says little about relative efficiency without understanding what is driving the investment.

Where sector-wide priorities or common measures are required, **ENA can work with members to identify and prioritise measures that are meaningful, comparable and efficient to deliver.**

4 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 it would be useful to require for disclosure to the Commission to better allow comparison?

Network Waitaki determines its future capability requirements through its Business Strategy, Statement of Corporate Intent (SCI) and Asset Management Plan (AMP). These set the outcomes and priorities for the business, from which the required capability and work programmes are developed. Performance against these objectives is monitored through regular Board reporting and quarterly engagement with the Trust.

For significant investments, Network Waitaki considers alternatives through a business-case process. Examples include our GXP investment and decisions around SCADA and ADMS capability, where alternative delivery options, costs and benefits were considered before investment decisions were made.

We do not consider additional standardised disclosure is necessary. The Commission already receives extensive performance and investment information and has mechanisms to request further information where required – as demonstrated by its recent request for information relating to our GXP investment.

Where the Commission identifies an apparent anomaly or performance concern, we support direct engagement with the relevant EDB before drawing conclusions or creating additional disclosure requirements for all EDBs. This is similar to the practical engagement approach increasingly used by the Electricity Authority.

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

Regulation should enable efficient delivery rather than add unnecessary cost or complexity. In particular:

- Regulators need a strong understanding of the networks they regulate. Issues arising in high-growth areas such as Auckland, Waikato or Christchurch will not necessarily arise in regional networks. Regulatory responses should reflect those differences rather than assume one problem or solution applies nationally.
- Regulators need to be aligned. Government, the Commerce Commission and Electricity Authority should coordinate their objectives, requirements and timing so EDBs are not responding to overlapping or conflicting regulatory processes.
- Intervention should follow evidence, not isolated events. Before imposing additional requirements, regulators should understand the cause, scale and materiality of the issue and whether it is genuinely systemic. We encourage practical engagement with individual EDBs where issues are identified.
- Avoid unnecessary reporting and compliance. New requirements, including additional disclosure, should only be introduced where there is a clearly identified information gap and consumer benefit.
- New Zealand has a unique electricity distribution sector, with different ownership structures, network characteristics and consumer needs. Regulation should preserve the flexibility to respond efficiently to those differences.

Better-informed and better-coordinated regulation will do more to support the Vision than simply adding more regulation.

5.1 What other enablers are important or essential within our, or other, regulatory regimes?

A key enabler is reducing regulatory requirements outside the electricity regime that add cost without a proportionate consumer benefit.

Traffic management is a practical example. Health and safety and road-corridor requirements can result in significant traffic-management costs for relatively routine network work. Where the level of traffic management is disproportionate to the actual risk, those costs ultimately flow through to consumers.

Regulatory settings across Government should therefore support risk-based and proportionate requirements, rather than imposing unnecessary cost on EDBs and their consumers.

5.2 What should we deprioritise/reduce regulatory burden on?

The cumulative regulatory burden should be reduced.

Current examples include connection-pricing reform, the LFC phase-out and associated pricing changes, MBIE's EDB review and the Commission's parallel work on EDB performance. Each may have merit individually, but collectively they require significant EDB resources.

If EDBs are expected to operate efficiently, the regulatory system should be subject to the same expectation – ultimately, consumers pay for unnecessary regulatory cost.

6 What timescales are feasible?

There should not be a single timetable for all EDBs. Capability needs, network circumstances and priorities differ.

Where EDBs have common priorities, ENA can play a useful role in coordinating workstreams and allowing like-minded EDBs to progress efficiently together.

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

Yes. Network Waitaki has a programme of work across network planning and development, asset management, workforce capability, digital and operational systems, commercial and pricing capability, resilience, and preparation for changing demand and technologies.

Our timing is driven by when the capability is needed and when the consumer benefit justifies the investment, rather than by a common sector timetable. We actively work with and leverage industry collaboration, resource and skills sharing opportunities to ensure our consumer's needs are met.

7 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?

This has not been Network Waitaki 's experience. We have not identified cost as the key reason for not progressing a system or capability that we consider necessary for our consumers.

Investment decisions are based on **business priorities, the timing and need for the capability, its expected operational and consumer benefit, and the most efficient way of obtaining it.**

A good example is ADMS capability. Rather than procuring the capability independently, Network Waitaki has explored collaboration with another EDB to obtain the required capability more efficiently and at lower cost.

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

Network Waitaki has not identified any material barrier within the Part 4 regime that prevents consolidation where owners consider it beneficial.

We question why consolidation is being treated as the objective. Collaboration, shared services and joint procurement may achieve many of the same efficiencies without changing ownership. The absence of consolidation is not, by itself, evidence of a regulatory barrier.

Network characteristics matter when assessing efficiency. Network density has a material relationship with cost per consumer. Comparisons based on measures such as total expenditure (capital and operational expenditure) per ICP therefore need to account for underlying network characteristics before conclusions are drawn about scale or efficiency.

A larger EDB is not necessarily a more efficient EDB simply because it serves more consumers.

Similarly, standardisation does not automatically produce better consumer outcomes. Electricity networks have developed over many decades and differ materially in configuration, geography and customer needs. In some circumstances, non-standard or bespoke solutions may be the most cost-effective option and excessive standardisation could constrain innovation or customer responsiveness.

Care is also required in interpreting comparative measures. Apparent differences – for example in operational expenditure – can reflect different delivery models, including shared services, rather than genuine inefficiency. Not every difference is a problem that needs to be regulated away.

Network Waitaki supports standardisation and collaboration where they demonstrably reduce cost or improve service, but the objective should be better consumer outcomes – not consolidation or uniformity for their own sake.

9 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?

No. Based on the issues identified in the open letter, Network Waitaki has not identified a particular Part 4 regime change that would, of itself, materially improve consumer outcomes. The Commission

already has substantial information, disclosure requirements and regulatory tools available to assess EDB performance.

We suggest that **broader reform of the regulatory framework, replacing the current roles of MBIE, the Electricity Authority, Energy Efficiency & Conservation Authority (EECA) and the Commerce Commission with a single Ministry for Energy, could deliver greater efficiency than adding further regulatory tools within the existing structures.**

A clearer overarching energy strategy, with aligned responsibilities and accountability across the regulatory system, would reduce duplication and support better **whole-of-system outcomes for New Zealand Inc.**

10 On the Commission's process from here – how do you think our work programme could be best developed in coordination with the sector?

The Commission should work closely with ENA as the principal industry coordination body, representing the collective views of EDBs and helping to coordinate the development and delivery of agreed sector outcomes.

Where regulatory change is required, it should also be planned and sequenced around defined regulatory change windows, such as DPP periods, rather than introduced continuously through overlapping workstreams – allowing EDBs to focus resources on implementation and consumer outcomes.