Orion CPP 2027 — Submission from Grid Share Limited

Submission on Orion's Proposed CPP 2027: Testing Growth Expenditure Against Non-Network and Flexible-Load Alternatives

Grid Share does not currently have infrastructure on Orion's network, so this submission is framed as a sector stakeholder response focused on the paper's open questions about non-network solutions, expenditure staging, and the proposed innovation mechanism — the areas where Grid Share's demand-flexibility model is most directly relevant.

To: Ben Woodham, EDB Manager, c/o infrastructure.regulation@comcom.govt.nz

Subject: Orion CPP 2027 – Views in response to Process and Issues paper

1. Introduction

Grid Share Limited is a New Zealand company operating energy-flexible compute infrastructure — large, controllable electricity loads that can be curtailed, shifted, or ramped to follow available network and generation capacity. We make this submission as a sector participant with direct, demonstrated experience in using flexible demand to increase utilisation of existing network and generation assets, rather than as a customer currently connected to Orion's network. We welcome the opportunity to comment on the Commission's Process and Issues paper of 5 August 2026.

2. Orion's growth-related expenditure should be tested against demonstrated demand-flexibility alternatives

Orion proposes $282m (19% of its CPP expenditure) for "supporting population and demand growth," driven by network capacity constraints emerging at specific points on its network (para 2.18.2, Figure 2.4). The Commission itself notes (para 2.31) that Orion has not clearly articulated the consumer benefits of this spend relative to a lower-investment alternative, and (para 2.30) that the top-down case for the increase over DPP4 levels is not yet demonstrated.

Grid Share's operating model is a practical, already-proven example of the kind of non-network solution the Commission's own quality standards and the Part 4 purpose provisions (Attachment A) are meant to incentivise: a large, controllable load that increases utilisation of existing network capacity rather than requiring new capacity to be built for it, and that can be curtailed at the network's request rather than driving new peak demand. We are actively looking for further sites and network partners where this model can be deployed, including in the South Island.

We are concerned that Orion's proposal does not show evidence that this class of solution has been quantitatively assessed as an alternative to, or deferral mechanism for, the growth-related capex in its plan. This matters because every dollar of growth capex approved without testing cheaper non-network alternatives is a dollar of unnecessary lines-charge revenue recovered from all of Orion's consumers, including those who never benefit from the specific asset built.

3. Staging expenditure to observed utilisation (para 2.40.3)

We support the Commission's proposal to consider staging growth-related expenditure allowances to network or asset utilisation measures. In our experience, flexible large loads can materially raise the utilisation of existing network and generation assets, which both defers the need for new capex and gives real-world evidence of genuine (as opposed to forecast) capacity constraints before capital is committed. We would encourage the Commission to require Orion, before growth capex allowances are released, to show (a) current utilisation levels of the relevant assets, and (b) what specific non-network options — including flexible controllable load — were considered and why they were rejected.

4. An INTSA-style innovation mechanism (para 2.40.4)

We support in principle a mechanism similar to the DPP4 Innovation and Non-Traditional Solutions Allowance (INTSA) for Orion's CPP. We would ask the Commission to ensure any such mechanism is genuinely open to third-party-provided non-network solutions (such as flexible demand-side capacity), and not limited to Orion's own internally-run pilots — otherwise the incentive to seek out and use available flexible demand in the market is weaker than it should be.

5. Network Transformation programme and DSO readiness (paras 2.33–2.39)

We note the Commission's interest in whether Orion's Network Transformation programme will credibly equip it with the visibility, modelling, network pricing, and flexibility capabilities of a future Distribution System Operator. We would welcome that capability development including explicit engagement with flexible-load operators like Grid Share as part of testing and refining those capabilities — not simply as a matter of internal Orion planning.

6. Applying appropriate service quality settings

Banks Peninsula, including Lyttelton, carries above-average exposure to seismic events and severe weather, and $78m of Orion's proposed CPP expenditure is allocated to "strengthening resilience." However, Orion's quality standards and quality incentive scheme are set and reported only at aggregate, network-wide level. This means neither consumers nor the Commission can currently see whether reliability or resilience outcomes in higher-risk areas like ours are actually improving as a result of this spend.

We recommend the Commission require Orion to report reliability and resilience measures on a geographically disaggregated basis for higher-risk parts of its network, including Banks Peninsula, as part of its enhanced disclosures.

We also ask the Commission to test with Orion whether community-owned distributed generation and storage — which can keep essential loads running independently of network restoration after an event — has been considered as a complement to network hardening in its resilience planning for our area.

7. Addressing uncertainty over forecast expenditure and investment

Orion has proposed new "capacity event" and "listed project" reopeners to give it flexibility to respond to demand growth that emerges during the CPP period. We are concerned that, as currently framed, these reopeners would allow Orion to recover additional capital expenditure whenever a capacity trigger is reached, without first testing whether non-network solutions — community-owned generation, battery storage, or demand response — could meet the same need at lower cost. We recommend that any capacity-event or listed-project reopener approved by the Commission require Orion to demonstrate that non-network alternatives were assessed for the relevant constraint before additional expenditure is recovered through the reopener, so that reopeners do not become a way to bypass the same non-network assessment we are asking Orion to apply to its upfront CPP allowances.

8. Grounding the price path in avoided-capex evidence (paras 5.7–5.9, 5.17–5.19, 5.18.1)

Orion's proposed smoothed CPI-X path adds a further 16.8% real-terms increase in DY28, followed by 9.7% year-on-year increases through to DY32, on top of the 20.1% (DY26) and 12.0% (DY27) increases already approved under DPP4 (paras 5.7–5.8). This path is built directly on top of the $282m growth-related and $78m resilience expenditure discussed above, without Orion having demonstrated that non-network alternatives — including flexible, controllable load — were assessed as a way to reduce or defer that spend. Because the price path is simply a reprofiling of the underlying revenue requirement, any capex that has not been properly tested against non-network alternatives flows straight through into these increases, which the Commission itself already characterises as a price-shock risk (paras 5.17–5.19).

We therefore ask that the Commission's assessment of price-path shaping not be treated as separate from its assessment of expenditure. A materially lower or better-timed capex allowance — achieved once Orion has demonstrated the network-utilisation gains available from flexible load and other non-network solutions — would reduce the DY28 step-up and the compounding effect of the following four years of increases at source, rather than merely reallocating the same total revenue requirement across different years through smoothing alone.

We also support the Commission's suggestion of assessing annual revenue changes on a per-installation-control-point or per-unit-of-demand basis (para 5.18.1). We would ask that this analysis explicitly account for large, flexible connections: where network tariffs are structured so that flexible, controllable load is priced in a way that reflects its lower net cost impact on the network, this both supports fairer cost allocation among existing consumers and strengthens the incentive for further flexible-load investment on Orion's network going forward.

Summary of asks

- Require Orion to demonstrate, for each material growth-related project, that non-network alternatives — including flexible controllable load — were quantitatively assessed before capex allowances are approved.
- Support staging of growth-related allowances to demonstrated network/asset utilisation, with clear evidentiary requirements on Orion.
- Adopt an INTSA-style mechanism for the CPP that is open to third-party non-network solution providers, not limited to Orion-led pilots.
- Require any capacity-event or listed-project reopener to be conditioned on Orion demonstrating that non-network alternatives were tested before additional expenditure is recovered mid-period.
- Treat expenditure and price-path assessment as linked, not separate: require that any reduction in growth/resilience capex achieved through demonstrated non-network alternatives be reflected in a correspondingly lower CPP price path, not simply reallocated across years through smoothing.
- Extend the Commission's proposed per-ICP/per-unit-of-demand revenue analysis (para 5.18.1) to account for large, flexible connections, so network tariffs reflect their lower net cost impact.

- Require the enhanced Annual Delivery Report to include a specific measure of non-network solutions evaluated and adopted, and engagement undertaken with flexible-demand and non-network solution providers.

Yours sincerely,

[redacted]

Sam Kivi

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