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Commerce Commission
infrastructure.regulation@comcom.govt.nz
c/o Elloise Kidd, Senior Analyst, Electricity Distribution

New Zealand Lifelines Council Feedback on the Commerce Commission's Draft *Resilience Principles: Decision-making Framework for Critical Infrastructure Providers*

Introduction

The New Zealand Lifelines Council (NZLC) welcomes the Commission's increased focus on infrastructure resilience and the opportunity to provide feedback on this draft guide. We support the intent of helping infrastructure providers make effective resilience investment decisions, particularly for low-probability, high-impact risks where the benefits can be difficult to quantify but the consequences of under-investment can be significant. Topics covered in the guide, such as multi-hazard analysis, interdependencies, customer and community impacts and dealing with uncertainty, are important features of good resilience practice.

This submission was prepared on behalf of the NZLC utility members and observers - Transpower, Powerco, Vector, Firstgas, NZTA, Chorus, Kiwirail, the Telecommunications Forum and Water NZ - and captures the primary areas of consensus reached. NZLC government agency members and observers are not part of this submission, as agencies such as MBIE, NEMA, MCERT and DPMC have their own engagement processes with the Commission.

NZLC's comments are offered constructively. We believe the Guide has a valuable purpose, but needs further work to be clear, proportionate and practical across different sectors, provider types and decision contexts.

Clarify Scope and Mandate

1. NZLC utility members believe the introductory section should more clearly explain the main problems the guidance aims to solve. The draft states a focus on investment decisions but in some areas the guide discusses practices that seem broader in scope. A clearer statement of where the Commission sees the current gaps in practice, and the intended benefits and changes sought through the guidance, would be helpful.
2. The guide should confirm its practical status. We understand it is intended to be non-binding and applied only within the Commission's existing statutory functions, but some statements and wording imply a mandated requirement. The guide should provide more detail as to how the guidance is to be used in practice, such as informing price-quality path resets, information disclosure, reopeners, expenditure reviews, investment proposals or future regulatory expectations.
3. The guide should show the relationship with key government initiatives relating to infrastructure resilience, such as the DPMC Critical Infrastructure work, NEMA Emergency Management Bill and National Infrastructure Plan.

Align with Existing Management Systems

4. NZLC utility members believe the guidance should be better connected to the management systems that infrastructure providers already use – notably asset management, risk

management, investment business cases, business continuity, and lifelines-emergency management.

5. The terminology should be aligned with asset management and risk management concepts in ISO 55001 and ISO 31000, and the principles mapped against those more well-embedded frameworks so that resilience is understood as part of normal asset management practice rather than a separate discipline.
6. The current wording could imply that providers should work toward a separate resilience management system based on ISO 22372, even though the guide focuses on only part of that standard (investment decisions). The Commission should clarify whether future adoption of ISO 22372 is intended.
7. It would be useful to show how resilience considerations can apply across the full asset lifecycle, including renewals, upgrades, maintenance and operations, as well as across areas of emergency management – reduction, readiness, response and recovery planning.
8. The guide should map where resilience evidence is expected to sit within documents providers already prepare, such as information disclosures, price-quality resets, asset management plans and investment business cases.

Proportionality and Maturity

9. NZLC members believe the guide should place greater emphasis on proportionality. As currently written, it could create a high analysis burden for many resilience-related projects and make sensible investments harder to progress. The level of evidence should depend on the size of the investment, the significance of the risk, the consequences of failure, and whether further analysis would materially improve the decision.
10. The guide should recognise that different sectors and organisations are starting from different levels of resilience and asset management maturity. Expectations that are realistic for larger or more mature providers may not be practical for smaller providers, lower-risk assets, or incremental resilience improvements.
11. The guide should provide a clearer maturity pathway for applying the guidance, distinguishing between core, intermediate and mature practices (for example) and aligning where possible with commonly used asset management maturity approaches.

For example, a core assessment could use information that providers already hold, such as risk registers, asset condition data, criticality assessments and operational knowledge. A more mature assessment could involve quantified multi-hazard analysis, mapped interdependencies, targeted engagement and scenario modelling where these add value to the decision.

12. The guidance should make clear that complex modelling, quantified \$ benefits or full cost-benefit analysis are not always required. Proportionate methods, including multi-criteria analysis, expert judgement, scenario testing, stress testing, sensitivity testing and qualitative analysis, should be acceptable where they are fit for purpose.

Service Delivery Focus and Community Engagement

13. NZLC utility members believe the guide should recognise that service outcomes and customer engagement are fundamental parts of a mature asset management framework. Any engagement should be targeted, proportionate and aligned with existing customer, community, emergency management, local authority planning and climate adaptation consultation processes.
14. There is a risk that communities, iwi and customers are being approached by multiple infrastructure providers, councils, regulators and agencies on related resilience matters. Coordinated engagement should be encouraged where appropriate. New consultation should not be required where existing evidence is sufficient.

15. The guide should distinguish more clearly between customer needs, community values, willingness to pay, risk tolerance, risk-bearing capacity, affected-community engagement and mana whenua interests.

Principles and ‘What Good Looks Like’

16. NZLC utility members believe the draft principles provide a useful focus for organisations seeking to improve resilience, but would be stronger if framed within existing risk, asset management and investment decision processes.

For example, asset criticality is a core asset management concept, while risk at different scales, interdependencies and distributional impacts are key inputs to understanding consequences and assessing risk.

17. The guide also places strong emphasis on hazard information as an input to investment decisions but gives less attention to asset vulnerability. Asset age, condition, performance history, remaining life, design standards and service demand are also required to understand whether an asset is vulnerable, whether intervention is needed, and what option provides best whole-of-life value.
18. Structured optioneering, option effectiveness, uncertainty and scenario analysis are also part of good investment practice within an asset management system. The guidance should show how these practices apply to resilience decisions, rather than presenting them as additional or separate expectations.
19. The guide should more clearly separate core principles from supporting explanation, examples and indicators of good practice. Key terms such as “material”, “significant”, “community”, “customer”, “resilience investment”, “good practice”, “adaptive capacity”, “tolerable risk” and “what we expect to see” should be defined.
20. The guide should distinguish more clearly between practices expected from network-wide resilience planning and the analysis needed for project-level investment cases. For example:

Proactive network resilience planning (system-wide assessment)	Investment project decisions
Hazard risks are identified, prioritised and incorporated into risk registers. Critical assets (those that have the highest potential impact of failure) are identified and mapped. Hazard risk assessments use GIS layers to consider impacts on critical assets, at different scales and on different customer segments. Levels of service and performance measures include resilience measures, and customer engagement on service levels includes questions about risk tolerance and risk-bearing capacity. Risk, criticality and resilience evidence is carried through into portfolio prioritisation, so investment ranking shows where work most improves whole-of-system resilience.	Project scoping considers all hazards and threats to the asset / service, not just the primary project driver. The project risk assessment considers the asset criticality in understanding impacts. For significant projects, GIS analysis supports an understanding of customer impacts, including interdependencies. For significant projects, affected critical customers and communities are engaged to understand option preferences and willingness to fund. This evidence is proportionate to the project size, risk significance and maturity level. Project options are tested against the same risk and criticality baseline used for portfolio prioritisation, so individual decisions remain connected to network-level resilience objectives.

More Guidance on Projects with Multiple Drivers

21. We believe the guide should better recognise that many infrastructure projects have multiple drivers. Resilience benefits are often embedded in renewals, growth, reliability, technology, asset condition, compliance or operational readiness programmes, rather than sitting in standalone resilience projects. The guide should explain how providers can identify and justify resilience benefits where they are one part of a broader investment.

More Focus on Options Beyond Physical Asset Solutions

22. The guide should place more emphasis on resilience investment options beyond physical asset hardening, including options that improve operational readiness, response capability, business continuity and temporary service arrangements, such as strategic spares, mobile equipment and customer-side measures. It should be clear that resilience is not only about reducing the likelihood of asset failure. In many cases, reducing consequences, shortening outage duration and recovery may be the most practical and cost-effective way of achieving resilience outcomes.

Other Comments

23. The guide could use a glossary for key terms, including resilience, reliability, criticality, interdependency, risk tolerance, as well as the other terms discussed above. The NZLC has some relevant definitions in the Critical Infrastructure [National Vulnerability Assessment – NZ Lifelines Council](#) (which is currently being updated).
24. We would like to see information on ‘lifelines’ regional vulnerability studies and how the outputs of these studies should be dealt with by infrastructure organisations. Lifelines studies assess infrastructure interdependencies and critical customer dependencies at a regional level, in order to estimate recovery times from hazard scenarios for the whole infrastructure system.
25. The examples and guidance in the guide are relatively electricity-centric. It should include a broader range of sector and asset-type examples, alongside maturity expectations that reflect different sectors, organisation types and operating contexts.
26. The guide should encourage shared or coordinated access to information such as hazard, exposure, fragility, interdependency and outage consequence data. This would help avoid providers, councils and central government repeatedly paying for the same underlying data and support more consistent assumptions across interconnected networks.

Conclusion

NZLC would welcome the opportunity to continue engaging with the Commission as the guidance is refined. With clearer scope, stronger links to existing provider systems, more explicit proportionality, a maturity pathway, and broader recognition of sector differences and non-asset resilience options, the Guide will be a useful practical tool for supporting better resilience investment decisions across New Zealand’s critical infrastructure sectors.