



Resilience Principles: Decision-making framework for critical infrastructure providers

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1 Submission and contact details

Consultation	Resilience Principles: Decision-making framework for critical infrastructure providers
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2 General Comments

The framework is a useful document that helps infrastructure providers understand the different dimensions of resilience and the Commission's expectations of a mature infrastructure provider. It provides a strong principles-based foundation while also pointing organisations toward existing resilience planning, risk assessment, and scenario modelling approaches that can be adapted to their own circumstances.

The document focuses on outcomes and decision-making principles rather than prescribing specific actions. This aligns with the intent of the framework, which recognises that resilience challenges, asset characteristics, customer expectations, and risk profiles differ significantly across sectors, regions, and individual providers. The framework's emphasis on long-term thinking, managing uncertainty, and understanding interdependencies is consistent with a mature resilience approach. By articulating broad principles on behalf of consumers, while allowing providers flexibility in implementation, the Commission achieves an appropriate balance between regulatory guidance and operational autonomy.

This principles-based approach is particularly important in the context of Principles 1, 2 and 3, which recognise that resilience decisions involve uncertainty, require consideration of system-wide risks, and should be integrated into core business decision-making rather than treated as a standalone compliance exercise.

Equally, long-life infrastructure assets have very different design standards today than when installed 50 years ago. Resilience improvement during asset replacement is an inherent benefit of a continuous improvement in ongoing asset management.

3 Relationship Between Resilience and Price-Quality Regulation

Additional guidance would be valuable regarding how the Commission views the interaction between the Resilience Principles and the Price-Quality Regulation framework.

The discussion under Principles 4 and 5 around the distinction between customers' willingness to pay and ability to pay raises important questions about how resilience investments should be assessed within economic regulation. These concepts sit at the core of the price-quality trade-off that regulated infrastructure providers must navigate.

Following the 2016 Kaikoura earthquake, Energy Minister Judith Collins passed a Government Policy Statement which obliged the Commission to consider the requirements of the Civil Defence Emergency Management (CDEM) Act on regulated utilities when considering resilience investment being included in Price-Quality path decisions. The GPS allowed WELL to commence a CPP process (2018-2021) to invest \$32m on earthquake readiness, and to prepare a response plan through seismic strengthening, critical spares and improved comms systems for similar future events. This allowed the resilience investment to be included above the DPP allowances. WELL expects that the GPS would remain relevant for a reopener process where resilience investment is a requirement within DPP regulation.

There may be situations where customers place a high value on improved resilience outcomes but where affordability constraints limit the extent to which those preferences can be reflected in prices. Alternatively, some resilience investments may be justified on the basis of broader societal or long-term benefits that are difficult to capture through conventional willingness-to-pay assessments.

Further clarity on how the Commission expects providers to apply the framework. Given the increasing importance of climate adaptation, natural hazard resilience, and infrastructure interdependencies, this linkage between resilience decision-making and economic regulation should be included as a reopener process.

4 Principle 4: Understanding the Consequences of Service Disruption

There is one area under Principle 4 that would benefit from further explanation.

The framework states that the Commission expects infrastructure providers to take leadership and coordination roles in understanding the consequences of service disruptions for different customers. This expectation is appropriate when considering general customer groups and the impacts that infrastructure outages may have on communities, businesses, and essential services.

However, the allocation of responsibilities becomes less clear when considering relationships between interconnected infrastructure providers.

For infrastructure-to-infrastructure relationships, it is important that each utility retains primary responsibility for understanding its own resilience requirements, vulnerabilities, dependencies and interdependencies. Water, transport, fuel, and telecommunications providers should continue to actively assess their dependencies on one another through the Lifelines agencies established under the CDEM Act. As in section 3 above the GPS links the Commerce Act and CDEM Act together to ensure these are taken into consideration for the Price-Quality paths.

This interpretation is consistent with the framework's broader emphasis on interdependency management, shared accountability, and informed decision-making. While infrastructure providers should facilitate coordination and information sharing, responsibility for understanding and managing dependency risks should remain with the organisation working with other Lifeline utility operators within the CDEM Act.

Effective resilience outcomes are most likely to arise through active participation by all infrastructure providers in established coordination mechanisms such as CDEM structures, Lifelines Groups, regional resilience forums, and sector-wide collaboration arrangements. These forums provide the appropriate mechanism for developing a shared understanding of cross-sector dependencies, criticality, and resilience expectations.