

Reconsideration of DPP4 default price-quality path for Wellington Electricity – Central Park 2 unforeseeable large project

Draft decision reasons paper

16 December 2025



Overview of Wellington Electricity's application and our draft decision

1. This paper sets out our draft decision¹ on Wellington Electricity's application to reopen and amend its 2025-2030 default price-quality path (DPP4 price path) for its Central Park 2 project.²
2. Wellington Electricity is the electricity distribution business (EDB) responsible for managing the local lines network that delivers electricity to approximately 176,000 homes and businesses in the Wellington region.³
3. Wellington Electricity applied to us to reopen its price path to allow it to recover additional revenue from its consumers. It requires the additional revenue to cover \$11.543 million in costs to reconfigure its network to address a key resilience risk.
4. Our draft decision is to approve Wellington Electricity's reopener application in full - to reopen and amend its DPP4 price path to allow it to recover an additional \$1.497 million from consumers.^{4,5}
5. The main body of this paper sets out the detail of Wellington Electricity's application and our draft decision. Attachments A to D contain the regulatory framework and assessments underpinning the draft decision. The draft amendment determination, financial model and Wellington Electricity's response to our Request for Information (RFI) are published alongside this paper.⁶
6. We are seeking views on our draft decision by Friday 16 January 2026. Please see the '*Submissions on this paper*' section for details on how to submit your views.

Context for Wellington Electricity's reopener application – Central Park substation resilience risk

7. Transpower's existing Central Park substation, which Wellington Electricity's network connects into, is exposed to multiple risks such as fire and earthquakes. One of those multiple risks materialising could lead to prolonged major outages for around 50,000 Installation Control Points (ICPs) in the central Wellington region.⁷

¹ Under section 52P of the Commerce Act 1986 (the Act)

² See [Wellington Electricity reopener application](#) and supporting documents available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025')

³ [Wellington Electricity website](#)

⁴ See Table 1 in this paper for a summary of our draft decisions.

⁵ The \$1.497 million is the revenue impact of the \$11.543 million costs (or more accurately, new Central Park 2 assets that will be commissioned and added to the regulatory asset base). The \$1.497 million is the sum of the return on capital invested, and recovery of capital invested (through depreciation allowances) for the remainder of the DPP4 regulatory period.

⁶ These documents are available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025' - 'Draft decision')

⁷ [Wellington Electricity, DPP4 reopener application - Central Park 2 Connection Project, August 2025](#), page 4.

8. The Wellington Lifelines Group undertook the Regional Resilience Project in 2019 (Lifelines project), which modelled the economic impacts of infrastructure outages in the event of a significant earthquake.⁸ The Lifelines project identified a \$3.9 billion preferred programme of investments to reduce outages and economic disruption resulting from earthquakes and other hazards. The Central Park Transpower substation was part of this preferred programme.
9. The Lifelines project assessed the economic benefit at a programme level rather than at an individual project level. It estimated that without the preferred investments, the region could lose about \$16 billion in GDP over five years. If the investments are made, that loss reduces to \$10 billion.⁹
10. The Central Park Transpower substation was included as a preferred investment in the Lifelines project at an estimated \$40 million.¹⁰ This includes:
 - 10.1 the construction of a second grid exit point and second substation (Central Park 2 Transpower substation) by Transpower, near its existing Central Park substation; and
 - 10.2 new 33kV cable connections and redistribution of assets to the Central Park 2 Transpower substation by Wellington Electricity to reduce single-point-of-failure risk (Central Park 2 project).
11. Wellington Electricity's Central Park 2 project will reconfigure its 33kV network to connect to both Transpower substations, ie, Central Park and Central Park 2.¹¹ This will enable alternative electricity supply arrangements for the 50,000 ICPs in the central Wellington region, reducing the risk of prolonged outages.
12. The cost of Transpower's proposed Central Park 2 substation, which likely makes up the majority of the overall Central Park investment, will also be paid for by Wellington Electricity's customers through transmission line charges on their future bills.

Wellington Electricity's Central Park 2 reopener application

13. The input methodologies allow for EDBs to apply to us for additional revenues during the default price-quality path (DPP) regulatory period for unforeseeable large projects with a resilience capital expenditure (capex) cost driver. This is called an 'unforeseeable large project reopener'.¹²

⁸ [Wellington Lifelines Regional Resilience Project "Protecting Wellington's Economy Through Accelerated Infrastructure Investment Programme Business Case" 4 October 2019](#), Executive Summary pp iv-v

⁹ Ibid, page iv.

¹⁰ Ibid, Section 7.2.6 page 35.

¹¹ [Wellington Electricity, DPP4 reopener application - Central Park 2 Connection Project, August 2025](#), Section 3 page 5.

¹² [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.9.

14. Wellington Electricity applied to us for an unforeseeable large project reopener on 3 September 2025 seeking additional revenue to address its resilience risk at Central Park. If we accept this meets the applicable criteria for an unforeseeable large project (resilience capex) reopener, we can decide to amend Wellington Electricity's DPP4 price path and allow it to recover additional revenue from its consumers.¹³ Wellington Electricity did not apply for its quality standards and quality incentive measures to be amended.
15. Wellington Electricity applied for \$11.543 million to cover the value of assets that will be commissioned (value of commissioned assets or VCA) on the Central Park 2 project.¹⁴ The project is scheduled for commissioning by July 2028 (disclosure year DY29 / Year 4 of DPP4).¹⁵
16. Wellington Electricity expects to recover this amount from consumers through a 0.4% per year increase in lines charges. It estimates this will see the average residential monthly electricity bill increase by 20 to 40 cents per ICP.¹⁶
17. Wellington Electricity's reopener application is based on Transpower's draft engineering design for its Central Park 2 substation. In its application, Wellington Electricity stated that Transpower's draft design allowed it to assess the investment required within its network to connect to the proposed new Central Park 2 Transpower substation for the purpose of this reopener application.¹⁷ Wellington Electricity has aligned the timing of its detailed design work for Central Park 2 with Transpower's detailed design indicative timelines.¹⁸

Our draft decision is to reopen and amend Wellington Electricity's DPP4 price path, accepting the full cost applied for

18. Our draft decision is:

- 18.1 that Central Park 2 qualifies as an unforeseeable large project (resilience capex) reopener;
- 18.2 to accept all \$11.543 million as the VCA for the Central Park 2 project;

¹³ Wellington Electricity notified us in writing in accordance with clause 4.5.2 of the [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#). We published a notice on [our website](#) on 4 September 2025 that a reopener event had been nominated.

¹⁴ [Wellington Electricity, DPP4 reopener application - Central Park 2 Connection Project, August 2025](#), Table 2 page 4.

¹⁵ Ibid, Table 4 page 7.

¹⁶ Ibid, Section 5 pp 7-8.

¹⁷ Ibid, Section 2 page 5.

¹⁸ Ibid, page 6.

- 18.3 to reopen Wellington Electricity's DPP4 price path and amend the price path by \$1.497 million for DY27-30;^{19, 20} and
- 18.4 that Wellington Electricity will be able to recover the additional revenue in prices from DY27 onwards.
19. Averaged over the approximately 188,000 ICPs²¹ in Wellington Electricity's network by DY30, our estimation of the resulting increase to monthly consumer electricity bills is approximately 20 cents per ICP.²²
20. We have made this draft decision because we are satisfied that
- 20.1 Central Park 2 meets the requirements of an unforeseeable large project (resilience capex) reopener as set out in the IMs; and
- 20.2 reopening and amending the price path in these circumstances is in the long-term interest of consumers and would promote the s52A purpose of Part 4 of the Commerce Act 1986 (the Act).
21. Allowing Wellington Electricity to recover costs for Central Park 2 promotes the s52A(1)(a) and (b) limbs of the Part 4 purpose of the Act.²³ It incentivises Wellington Electricity to invest in its network ahead of time to address a key resilience risk²⁴, so that it can minimise the impact of future outages, meeting consumer expectations on quality of service.²⁵
22. We have accepted and approved the full costs for Central Park 2 as applied for as we consider the project is prudent and efficient. Our assessment of prudence and efficiency is in Attachment B (Table B1) and Attachment D (Table D1).

¹⁹ The price path amendment of \$1.497 million DY27-30 is the total increase in revenue over the DPP4 period. Although the assets resulting from the proposed \$11.543 million will not be commissioned until July 2028 (DY29), the revenue impact of the \$11.543 million of VCA is smoothed over the remaining years of the regulatory period for which prices have not yet been set, ie from DY27 onwards.

²⁰ The \$1.497 million is the revenue impact of the \$11.543 million costs (or more accurately, new Central Park 2 assets that will be commissioned and added to the regulatory asset base). The \$1.497 million is the sum of the return on capital invested, and recovery of capital invested (through depreciation allowances) for the remainder of the DPP4 regulatory period.

²¹ To calculate the consumer bill impact, we have used ICP data from Wellington Electricity's information disclosures. The 176,000 ICPs quoted elsewhere in this paper is for DY26. The 188,000 reflects Wellington Electricity's forecast number of ICPs for DY30, the last year of the DPP4 period.

²² Wellington Electricity estimated that monthly electricity bills for consumers would increase by 20 to 40 cents per ICP. Our calculated estimate is at the lower end of that range. Wellington Electricity's calculation was done in late 2024 so it presented the bill impact as a range instead of an absolute value to allow for higher cost uncertainties which would have existed then.

²³ Section 52(A)(1)(a) and (b) [Commerce Act 1986](#)

²⁴ [Commerce Act 1986](#) Section 52(A)(1)(a) have incentives to innovate and to invest, including in replacement, upgraded, and new assets.

²⁵ [Commerce Act 1986](#) Section 52(A)(1)(b) have incentives to improve efficiency and provide services at a quality that reflects consumer demands.

23. In assessing this reopener, we have reflected on the timing of reopener applications and how this impacts cost uncertainty and accuracy of estimated costs. EDBs contemplating future reopener applications should consider engaging with us on the timing of when they should apply - especially if the reopener values (amounts applied for) contain material cost uncertainties. In those circumstances, we may take a different approach, ie, we may suggest EDBs reapply when costs are more certain.

Table 1. Summary of Wellington Electricity’s application and our draft decision

| Reopener type | DPP4 Unforeseeable large project (resilience capex) reopener |
|--|---|
| Application link | Wellington Electricity unforeseeable large project reopener application (Central Park 2) |
| Unforeseeable large project (resilience capex) reopener | The Central Park 2 project meets the applicable criteria to qualify as an unforeseeable large project (resilience capex) reopener. ²⁶ |
| Materiality threshold | The materiality threshold has been met. Central Park 2’s relevant expenditure (forecast VCA) is \$11.543 million, which exceeds the \$2.5 million materiality threshold. ²⁷ The materiality threshold has been assessed on the basis of costs presented in the application. ²⁸ |
| Draft outcome | Reopening Wellington Electricity’s DPP4 price path and amending it by \$1.497 million, recoverable from DY27 onwards. |
| Estimated consumer bill impact | For Wellington Electricity’s approximately 176,000 ICPs (projected to be 188,000 by DY30), we estimate that the additional approved revenue (as a result of the draft decision) averages to about 20 cents per ICP per month. This aligns with Wellington Electricity’s estimated 20 to 40 cents per ICP per month. ²⁹ |
| Specific consultation questions | We have not included specific consultation questions. We welcome views on all aspects of the draft decision. |

Our assessment of Wellington Electricity’s application

24. We have assessed Wellington Electricity’s application to amend its DPP4 price path, and made our draft decision, in accordance with the Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 (EDB IMs) currently in effect for the DPP4 regulatory period.³⁰

²⁶ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.9.

²⁷ Ibid, clause 4.5.9(1)(i) and (3)

²⁸ In exercising our discretion to reconsider the price path, we reserve the right to reject applications where our scrutiny of the accepted costs demonstrates that an objective assessment of the cost presented would not have met the materiality threshold.

²⁹ Wellington Electricity estimated that monthly bills for consumers would increase by 20 to 40 cents per ICP. Our calculated estimate is at the lower end of that range. Wellington Electricity’s calculation was done in late 2024 so it presented the bill impact as a range instead of an absolute value to allow for higher cost uncertainties which would have existed then.

³⁰ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#)

25. To enable the assessment of the application, we needed to ask Wellington Electricity for additional information. It provided more details on the development of project costs, timing of spend, supporting information for its assessment of the resilience risk, dependency and impacts of Transpower not yet finalising its design, its options analysis, evidence of review and reprioritisation of expenditure, and its engagement with consumers and stakeholders.³¹
26. The regulatory framework and assessments underpinning our draft decisions are presented in the following attachments:
- 26.1 **‘Attachment A – Reconsideration framework’** sets out the regulatory requirements against which we have assessed Wellington Electricity’s application.
 - 26.2 **‘Attachment B – Assessment of unforeseeable large project (resilience capex) reopener criteria’** presents our assessment of Wellington Electricity’s application against the unforeseeable large project reopener (resilience capex) criteria.
 - 26.3 **‘Attachment C – Assessment of ‘whether to amend’ criteria’** sets out our assessment of the application against the ‘whether to amend’ reopener criteria.
 - 26.4 **‘Attachment D – Reopening Wellington Electricity’s price path and assessment of ‘how to amend’ criteria’** sets out our draft decision to reopen Wellington Electricity’s DPP4 price path, ie, how (what components to amend, by how much to amend and how to amend) and our assessment of the application against the ‘how to amend’ reopener criteria.
27. We have also published the following documents alongside this paper:³²
- 27.1 the draft amendment determination that will give legal effect to our draft decision (if finalised);
 - 27.2 the financial model used to calculate Wellington Electricity’s revised price path; and
 - 27.3 Wellington Electricity’s response to our RFI post-application.

Submissions on this paper

28. We seek your views on the matters discussed in this paper by 5pm Friday 16 January 2026.

³¹ See “Wellington Electricity RFI Response - Wellington Electricity Central Park 2 unforeseeable large project – 25 November 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’)

³² See documents available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’).

29. Please address your submission to Ben Woodham c/o infrastructure.regulation@comcom.govt.nz with 'Wellington Electricity Central Park 2 reconsideration consultation' in the subject line of your email.
30. We prefer submissions in both a format suitable for word processing (such as a Microsoft Word document), as well as a 'locked' format (such as a PDF) for publication on our website.

Confidential submissions

31. While we encourage public submissions so that all information can be tested in an open and transparent manner, we recognise that there may be cases where parties that make submissions wish to provide information in confidence. We offer the following guidance:
- 31.1 If it is necessary to include confidential material in a submission, the information should be clearly marked, with reasons why that information is considered to be confidential.
 - 31.2 Where commercial sensitivity is asserted, submitters must explain why publication of the information would be likely to unreasonably prejudice their commercial position or that of another person who is the subject of the information.
 - 31.3 Both confidential and public versions of the submission should be provided.
 - 31.4 The responsibility for ensuring that confidential information is not included in a public version of a submission rests entirely with the party making the submission.
32. Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we do not publish unless good reasons exist under the Official Information Act 1982 to withhold it. We would normally consult with the party that has provided the information before any disclosure is made.
33. We request that you provide multiple versions of your submission if it contains confidential information or if you wish for the published electronic copies to be 'locked'. This is because we intend to publish all submissions on our website. Where relevant, please provide both an 'unlocked' electronic copy of your submission, and a clearly labelled 'public' version.

Attachment A Reconsideration framework

- A1 This attachment presents the regulatory framework for assessing Wellington Electricity's application to reconsider and amend its DPP4 price path.

The DPP4 price path and quality standards may only be reconsidered in limited circumstances

- A2 Wellington Electricity is a non-exempt EDB subject to price-quality regulation by the Commission under Part 4 of the Act. The revenue it may recover from its consumers for the period are set out in the DPP4 determination.³³
- A3 Once determined, the DPP4 price path and quality standards may not be reconsidered (or reopened) within the regulatory period except in limited circumstances.³⁴ Under s 52T(1)(c)(ii) of the Act, these circumstances include those specified in Subpart 5 of Part 4 of the EDB IMs – Reconsideration of the DPP.³⁵
- A4 Clause 4.5.1 of the EDB IMs sets out that the Commission may amend an EDB DPP if the Commission is satisfied that:
- A4.1 A reopener event has occurred;
 - A4.2 The DPP should be amended; and
 - A4.3 The amendment (how to amend) is consistent with clause 4.5.15.
- A5 We discuss each of these below.
- A6 Our discretion on whether to reopen the price path is guided by the extent to which reopening the price path in these circumstances would promote the s 52A purpose of Part 4 of the Act.

Is the event a reopener event (see Attachment B)

- A7 When considering a reopener application, we must first consider whether the event is a reopener event. The EDB IMs prescribe what types of events may be reopener events³⁶, and that the event must have occurred in the period.³⁷

³³ [Commerce Commission, Electricity Distribution Services Default Price-Quality Path Determination 2025 \[2024\] NZCC 28, \(20 November 2024\).](#)

³⁴ Sections 52T(1)(c)(ii) and 53ZB of the [Commerce Act 1986](#).

³⁵ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\).](#)

³⁶ Ibid, subpart 5 section 2.

³⁷ Ibid, clause 4.5.1(2).

Whether to amend the DPP (see Attachment C)

A8 If we are satisfied that a reopener event has occurred, then we will consider whether to amend the DPP by having regard to at least each of the following matters, to the extent we consider the matter is relevant:³⁸

(a) the impact of the reopener event given the relevant circumstances, including both positive and negative effects, on the EDB's costs, revenues, and quality outcomes;

(b) the extent to which the DPP provides explicitly or implicitly for the reopener event;

(c) if an EDB nominated the reopener event:

(i) whether the action required to respond to the reopener event's adverse consequences can be delayed until a future regulatory period;

(ii) the extent to which the EDB:

(A) contributed to the adverse consequences of the reopener event by its action or omission; and

(B) could have prevented or overcome the adverse consequences of the reopener event by exercising reasonable diligence at reasonable cost;

(iii) whether the EDB's planned capex and opex³⁹ for the remainder of the regulatory period have been appropriately reviewed and reprioritised; and

(d) whether a CPP proposal is more appropriate than an amendment to the DPP under this subpart.

A9 We may consider a CPP proposal is more appropriate than amending the DPP if the reopener event has an impact on a wide range of costs specific to the EDB that were used explicitly or implicitly to set the DPP. The EDB IMs list a range of matters that we may have regard to in considering this.⁴⁰

A10 Our discretion on whether to reopen the DPP is guided by the extent to which reopening the DPP in these circumstances would promote the s 52A purpose of Part 4 of the Act.

How to amend the DPP (see Attachment D)

A11 If we decide that the DPP should be amended, we then need to consider how this is done. We may amend one or more of the (a) price path (b) quality standards and (c) quality incentive measures in the DPP determination.⁴¹

³⁸ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.13.

³⁹ Operational expenditure

⁴⁰ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.14.

⁴¹ Ibid, clause 4.5.15.

- A12 The EDB IMs set out that when amending the DPP, we must not amend the price path more than is reasonably necessary to mitigate the effect of the reopener event on the DPP.⁴²
- A13 In determining the extent of any amendment, we must take into account the expenditure objective⁴³, and for unforeseeable large project reopeners, we must not amend the price path by more than an amount that reflects the efficient costs that a prudent non-exempt EDB would incur in undertaking that project.⁴⁴

⁴² [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.15(5).

⁴³ Ibid, clause 1.1.4(2) - 'expenditure objective' means the objective that capex and opex reflect the efficient costs that a prudent non-exempt EDB would require to (a) meet or manage the expected demand for electricity distribution services, at appropriate service standards, during the DPP regulatory period or CPP regulatory period and over the longer term; and (b) comply with applicable regulatory obligations associated with those electricity distribution services.

⁴⁴ Ibid, clauses 4.5.15(6) and 4.5.15(8).

Attachment B Assessment of unforeseeable large project (resilience capex) reopener criteria

- B1 Table B1 below presents our assessment of the application against the unforeseeable large project (resilience capex) reopener criteria.⁴⁵
- B2 In the context of this reopener under the EDB IMs, ‘unforeseeable’ does not carry its literal meaning of ‘unable to be anticipated or predicted’. ‘Unforeseeable’ means not included in the forecasts used to set the DPP and it was reasonable for that to occur.⁴⁶
- B3 Our draft decision is that the Central Park 2 project meets the criteria to qualify as an unforeseeable large project (resilience capex) reopener which has occurred within the DPP4 period.⁴⁷

⁴⁵ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.9.

⁴⁶ Ibid, clauses 4.5.9(f) and (g).

⁴⁷ Ibid, clauses 4.5.1(2) and 4.5.9.

Table B1 Assessment of unforeseeable large project (resilience capex) reopener criteria

| Criteria | Wellington Electricity's view and evidence ⁴⁸ | Our assessment |
|---|--|---|
| <p>4.5.9(1) An 'unforeseeable large project' is a project or programme that has a primary driver of meeting demand for-</p> <p>... (e) resilience capex which is defined as⁴⁹: capex for the purposes of preparing to mitigate or respond to 1 or more high impact, low probability events that, if the preparation is not done promptly, may have a significant impact on the EDB's ability to maintain current security or quality of supply standards; but does not include any regular: (a) asset replacement and renewal capex that is consistent with appropriate lifecycle and asset management planning; or (b) expenditure for cybersecurity;</p> | <p>This is a capex project for the purposes of preparing to mitigate or respond to 1 or more high impact, low probability events that, if the preparation is not done promptly, may have a significant impact on Wellington Electricity's ability to maintain current security or quality of supply standards.</p> <p>The capex project is not required for:</p> <p>(a) asset replacement and renewal capex that is consistent with appropriate lifecycle and asset management planning; or</p> <p>(b) expenditure for cybersecurity.</p> <p>Refer to section 7.2.6 – Electricity projects of the Wellington Lifelines – Regional Resilience Project report and Transpower's confidential letter in support of this application.</p> <p>In response to our RFI, Wellington Electricity provided further information:⁵⁰</p> <ul style="list-style-type: none"> The risk assessment is in Wellington Electricity's latest Asset Management Plan (2025 AMP), in chapter 12 (Page 293).⁵¹ <p>Lifelines also included the risk analysis within its 2019 report. Central Park substation was modelled in</p> | <p>Criterion met.</p> <p>We consider this project meets the definition of an unforeseeable large project, that has the primary driver of meeting demand for resilience capex.⁵³</p> <p>We are satisfied that the resilience risk assessment discussion in Wellington Electricity's 2025 AMP supported by the risk modelling that was undertaken for the Lifelines project, justifies the capex is needed to mitigate or respond to the high impact, low probability risk posed by Central Park.</p> <p>The Lifelines project demonstrates this project, as part of a wider preferred investment programme, will provide significant benefit to consumers through the reduction in risk posed by a high impact low probability event occurring at Central Park. As such, if this project is not implemented and a high impact low probability event occurs at Central Park, Wellington Electricity's ability to maintain current security or quality of supply standards will be significantly impacted. Based on the high-level breakdown of costs supplied by Wellington Electricity in its RFI response for the procurement of assets for this project⁵⁴, we are satisfied that the costs are for assets required to reconfigure Wellington Electricity's 33kV network to the Central Park 2 substation and are not asset replacement and renewal capex nor expenditure for cybersecurity.</p> |

⁴⁸ The content in this column is sourced from Wellington Electricity's self-assessment in its application or its responses to our RFI. All references to 'sections' in this column refer to sections in Wellington Electricity's reopener application.

⁴⁹ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 1.1.4(2).

⁵⁰ See response to Question 3 in "Wellington Electricity RFI Response - Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025' – 'Draft decision').

⁵¹ [Wellington Electricity 2025 Asset Management Plan](#)

⁵³ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 1.1.4(2).

⁵⁴ See response to Question 5 in "Wellington Electricity RFI Response - Wellington Electricity Central Park 2 unforeseeable large project – 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025' – 'Draft decision').

| Criteria | Wellington Electricity's view and evidence ⁴⁸ | Our assessment |
|---|---|--|
| | RiskScape by the Lifelines group, and the report concluded that the project would result in the lowering of the "single-point-of-failure risk at Central Park substation". ⁵² The Lifelines report can be found here: https://www.wremo.nz/assets/Library/Reports/Wellington-Lifelines-PBC-MAIN-Combined-20191009.pdf . | |
| 4.5.9(1)(f) the EDB's forecasts used by the Commission for setting the DPP to which the project or programme relates did not include that project or programme; | Wellington Electricity's forecasts used by the Commission for setting DPP4 did not include the project. Refer to section 3: Project Scope. | Criterion met. We are satisfied that Wellington Electricity's 2024 AMP forecasts, which we used for setting DPP4, did not include this project. Wellington Electricity's 2024 AMP ⁵⁵ states that the cost of connecting Transpower's Central Park 2 to its network will need to be funded under DPP4 but because the costs are not able to be estimated, it is expected that the project will be funded as a reopener. Wellington Electricity also stated in its application that the site selection for the Central Park 2 substation by Transpower and Transpower's draft design were not available to it until June 2025. ⁵⁶ This further supports our view that the project would not have been included in Wellington Electricity's 2024 AMP forecasts as it would have been unable to estimate costs in the absence of a draft design from Transpower. |
| 4.5.9(1)(g) it was reasonable for the EDB not to have included that project or programme in the forecasts; | Wellington Electricity's 2024 AMP acknowledges the project, however the scope of the work was unknown at the time of Wellington Electricity's submission of its capex forecasts for the relevant period on 31 March 2024. Wellington Electricity's costs are entirely dependent on Transpower's selection of the site and the proposed solution which were unknown at the time. The scope of the reopener costs were unknown until the development of the Transpower Solution Study Report (SSR), which has only been provided in draft in October 2024, and with the latest draft in June 2025. Note that this reopener is subject | Criterion met. We are satisfied that it was reasonable for Wellington Electricity not to have included this project in its forecasts, given the solution by Transpower was not available to it for cost estimation purposes for inclusion in 2024 AMP forecasts. |

⁵² [Wellington Lifelines Regional Resilience Project "Protecting Wellington's Economy Through Accelerated Infrastructure Investment Programme Business Case" 4 October 2019](#), page 43.

⁵⁵ [Wellington Electricity 2024 Asset Management Plan](#), Section 12.5.1

⁵⁶ [Wellington Electricity, DPP4 reopener application - Central Park 2 Connection Project, August 2025](#), Section 3 page 5.

| Criteria | Wellington Electricity's view and evidence ⁴⁸ | Our assessment |
|---|---|--|
| | to the final requirements determined by Transpower's final version of the SSR which is yet to be received. Wellington Electricity was therefore unable to forecast the investment that would be required. Refer to section 3: Project Scope. | |
| 4.5.9(1)(h) the amount of capital contributions to be received by the EDB for the project or programme is sufficient in the circumstances, and is in accordance with the EDB's usual policy on capital contributions; | Not applicable because this investment falls outside of Wellington Electricity's Customer Contribution Policy. It does not relate to a customer: -connecting to Wellington Electricity's network; or -altering an existing connection on Wellington Electricity's network; or -relocating Wellington Electricity assets. | Criterion N/A. We agree with Wellington Electricity's assessment that this criterion is not applicable. Wellington Electricity's customer contribution policy wording confirms that this project is outside the scope of capital contributions. ⁵⁷ |
| 4.5.9(1)(i) the relevant expenditure specified in subclause (2) for the project or programme exceeds one of the thresholds specified in subclause (3); | The forecast total value of commissioned assets for the project or programme is \$11.543 million, which exceeds the \$2.5 million threshold. | Criterion met. We agree with Wellington Electricity's assessment that the relevant expenditure, ie, forecast total value of commissioned assets for this project exceeds the \$2.5 million reopener threshold. The materiality threshold has been assessed on the basis of costs presented in the application. ⁵⁸ |
| 4.5.9(1)(n) in respect of paragraph (e), the EDB has provided sufficient evidence to the Commission that the project or programme is prudent; | The project is prudent because: <ul style="list-style-type: none"> • The solution selected is the lowest cost while not exacerbating single point failure risks. Therefore it provides the best long-term benefits to consumers. • The forecast cost for the selected solution reflects market rates. • The works proposed in this application form part of the wider project including Transpower's investment. | Criterion met. We consider "prudence" as the right investment at the right time. We are satisfied that the project is prudent because: <ul style="list-style-type: none"> • The need for the expenditure has been adequately identified as a result of the resilience risk assessment that has been undertaken (see discussion for assessment against Clause 4.5.9(1)(e) earlier in this table). • Wellington Electricity considered and analysed options before selecting the proposed solution based on a set of criteria.^{60, 61} |

⁵⁷ [Section 5 of Wellington Electricity Customer Contribution Policy October 2023.](#)

⁵⁸ In exercising our discretion to reconsider the price path, we reserve the right to reject applications where our scrutiny of the accepted costs demonstrates that an objective assessment of the cost presented would not have met the materiality threshold.

⁶⁰ [Wellington Electricity, DPP4 reopener application - Central Park 2 Connection Project, August 2025](#), Section 3 page 6.

⁶¹ See response to Question 6 in "Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025' – 'Draft decision').

| Criteria | Wellington Electricity's view and evidence ⁴⁸ | Our assessment |
|--|---|--|
| | <p>Refer to section 3 for details of the alternative options considered, demonstrating that the selected option was the lowest long-term cost option while ensuring that the objectives of the project are achieved.</p> <p>Section 3 of this report provides the methodology used to determine that the project cost reflects market prices.</p> <p>In response to our RFI, Wellington Electricity provided further information on the options considered and the process that guided the assessment of those options.⁵⁹ Due to commercial sensitivity, the detail on the options considered is redacted in its RFI response.</p> | <ul style="list-style-type: none"> The assessment process of the options and the selection of the proposed solution have been subjected to adequate internal review by Wellington Electricity.⁶² |
| 4.5.9(1)(o) any proposed additional revenue sought will be apportioned by the EDB appropriately between different parties. | <p>The project cost will be added to the regulatory asset base (RAB) and funded by network tariffs.</p> <p>It is estimated that Wellington Electricity's investment will have a 0.4% impact on network tariffs, assuming all other inputs to the tariff-setting process remain constant. Section 5 provides the relevant details.</p> | <p>Criterion met.</p> <p>It is appropriate that the proposed additional revenue sought is recovered fully through network tariffs (line charges). As discussed earlier (see discussion for assessment against clause 4.5.9 (1)(h) earlier in this table), this project falls outside the scope of capital contributions.</p> <p>We note that Wellington Electricity's tariff-setting process should be consistent with the Electricity Authority's distribution pricing principles. Wellington Electricity's most recent pricing document⁶³ states that its pricing methods are consistent with the Electricity Authority's pricing principles.⁶⁴</p> |

⁵⁹ See responses to Questions 6 and 10 in "Wellington Electricity RFI Response - Wellington Electricity Central Park 2 unforeseeable large project – 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project opener 2025' – 'Draft decision').

⁶² Ibid, response to Question 10.

⁶³ [Wellington Electricity Pricing Methodology 1 March 2025 for the assessment period ending 31 March 2026](#)

⁶⁴ In line with Wellington Electricity's information disclosure obligations to publicly disclose its pricing methodology before the start of each disclosure year.

Attachment C Assessment of ‘whether to amend’ criteria

- C1 This attachment presents our assessment of the application against the ‘whether to amend’ criteria set out in the EDB IMs:
- C1.1 clause 4.5.13 - Commission consideration of whether to amend the DPP;⁶⁵ and
 - C1.2 clause 4.5.14 - Commission may determine CPP proposal more appropriate.⁶⁶
- C2 If we are satisfied that a reopener event has occurred, then when deciding whether to amend the DPP we must have regard to at least each of the matters listed in Tables C1 and C2 below (to the extent we consider them relevant). We refer to these as “consideration factors” in the Tables below.
- C3 Based on our assessment, we are satisfied that Wellington’s DPP4 price path should be amended. We do not consider a CPP is more appropriate.

⁶⁵ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.13.

⁶⁶ Ibid, clause 4.5.14.

Table C1 Assessment of ‘whether to amend the DPP’ consideration factors

| Consideration factors | Wellington Electricity’s view and evidence ⁶⁷ | Our assessment |
|--|--|---|
| 4.5.13 Commission consideration of whether to amend the DPP 4.5.13(1) If satisfied that a reopener event has occurred, the Commission must, when deciding whether to amend the DPP, have regard to at least each of the following matters (to the extent that the Commission considers the matter is relevant): | | We have had regard to each of the matters set out below. |
| 4.5.13(1)(a) the impact of the reopener event given the relevant circumstances, including both positive and negative effects, on the EDB’s costs, revenues, and quality outcomes; | The investment the reopener event relates to is a critical project required to mitigate a significant risk to security of supply and maintain quality standards. The reopener event is of a significant size relative to Wellington Electricity’s capex programme, and as such without the reopener, it will have significant impact on Wellington Electricity’s capex programme. Refer to section 1: Introduction and section 7.2.6 – Electricity projects of the Wellington Lifelines – Regional Resilience Project report. | Factor considered. We agree with Wellington Electricity’s assessment; this project is required to mitigate a significant known risk. If not progressed and the risk materialises, this would likely materially impact Wellington Electricity’s costs, and revenues as well as quality outcomes for consumers. |
| 4.5.13(1)(b) the extent to which the DPP provides explicitly or implicitly for the reopener event; | The draft ⁶⁸ DPP4 determination does not include any allowance for this project. As such, an additional allowance is needed. Refer to section 3: Project Scope. | Factor considered. Wellington Electricity’s DPP4 allowance does not explicitly or implicitly provide for the reopener event because the forecasts used to set DPP4 allowances did not include this project. See discussion on assessment against clauses 4.5.9(1)(f) and 4.5.9(1)(g) in Table B1 of Attachment B. |

⁶⁷ The content in this column is sourced from Wellington Electricity’s self-assessment in its application or its responses to our RFI. All references to ‘sections’ in this column refer to sections in Wellington Electricity’s reopener application.

⁶⁸ Wellington Electricity’s wording in its application was ‘draft’. This is a likely error and is meant to state ‘final’.

| Consideration factors | Wellington Electricity's view and evidence ⁶⁷ | Our assessment |
|---|--|---|
| 4.5.13(1)(c) if an EDB nominated the reopener event: (i) whether the action required to respond to the reopener event's adverse consequences can be delayed until a future regulatory period; | Wellington Electricity is unable to defer investment for this project as it is required to mitigate a significant security of supply risk and maintain Wellington Electricity's performance to quality standards. Refer to sections 1-3. | Factor considered. We agree with Wellington Electricity's assessment. Deferring the investment increases the risk profile to consumers. The Lifelines project demonstrates a clear economic benefit to consumers if preferred investments such as, and including, Central Park 2 are undertaken and if a major natural hazard event was to occur. ⁶⁹ The Lifelines project estimated that without preferred investments, outage durations could range from three to six months. With these investments, the duration is expected to reduce to one to three months. ⁷⁰ |
| 4.5.13(1)(c) if an EDB nominated the reopener event: (ii) the extent to which the EDB: (A) contributed to the adverse consequences of the reopener event by its action or omission; and (B) could have prevented or overcome the adverse consequences of the reopener event by exercising reasonable diligence at reasonable cost; | Wellington Electricity was unable to include this project in its capex forecasts as the scope of the project – specifically, the investment that would be required by Wellington Electricity – was not known at the time. Wellington Electricity has continued to actively seek mitigation of the risk at Central Park since 2009. Refer to sections 1-3 In response to our RFI, Wellington Electricity provided further information on the engagement undertaken on the project. ⁷¹ | Factor considered. We agree with Wellington Electricity's assessment. Our view is that Wellington Electricity did not contribute to the adverse consequences by any action or omission nor could it have prevented or overcome the consequences by exercising reasonable diligence at reasonable cost. To date, we consider it has taken reasonable steps to mitigate this risk since 2009 as outlined in its RFI response. ⁷² |
| 4.5.13(1)(c) if an EDB nominated the reopener event: (iii) whether the EDB's planned capex and opex for the remainder of the regulatory period have been | Wellington Electricity has considered the availability and consequence of re-prioritising capex to support this project. However, no DPP4 allowances are available for this project. Refer to section 3: Project Scope | Factor considered. |

⁶⁹ [Wellington Lifelines Regional Resilience Project "Protecting Wellington's Economy Through Accelerated Infrastructure Investment Programme Business Case" 4 October 2019](#), Executive Summary page iv.

⁷⁰ Ibid, Appendix K Sections 6.2.3 and 6.2.4.

⁷¹ See response to Question 8 in "Wellington Electricity RFI Response - Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025' – 'Draft decision').

⁷² Ibid.

| Consideration factors | Wellington Electricity's view and evidence ⁶⁷ | Our assessment |
|--|---|--|
| appropriately reviewed and reprioritised; | In response to our RFI, Wellington Electricity provided further information on the steps it took to review and reprioritise expenditure. ⁷³ | We are satisfied that Wellington Electricity has demonstrated that it has reviewed and reprioritised its planned capex and opex for the remainder of the DPP4 regulatory period. It assessed the impacts of deferring other projects to accommodate Central Park 2 and concluded it was unable to do so without negatively impacting quality outcomes for consumers. For context, DPP4 revenue allowances provided for 40% of Wellington Electricity's 2024 AMP capex forecasts and 89% of its opex forecasts. Wellington Electricity is also investigating whether it should apply for a CPP separately. ⁷⁴ |
| 4.5.13(1)(d) whether a CPP proposal is more appropriate than an amendment to the DPP under this subpart. | Wellington Electricity considers a DPP reopener to be more appropriate than a CPP proposal for the following reasons (see Table C2 below) Refer to sections 1-3 Refer to section 5: Impact on future network tariffs. | Factor considered. We agree with Wellington Electricity's assessment that a DPP reopener is more appropriate for this project than a CPP proposal. See Table C2 below for our reasons. |

⁷³ See response to Question 7 in "Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025' – 'Draft decision').

⁷⁴ <https://www.welectricity.co.nz/news/show/have-your-say-on-the-future-of-wellingtons-electricity-network>

Table C2 Assessment of ‘CPP proposal more appropriate than an amendment to the DPP’ consideration factors

| Consideration factors | Wellington Electricity’s view and evidence ⁷⁵ | Our assessment |
|--|---|---|
| 4.5.14(1) For the purposes of clause 4.5.13(1)(d), the Commission may consider a CPP proposal is more appropriate than amending the DPP if the reopener event has an impact on a wide range of costs specific to the EDB that were used explicitly or implicitly to set the DPP and, in particular, may have regard to any of the following matters: | | |
| 4.5.14(1)(a) whether the project or programme to which the reopener event relates is, or should be, part of a wider project or programme requiring wide engagement with consumers and other interested persons. | The project addresses a single risk. It is not part of a wider programme requiring wide engagement with consumers and other interested persons. | <p>Factor considered.</p> <p>We agree with Wellington Electricity’s view that the project is contained and not part of a wider programme requiring wider engagement.</p> <p>The project impacts 50,000 ICPs out of 176,000 total ICPs (28% of consumer base), 7 zone substations out of 27 zone substations (26% of the network).⁷⁶</p> |
| 4.5.14(1)(b) the materiality of the likely price or quality of service effects on consumers of the amendment to the price path to mitigate the effect of the reopener event on the DPP. | <p>The likely price impact to consumers is negligible and is not anticipated to materially impact consumers or the network.</p> <p>Wellington Electricity calculated a 0.4% impact on network tariffs per annum with an average residential monthly bill increase of between 20 and 40 cents per ICP.</p> | <p>Factor considered.</p> <p>We agree with Wellington Electricity’s view that the likely price impact is minor. Our calculation of the estimated monthly consumer bill impact is 20 cents per ICP, within Wellington Electricity’s range. As Wellington Electricity did not request to amend its quality standard and quality incentive measures in its application, we did not consider the impact on quality of service.</p> |

⁷⁵ The content in this column is sourced from Wellington Electricity’s self-assessment in its application or its responses to our RFI. All references to ‘sections’ in this column refer to sections in Wellington Electricity’s reopener application.

⁷⁶ [Wellington Electricity 2025 Asset Management Plan](#), Section 12.4.2.3

| Consideration factors | Wellington Electricity's view and evidence ⁷⁵ | Our assessment |
|---|--|---|
| 4.5.14(1)(c) the extent to which a large number or proportion of consumers are likely to be affected by the amendment to the price path to mitigate the effect of the reopener event on the DPP; | The likely price impact to consumers is negligible and is not anticipated to materially impact consumers or the network. | Factor considered. We agree with Wellington Electricity's view. |
| 4.5.14(1)(d) whether the amendment to the price path to mitigate the effect of the reopener event on the DPP is likely to have any upstream or downstream effects on the network; | The likely price impact to consumers is negligible and is not anticipated to materially impact consumers or the network. | Factor considered. We agree with Wellington Electricity's view. The project appears to be contained, not requiring pre-work or consequential work elsewhere on Wellington Electricity's network. |
| 4.5.14(1)(e) in the case of an unforeseeable large project or a foreseeable large project, whether, and the extent to which, the forecast total value of commissioned assets attributable to any unforeseeable large projects or foreseeable large projects that, in the same disclosure year, have resulted in the DPP being amended under this subpart (or were nominated by the EDB for that purpose), exceeds \$30 million. | The investment is not large enough nor of sufficient scope to justify a CPP application. Is less than \$30 million. | Factor considered. We agree with Wellington Electricity's view. Project cost is \$11.543 million, which is less than \$30 million. This is the only large project reopener Wellington Electricity has applied for to date, for Year 4 of the DPP4 regulatory period. |
| N/A. This row only captures additional information that Wellington Electricity supplied that does not fit neatly into the subclauses under the Clause 4.5.14 "better as a CPP" criteria. | Given that this is a critical project required to mitigate a significant risk to security and maintain Wellington Electricity's performance to quality standards, Wellington Electricity is unable to defer investment for this project. | N/A |

Attachment D Reopening Wellington Electricity's price path and assessment of 'how to amend' criteria

D1 This attachment sets out:

D1.1 our draft decision to reopen and amend Wellington Electricity's DPP4 price path, including

D1.1.1 what price-quality path components to amend;

D1.1.2 by how much those should be amended; and

D1.1.3 how those should be amended.

D1.2 our assessment of the application against the 'how to amend' reopener criteria which underpins the draft decisions at D1.1.1 and D1.1.2 above.⁷⁷

Reopening Wellington Electricity's price path

We propose only amending the price path

D2 We may amend one or more of the (a) price path (b) quality standards and (c) quality incentive measures.⁷⁸

D3 Our draft decision is to only amend Wellington Electricity's DPP4 price path.

D4 Wellington Electricity did not request its quality standards and quality incentive measures be amended in its application. As such, we do not consider they need to be amended.

We propose amending the price path by \$1.497 million DY27-30 based on accepted costs (VCA) of \$11.543 million

D5 The IMs set out that we must not amend the price path more than is reasonably necessary to mitigate the effect of the Central Park 2 reopener on the DPP.⁷⁹ In determining the extent of any amendment, we must take into account the expenditure objective.⁸⁰ This means for unforeseeable large project reopeners like Central Park 2, we must not amend the price path by more than an amount that reflects the efficient costs that a prudent non-exempt EDB would incur in undertaking the project.⁸¹

⁷⁷ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.15.

⁷⁸ Ibid, clause 4.5.15(1). See also our assessment against this clause in the first row of Table D1.

⁷⁹ Ibid, clause 4.5.15(5).

⁸⁰ Ibid, clause 4.5.15(6).

⁸¹ Ibid, clause 4.5.15(8).

We propose accepting Wellington Electricity’s estimated costs of \$11.543 million for Central Park 2

D6 Wellington Electricity applied for \$11.543 million of VCA to be commissioned in DY29.

D7 In its application, it provided a high-level overview of the cost elements that make up the \$11.543 million.⁸² We asked Wellington Electricity for more information to be able to assess its costs against the EDB IM requirements.⁸³ It provided:

D7.1 a further breakdown of the cost elements; and

D7.2 an explanation of how those costs were developed.

D8 Our analysis is based on the full information provided by Wellington Electricity. The information on the breakdown of the cost elements is commercially sensitive. This has been redacted in the RFI response published alongside this paper.⁸⁴

D9 Our assessment of the information provided in Wellington Electricity’s application and its response to our RFI, is that the Central Park 2 project reflects efficient costs that a prudent non-exempt EDB would incur in undertaking the project. We are accepting and approving the full costs applied for (estimated \$11.543 million VCA). Our assessment is detailed in Table D1 (assessment against clause 4.5.15(8)).

Accepting \$11.543million VCA results in a price path amendment of \$1.497 million DY27-30

D10 The \$11.543 million of VCA in 2025 dollars⁸⁵ for Central Park 2 translates to \$12.479 million nominal DY29 VCA. This results in nominal price path amendments of \$1.497 million for DY27-30. We consider that these amendment amounts to the price path are not more than is reasonably necessary to mitigate the effect of the Central Park 2 reopener on DPP4 for the reasons outlined above and in Table D1(assessment against clause 4.5.15(8)).

⁸² [Wellington Electricity, DPP4 reopener application - Central Park 2 Connection Project, August 2025](#), Table 2 on page 4.

⁸³ See response to Question 5 in “Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’).

⁸⁴ See “Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’)

⁸⁵ See response to Question 1 in “Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’)

Amending the price path by \$1.497 million DY27-30 involves amending the forecast value of commissioned assets, forecast net allowable revenue and actual net allowable revenue

- D11 To give effect to our decision to amend Wellington Electricity’s price path to take account of the change resulting from the Central Park 2 reopener, we are:
- D11.1 adding the values for the assets that will be commissioned in DY29 into the financial model to calculate the incremental Forecast Net Allowable Revenue (FNAR);
 - D11.2 updating the determination to reflect the present value of the incremental FNAR for the first year where prices have not been set yet (DY27);⁸⁶
 - D11.3 updating how the Actual Net Allowable Revenue (ANAR) is defined for DY27 so that Wellington Electricity can correctly calculate the wash-up amount later;^{87, 88} and
 - D11.4 updating the determination to reflect the updated capex incentive allowance for DY29.⁸⁹
- D12 The price path amendment of \$1.497 million is the total nominal increase in FNAR over the DPP4 period for DY27-30. The \$1.497 million increase in FNAR results from the additional return on and of capital from the Central Park 2 project commissioned assets. Although the assets resulting from the proposed \$11.543 million cost will not be commissioned until July 2028 (DY29), the FNAR impact of the \$11.543 million of VCA is smoothed over the remaining years of the regulatory period for which prices have not yet been set, ie, from DY27 onwards.⁹⁰

⁸⁶ See clause 4.2 which refers to table 1.1A.1 in Schedule 1.1A of “[Draft] Electricity Distribution Services Default Price-Quality Path (Wellington Electricity Lines Limited Unforeseeable Large Project) Amendment Determination 2026 – 16 December 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’).

⁸⁷ Ibid, clause 7A in Schedule 1.6.

⁸⁸ We have left the calculation of actual maximum allowable revenue that feeds into the ANAR for DY26 for Wellington Electricity to calculate, as per clauses (4) and (6) of Schedule 1.6 of the DPP4 determination.

⁸⁹ See clause 4.8 setting out changes to Table 2.2.2. in Schedule 2.2 of “[Draft] Electricity Distribution Services Default Price-Quality Path (Wellington Electricity Lines Limited Unforeseeable Large Project) Amendment Determination 2026 – 16 December 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’).

⁹⁰ The smoothing takes into account the X-factor (annual rate of change relative to forecast CPI) specified for Wellington Electricity in the DPP4 final determination (see Table 1.2.1 in Schedule 1.2).

- D13 The incremental FNAR for DY27 (the first year where prices have not been set yet) is \$314k, this value is specified in the draft amendment determination.⁹¹ The financial model sets out explanatory notes on the calculation of incremental FNAR for DY27 and subsequent disclosure years taking into account adjustments for CPI.⁹²
- D14 The draft amendment determination for this reopener is the first reopener-driven amended DPP4 determination for the DPP4 regulatory period under the amended EDB IMs.⁹³ In deciding how to amend in accordance with the amended EDB IMs, we have considered simplicity and workability for future reopeners:
- D14.1 Additional revenue as a result of the reopener is:
- D14.1.1 reflected as an ‘incremental’ revenue value rather than amending DPP4 base revenue values; and
- D14.1.2 treated the same as DPP4 base revenue in inflation, smoothing (X-factor⁹⁴), and wash-up terms.
- D14.2 This allows future reopener-driven price path amendments to be implemented via simple revenue increments.
- D15 We have published the draft amendment determination and the financial model used to calculate the updated FNAR alongside this reasons paper.

Monthly bill impact for consumers

- D16 Wellington Electricity will be able to recover the additional revenue in prices from DY27 (1 April 2026) onwards. The additional revenue equates to a monthly consumer bill increase of approximately 20 cents per ICP. This aligns with Wellington Electricity’s values in its application, estimated at 20 to 40 cents per ICP.⁹⁵ Our calculated estimate is at the lower end of Wellington Electricity’s range. Wellington Electricity’s calculation of the bill impact was done in late 2024 so it presented the bill impact as a range instead of an absolute value to allow for higher cost uncertainties which would have existed then.

⁹¹ clause 4.2 Table 1.1A.1 of “[Draft] Electricity Distribution Services Default Price-Quality Path (Wellington Electricity Lines Limited Unforeseeable Large Project) Amendment Determination 2026 – 16 December 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’).

⁹² “Draft decision – Wellington Electricity Default Price-Quality Path (unforeseeable large project) Financial Model – 16 December 2025” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Wellington Electricity unforeseeable large project reopener 2025’ – ‘Draft decision’)

⁹³ [Commerce Commission “Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5” \(27 March 2025\)](#).

⁹⁴ ‘X-factor’ is an annual rate of change relative to forecast CPI.

⁹⁵ See [Wellington Electricity, DPP4 reopener application - Central Park 2 Connection Project, August 2025](#), Section 5.

Assessment of ‘how to amend’ reopener criteria

D17 Table D1 details our assessment of Wellington Electricity’s application under clause 4.5.15 ‘Amending DPP after reconsideration’.

Table D1 Assessment against ‘amending DPP after reconsideration’ relevant criteria

| Criteria | Wellington Electricity’s view and evidence ⁹⁶ | Our assessment |
|---|---|---|
| 4.5.15(1) If the Commission decides that the DPP should be amended, the Commission may amend 1 or more of the following matters specified in the DPP determination: (a) price path; (b) quality standards; and (c) quality incentive measures. | Wellington Electricity is seeking a price path amendment only. | As per Attachment C, our view is that Wellington Electricity’s DPP should be amended. We propose amending the price path only. We do not consider that it is necessary to amend quality standards or quality incentive measures. |
| 4.5.15(3) In the case of a reopener event (prospective), the Commission may amend the price path to account for opex incurred or assets commissioned only in respect of opex incurred or assets commissioned after the date on which the reopener event was nominated under clause 4.5.2. | The application is for expenditure that is yet to occur and is for assets commissioned only, no opex incurred. The assets will be commissioned in July 2028. The reopener application date is 3 September 2025. | <p>We are amending the price path for assets that will be commissioned well after the reopener application date. The reopener application date is 3 September 2025 and the commissioning date for assets is July 2028.</p> <p>We confirm that the application date of 3 September remains unchanged even though we sought more information from Wellington Electricity on its application.⁹⁷</p> |

⁹⁶ The content in this column is sourced from Wellington Electricity’s application or its responses to our RFI. Wellington Electricity’s application did not include a self-assessment for each of these clauses as it did for other reopener criteria, we extracted and summarised relevant information from its application. All references to ‘sections’ in this column refer to sections in Wellington Electricity’s reopener application.

⁹⁷ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.15(4A).

| Criteria | Wellington Electricity's view and evidence ⁹⁶ | Our assessment |
|---|--|---|
| 4.5.15(5) The Commission must not amend- (a) the price path more than is reasonably necessary to mitigate the effect of the reopener event on the DPP; and (b) the price path more than is reasonably necessary to take account of the change resulting from the reopener event, less any costs already approved in a reopener event allowance for the same reopener event. | Wellington Electricity's application included a very high-level summary of costs. Wellington Electricity provided further cost information in response to our request. ⁹⁸ | <p>We are not amending the price path more than is reasonably necessary to mitigate the effect of the reopener event on the DPP. We have accepted the costs proposed by Wellington Electricity and are amending the price path to reflect those costs and not more. Our reasons for accepting the costs are set out in the discussion against clause 4.5.15(8) of this table and in the '<i>We propose accepting Wellington Electricity's estimated costs of \$11.543 million for Central Park 2</i>' section earlier in this attachment.</p> <p>The reopener event allowance as set out in 4.5.15(5)(b) is not applicable in this case as that only applies to responsive reopeners.⁹⁹ The Central Park 2 reopener is an unforeseeable large project (resilience capex) reopener which is a prospective reopener.¹⁰⁰</p> |
| 4.5.15(6) In determining the extent of any amendment to the price path, the Commission must take into account the expenditure objective. | | The expenditure objective is an assessment of the efficient costs that a prudent non-exempt EDB would incur, which is also the subject of clause 4.5.15(8). We have taken the expenditure objective into account in determining the amendment to the price path in considering clause 4.5.15(8). Please see the discussion against that clause in the row below. |
| 4.5.15(8) In the case of an unforeseeable large project or a foreseeable large project, the Commission must not amend the price path by more than an amount that reflects the efficient costs that a | <p>Wellington Electricity stated in its application that the project is prudent because:</p> <ul style="list-style-type: none"> • The solution selected is the lowest cost while not exacerbating single point failure risks. Therefore it provides the best long-term benefits to consumers. | <p>We are satisfied that amending the price path by \$1.497 million DY27-30 reflects the efficient costs that a prudent non-exempt EDB would incur in undertaking the Central Park 2 project:</p> <ul style="list-style-type: none"> • While Wellington Electricity applied for this reopener ahead of the detailed design stage, it has developed its estimated costs based on recent project costs which it expects to reflect market rates. It intends to market test rates at later stages of the project to obtain more accurate cost estimates that reflect competitive |

⁹⁸ See response to Question 5 in "Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project reopener 2025' – 'Draft decision').

⁹⁹ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), see definition of 'reopener event allowance' in Clause 1.1.4(2).

¹⁰⁰ Ibid, clause 4.5.1(3)(b).

| Criteria | Wellington Electricity's view and evidence ⁹⁶ | Our assessment |
|---|---|--|
| prudent non-exempt EDB would incur in undertaking that project. | <ul style="list-style-type: none"> The forecast cost for the selected solution reflects market rates. The works proposed in this application form part of the wider project including Transpower's investment. <p>Wellington Electricity refers to section 3 for:</p> <ul style="list-style-type: none"> details of the alternative options considered, demonstrating that the selected option was the lowest long-term cost option while ensuring that the objectives of the project are achieved. the methodology used to determine that the project cost reflects market prices. <p>In response to our RFI, Wellington Electricity provided further information on the options considered and the process that guided the assessment of those options.¹⁰¹ Due to commercial sensitivity, the detail on the options considered is redacted in the public version of its RFI response published alongside this paper.</p> | <p>market prices.^{102, 103} The approach to developing the costs is aligned with Good Electricity Industry Practice (GEIP).</p> <ul style="list-style-type: none"> We have reviewed the proposed costs and contingencies included in these costs. We consider they are appropriate and within ranges expected for projects at this stage.¹⁰⁴ If actual costs come in at under \$11.543 million, Wellington Electricity would receive Incremental Rolling Incentive Scheme (IRIS) benefits from any savings made, which would also be shared with consumers through lower future prices.¹⁰⁵ We note that Wellington Electricity may opt to use potential efficiency savings gained in Central Park 2 for other investments in the DPP4 period and this is consistent with the intent of the price-quality regime. On the basis of the above, we are accepting and approving the full costs (estimated \$11.543 million VCA) applied for. We consider that our draft decision still retains incentives on Wellington Electricity to continue to find and realise efficiencies. Wellington Electricity appropriately carries the risk of actual costs falling higher than the estimated \$11.543 million VCA. |

¹⁰¹ See responses to Questions 6 and 10 in "Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project opener 2025' – 'Draft decision').

¹⁰² [Wellington Electricity, DPP4 opener application - Central Park 2 Connection Project, August 2025](#), 'Procurement strategy' section on page 7.

¹⁰³ See response to Question 5 in "Wellington Electricity RFI Response – Wellington Electricity Central Park 2 unforeseeable large project — 25 November 2025" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Wellington Electricity unforeseeable large project opener 2025' – 'Draft decision').

¹⁰⁴ Ibid, response to Question 9.

¹⁰⁵ IRIS rewards or penalties will be calculated on the nominal amount entered as VCA in DY29.