

Reconsideration of DPP4 default price-quality path for Horizon – Ōpōtiki foreseeable large project

Draft decision reasons paper

18 June 2026



Summary of Horizon Networks' application and our draft decision

1. This paper sets out our draft decision on Horizon's application to reopen and amend its 2025-2030 default price-quality path (DPP4 price path) for its Ōpōtiki project.^{1,2}
2. Horizon Networks (Horizon) is the electricity distribution business (EDB) responsible for managing the local lines network that delivers electricity to approximately 25,500 homes and businesses in the eastern Bay of Plenty region.³
3. Horizon applied to us to reopen its DPP4 price path to allow it to recover additional revenue from its consumers. It requires the additional revenue to cover \$14.269 million in costs to address its growth-driven network constraint issues at Ōpōtiki. The \$14.269 million is the value of new Ōpōtiki project assets that will be commissioned and added to Horizon's regulatory asset base during DPP4.
4. Our draft decision is to approve Horizon's reopener application in full – to reopen and amend Horizon's DPP4 price path to allow it to recover an additional \$4.944 million from consumers.⁴ The \$4.944 million is the revenue impact of the \$14.269 million costs, comprising approximately the sum of the return on capital invested, and recovery of capital invested (through depreciation allowances) for the remainder of the DPP4 regulatory period.
5. The main body of this paper sets out the detail of Horizon's application and our draft decision. Attachments A to D contain the regulatory framework and assessments underpinning the draft decision. We have published the draft amendment determination, financial model, and Horizon's response to our Request for Information (RFI) alongside this paper.⁵
6. We are seeking views on our draft decision by 9 July 2026. Please see the '*Submissions on this draft decision*' section for details on how to submit your views.

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

² See [Horizon Network's reopener application](#) and supporting documents available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Horizon's foreseeable large project reopener 2025').

³ <https://horizonnetworks.nz/what-we-do/>.

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

⁵ These documents are available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Horizon's foreseeable large project reopener 2025 – Draft decision').

Horizon's reopener application

7. Horizon applied to us for a foreseeable large project reopener on 23 September 2025 seeking approval to recover additional revenue to address its growth-driven network constraints in the Ōpōtiki region.⁶ Horizon applied for \$14.269 million to cover the value of assets that were or will be commissioned (value of commissioned assets or VCA) in DY26 and DY27.⁷
8. The Ōpōtiki project's scope includes:⁸
 - 8.1 establishing a new 33kV Point of Supply at Transpower's Waiotahi Grid Exit Point (GXP);
 - 8.2 new 33kV circuits to Ōpōtiki and Te Kaha substations;
 - 8.3 establishing regulated 11kV supplies at Ōpōtiki; and
 - 8.4 other enabling work on the 11kV networks.
9. Horizon initiated a study in 2010 to address several emerging concerns on the existing network, including voltage constraints, the need to accommodate forecast load growth, and reliability improvements.⁹ The study identified a range of options to address these issues, including the Ōpōtiki project.
10. Between 2010 and 2022, Horizon took some interim steps to address the network issues identified, deferring the need for the Ōpōtiki project. However, voltage constraints on the network and growth indicators have persisted. These, coupled with long equipment lead time concerns and the opportunity to lower overall project costs by working in conjunction with Transpower at the Waiotahi GXP, led Horizon to commence the Ōpōtiki project in 2022.¹⁰
11. If we determine Horizon's application meets the applicable IM criteria for a foreseeable large project (system growth expenditure) reopener, we can decide to amend Horizon's DPP4 price path and allow it to recover additional revenue from its consumers.¹¹

⁶ The EDB input methodologies allow EDBs to apply to us for additional revenues during the default price-quality path (DPP) regulatory period for foreseeable large projects that have the primary driver of meeting demand for system growth expenditure. This is called a 'foreseeable large project reopener'. See [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26 \(EDB IMs\)](#), at clause 4.5.10.

⁷ [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Table 5 page 12.

⁸ Ibid, Section 2.2 page 7.

⁹ See response to question 6 in "Horizon Networks RFI response – Horizon's foreseeable large project reopener – 18 June 2026" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners'- 'Horizon's foreseeable large project reopener 2025').

¹⁰ Ibid.

¹¹ Horizon notified us in writing in accordance with clause 4.5.2 of the [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#). We published a notice on [our website](#) on 2 October 2025 that a reopener event has been nominated.

Our draft decision is to reopen and amend Horizon’s DPP4 price path based on Horizon’s application

12. Our draft decision is:

- 12.1 that the Ōpōtiki project qualifies as a foreseeable large project reopener;
- 12.2 to accept all \$14.269 million as the VCA for the Ōpōtiki project;
- 12.3 to reopen Horizon’s DPP4 price path and amend the price path by an additional \$4.944 million for DY28, DY29 and DY30; and
- 12.4 that Horizon will be able to recover the additional revenue in prices from DY28 onwards.

13. We estimate that this additional revenue will increase monthly consumer electricity bills for the DY 28 to DY 30 period by approximately \$2.85 per ICP per month.¹²

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

Reopener type	DPP4 foreseeable large project (system growth expenditure) reopener
Application link	Horizon's foreseeable large project reopener application (Ōpōtiki project)
Foreseeable large project reopener	The Ōpōtiki project meets the applicable criteria to qualify as a foreseeable large project (system growth expenditure) reopener. ¹³
Materiality threshold	The materiality threshold has been met. Ōpōtiki project’s relevant expenditure (forecast VCA) is \$14.269 million, which exceeds the \$2.5 million materiality threshold. ¹⁴ The materiality threshold has been assessed on the basis of costs presented in the application. ¹⁵
Draft outcome	Reopening Horizon’s DPP4 price path and amending it by \$4.944 million, recoverable from DY28 onwards.
Estimated consumer bill impact	For Horizon’s estimated 26,216 average ICPs over the years DY28 – DY30 we estimate that the additional revenue (if approved as a result of our final decision) averages to be about \$2.85 per ICP per month (\$34.17 per annum). To calculate the consumer bill impact, we have used ICP data from Horizon’s information disclosures. The 26,216 reflects Horizon’s average forecast number of ICPs over the three years from DY28 – DY30.

Our assessment of Horizon’s application

14. We have made this draft decision because we are satisfied that:

¹² See Commerce Commission “Draft decision – Horizon Default Price-Quality Path (foreseeable large project) Financial Model –18 June 2026” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’- ‘Horizon’s foreseeable large project reopener 2025’).

¹³ [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), at clause 4.5.10.

¹⁴ Ibid, clause 4.5.10(1)(i) and (3).

¹⁵ 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.

- 14.1 the Ōpōtiki project meets the requirements of a foreseeable large project (system growth expenditure) reopener as set out in the IMs; and
- 14.2 reopening and amending the price path in these circumstances is in the long-term benefit of consumers and would promote the s 52A purpose of Part 4 of the Commerce Act 1986 (the Act).
15. Specifically, our view is that allowing Horizon to recover costs for the Ōpōtiki project promotes the s 52A(1)(a) and (b) limbs of the Part 4 purpose of the Act. This is because allowing the recovery of the project costs incentivises Horizon to invest in its network to address ongoing growth-driven constraint issues so it can meet both current and future demand in the region while maintaining service quality for consumers.^{16, 17}
16. In addition, our draft decision is to accept and approve the full costs for the Ōpōtiki project as applied for since 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).
17. To assist our assessment of the application, we asked Horizon for additional information (beyond that provided in its application) on:
- 17.1 the network constraint issue;
 - 17.2 key assumptions underpinning the business case for the project;
 - 17.3 a detailed timeline outlining key project milestones;
 - 17.4 the development of project costs;
 - 17.5 timing and relevance of expenditure;
 - 17.6 demand forecasts;
 - 17.7 the consideration of other solutions; and
 - 17.8 its engagement with consumers and stakeholders.
18. Horizon’s responses can be found in the RFI response that we have published alongside this paper.¹⁸
19. The regulatory framework and assessments underpinning our draft decision are presented in the following attachments.
- 19.1 **‘Attachment A – Reconsideration framework’** sets out the regulatory requirements against which we have assessed Horizon’s application.

¹⁶ [Commerce Act 1986](#) Section 52(A)(1)(a) have incentives to innovate and to invest, including in replacement, upgraded, and new assets.

¹⁷ [Commerce Act 1986](#) Section 52(A)(1)(b) have incentives to improve efficiency and provide services at a quality that reflects consumer demands.

¹⁸ See “Horizon Networks RFI response – Horizon’s foreseeable large project reopener – 18 June 2026” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’- ‘Horizon’s foreseeable large project reopener 2025’).

- 19.2 **‘Attachment B – Assessment of foreseeable large project (system growth expenditure) reopener criteria’** presents our assessment of Horizon’s application against the foreseeable large project reopener (system growth expenditure) criteria.
- 19.3 **‘Attachment C – Assessment of ‘whether to amend’ criteria’** sets out our assessment of the application against the ‘whether to amend’ reopener criteria.
- 19.4 **‘Attachment D – Reopening Horizon’s price path and assessment of ‘how to amend’ criteria’** sets out our draft decision to reopen Horizon’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.
20. We have also published the following documents alongside this paper:¹⁹
- 20.1 the draft amendment determination that will give legal effect to our draft decision (if finalised);
- 20.2 the financial model used to calculate Horizon’s revised price path; and
- 20.3 Horizon’s response to our post-application RFI.

Submissions on this draft decision

21. We seek your views on the matters discussed in this paper by 5pm 9 July 2026.
22. Please address your submission to Ben Woodham c/o infrastructure.regulation@comcom.govt.nz with ‘Horizon Ōpōtiki foreseeable large project reopener draft decision’ in the subject line of your email.
23. 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

24. 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.
- 24.1 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.
- 24.2 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.
- 24.3 Both confidential and public versions of the submission should be provided.

¹⁹ See documents available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’ - ‘Horizon’s foreseeable large project reopener 2025’ - ‘Draft decision’).

- 24.4 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.
25. 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.
26. 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 Horizon’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 Horizon 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 2025-2030 period is set out in the DPP4 determination.²⁰

A3 Once determined, the DPP4 price path and quality standards may not be reconsidered (or reopened) within the regulatory period except in limited circumstances.²¹ 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.²²

A4 Clause 4.5.1 of the EDB IMs sets out that the Commission may amend an EDB DPP if we are 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 also 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 events, and that the event must have occurred in the relevant regulatory period.²³

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:²⁴

(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;

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

²¹ Sections 52T(1)(c)(ii) and 53ZB(1) of the [Commerce Act 1986](#).

²² [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#).

²³ Ibid, subpart 5 section 2 as well as clause 4.5.1(2).

²⁴ [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), at clause 4.5.13.

(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 opex for the remainder of the regulatory period have been appropriately reviewed and reprioritised; and²⁵

(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 option.²⁶

How to amend the DPP (see Attachment D)

A10 If we decide that the DPP should be amended, we then need to consider how to do this. We may amend one or more of the (a) price path (b) quality standards and (c) quality incentive measures in the DPP determination.²⁷

A11 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.²⁸

A12 In determining the extent of any amendment, we must take into account the expenditure objective, and for foreseeable 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.^{29,30}

²⁵ Opex is defined as operational expenditure.

²⁶ [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), at clause 4.5.14.

²⁷ Ibid, clause 4.5.15.

²⁸ Ibid, clause 4.5.15(5).

²⁹ 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.

³⁰ Ibid, clauses 4.5.15(6) and 4.5.15(8).

Attachment B Assessment of foreseeable large project reopener criteria

- B1 Table B1 below presents our assessment of the application against the foreseeable large project reopener criteria.³¹
- B2 Our draft decision is that the Ōpōtiki project meets the criteria to qualify as a foreseeable large project (system growth expenditure) reopener which has occurred within the DPP4 period.³²

³¹ *Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26*, at clause 4.5.10.

³² *Ibid*, clauses 4.5.1(2) and 4.5.10.

Table B1 Assessment of foreseeable large project (system growth expenditure) reopener criteria

Criteria	Horizon's view and evidence ³³	Our draft assessment
<p>4.5.10(1) A 'foreseeable large project' is a project or programme that has a primary driver of meeting demand for-</p> <p>... (b) system growth expenditure</p> <p>which is defined as (clause 1.1.4(2)):³⁴</p> <p>System growth expenditure is defined as:</p> <p>(a) system growth capex;</p> <p>(b) opex for which the primary driver is a requirement for additional capacity at a particular location (including, for example, opex that is incurred to acquire flexibility to respond to that driver).</p> <p>System growth capex means capex other than the connection capex, where the primary driver for the capex is either a requirement for additional capacity at a particular location or a change in the requirement for electricity distribution services as a result of the introduction of new or emerging technologies, and includes:</p> <p>(a) capex associated with network protection, control, automation, and telecommunications assets; and</p> <p>(b) capex incurred in the acquisition of networks from other providers of electricity lines services.</p>	<p>The project addresses 11kV network constraints on distribution networks resulting from ongoing underlying growth in the region and aims to provide additional capacity to support future demand on the distribution network.³⁵</p>	<p>Criterion met.</p> <p>We consider this project meets the criteria for being a foreseeable large project that has the primary driver of meeting demand for system growth expenditure.</p> <p>This is because the project relates to providing additional capacity on Horizon's network to support future growth as the effective capacity of the existing network is limited by voltage stability issues.</p>

³³ The content in this column is sourced from Horizon's self-assessment in its application or its responses to our RFI. All references to 'sections' in this column refer to sections in Horizon's reopener application.

³⁴ [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), at clause 1.1.4(2).

³⁵ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 2.1.

Criteria	Horizon's view and evidence ³³	Our draft assessment
<p>4.5.10(1)(f) the EDB's forecasts used by the Commission for setting the DPP to which the project or programme relates did include that project or programme for either:</p> <p>(i) a disclosure year within the current DPP regulatory period or within a future DPP regulatory period; or</p> <p>(ii) disclosure years within the current DPP regulatory period or within a future;</p>	<p>Horizon's forecasts for the Ōpōtiki project were included in Horizon's 2024 Asset Management Plan (AMP) with the forecast commissioning years of FY26 and FY27.</p> <p>Section 11.4 and Appendix C of Horizon's 2024 AMP outline the need and details of the Ōpōtiki project.</p>	<p>Criterion met.</p> <p>We are satisfied that Horizon's AMP 2024, which we used for setting DPP4 revenue allowances, did include the Ōpōtiki project.³⁶</p>
<p>4.5.10(1)(g) 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;</p>	<p>No capital contribution to be received. Horizon's capital contribution policy does not provide for capital contributions for specific system growth projects that are triggered by underlying growth.</p> <p>Horizon does collect infrastructure development contributions, and these are reported as "capital contributions funding consumer connection" in the AMP and fully utilised each year.³⁷</p>	<p>Criterion met.</p> <p>Horizon has stated that its capital contribution policy does not provide for capital contributions for specific system growth projects that are triggered by underlying growth. The Ōpōtiki project is triggered by underlying growth, and such capital contributions do not apply.</p> <p>Given no individual customer is imposing this cost on the network, we consider the nil value of capital contributions here to be sufficient.</p>
<p>4.5.10(1)(h) the relevant expenditure specified in subclause (2) for the project or programme exceeds one of the thresholds specified in subclause (3);</p>	<p>The expected cost of this project is \$14.3 million, which exceeds the 1% Forecast Net Allowable Revenue (FNAR) threshold of \$1.85M applicable to Horizon Networks.³⁸</p>	<p>Criterion met.</p> <p>We agree with Horizon's assessment that the relevant expenditure, ie, the forecast total VCA for this project exceeds the threshold of \$1.85m. The materiality threshold has been assessed on the basis of costs presented in the application.³⁹</p>

³⁶ Section 11.4 of Horizon's [Assessment Management Plan 2024 - 2034](#) includes further information about the Ōpōtiki sub-transmission project.

³⁷ [Horizon's capital contribution policy 2023](#).

³⁸ The DPP4 decision set the forecast net allowable revenue for Horizon at \$186,510,000 for the five years of DPP4. Therefore 1% of this allowable revenue is \$1,865,100.

³⁹ 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.

Criteria	Horizon's view and evidence ³³	Our draft assessment
<p>4.5.10(1)(i) the project or programme was foreseeable for the DPP regulatory period, however:</p> <p>(i) it would have been reasonable for a prudent EDB not to have forecast, before the start of the DPP regulatory period, the extent to which the EDB's most recent forecast of the total value of commissioned assets for the project or programme exceeds the total value of commissioned assets for the project or programme included in the EDB's capex forecast used by the Commission for setting the DPP; or</p> <p>(ii) the project or programme was not provided for in the EDB's FNAR, despite the project or programme being included in the forecasts used by the Commission for setting the DPP to which the project or programme relates.</p>	<p>The project was not provided for in Horizon's FNAR in the DPP.</p> <p>The Ōpōtiki project was included in the 2024 AMP which formed the basis for the DPP4 decision. However, the DPP4 decision on FNAR did not provide sufficient allowance to accommodate this project. Specifically, the DPP4 decision provided for \$63.5M of commissioned assets (nominal, including IFRS16 assets), against the 2024 AMP forecast commissioned assets of \$87.7M (nominal). Following the reprioritisation for the 2025 AMP, Horizon expects to commission \$22.2M of more assets across DPP4 that are not provided for in the DPP4 decision.⁴⁰</p> <p>Horizon's reprioritisation in AMP 2025 resulted in \$10.7 million (nominal) of capital expenditure being deferred from DPP4 to future regulatory periods. Given the prioritisation outcomes, there is no scope to further defer or prioritise with other capex categories to reduce the overall forecast to fit within the DPP4 allowance.⁴¹</p>	<p>Criterion met.</p> <p>We agree that the Ōpōtiki project was included in the forecasts used by the Commission for setting DPP4, ie, Horizon's 2024 AMP, and considered 'not provided for' after Horizon reconciled its 2024 AMP forecast expenditure with DPP4 revenue allowances.⁴²</p> <p>We are satisfied that Horizon undertook appropriate reconciliation between its DPP4 revenue allowance and its forecast and applied a prioritisation process before concluding that the Ōpōtiki project was not provided for.⁴³</p>

⁴⁰ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 4.1.

⁴¹ See Horizon's 2025 AMP Commissioned Assets Forecasted in DPP4 Breakdown by category at [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Table 7 page 15.

⁴² The DPP4 determination provides a revenue allowance, but not a cap on what can be spent. It does not specifically allocate allowances to particular categories of expenditure, projects or programmes. EDBs have the flexibility to substitute between opex and capex and between projects, programmes and categories of expenditure. It is up to an EDB how it reconciles its DPP revenue allowances with the forecast expenditure it had outlined in its forecasts prior to the DPP being set. At the start of the regulatory period, an EDB with expenditure that exceeds its DPP allowance would need to prioritise, ie decide which expenditure in its forecasts is fully funded, partially funded and not funded. See Commerce Commission "[Reopener guidance \(DPP\) for electricity distribution businesses](#)" (25 September 2025), paragraphs 49-50.

⁴³ Details on Horizon's reconciliation between its DPP4 revenue allowances and its forecasts, and its reprioritisation process can be found in sections 4.1.2 and 4.2 of the [application](#).

Criteria	Horizon's view and evidence ³³	Our draft assessment
<p>4.5.10(1)(k) in respect of paragraph (b), the EDB has provided sufficient evidence to the Commission that the project or programme is prudent;</p>	<p>The Ōpōtiki project is prudent because as covered in the 2025 AMP, this project is necessary to meet peak demand voltage stability and growth needs for consumers in the Ōpōtiki region.</p> <p>The investment is prudent to address the load-driven capacity constraint due to voltage issues on the 11kV networks. Alternative solutions were explored but were not selected as per Section 2.4.</p> <p>The Ōpōtiki project is prudent because it is the most efficient solution and provides the best long-term benefits to consumers, compared to the alternatives available.</p> <p>Horizon conducted a further series of stakeholder engagements on its 10 -year plan including its proposed investment in the Ōpōtiki region. Having considered the feedback, Horizon remains of the view that the Ōpōtiki project is necessary to address forecast capacity constraints and support the long-term interests of its consumers.⁴⁴</p>	<p>Criterion met.</p> <p>We view prudence as 'the right investment at the right time'.</p> <p>We are satisfied that Horizon has provided sufficient evidence that the project is prudent for the following reasons.</p> <ul style="list-style-type: none"> • The need for the network development at Ōpōtiki is adequately supported in network planning (forecasted and actual demand growth on Horizon's network). Data provided by Horizon shows that the network is operating at its voltage capacity limit, leaving no margin for future demand growth.⁴⁵ • Horizon has demonstrated a clear management strategy to stage development of the project over several years. • Horizon considered and analysed options before selecting and committing the proposed solution. The other options it considered included both network and non-network solutions.⁴⁶ Horizon assessed the options

⁴⁴ A summary of Horizon's stakeholder engagement on its 10-year investment plan, including the Ōpōtiki project can be found on [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Horizon's foreseeable large project reopener 2025' - 'Draft decision').

⁴⁵ See response to question 14 in "Horizon Networks RFI response – Horizon's foreseeable large project reopener – 18 June 2026" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Horizon's foreseeable large project reopener 2025').

⁴⁶ Other solutions considered for the deferment of investment include:

1. Battery Energy Storage System (BESS) solution to defer network upgrades;
2. Establishing a fourth 11kV feeder to the Opotiki bus; and
3. Distributed Energy Resources (DER) providing network support.

Criteria	Horizon's view and evidence ³³	Our draft assessment
		<p>against set criteria and its reasoning for not selecting the options (at the time that it considered those options) was clearly articulated.⁴⁷</p> <p>In addition, Horizon has engaged with its consumers on its wider plans for ensuring its network remains resilient, secure, and reliable – and that this project is consistent with those plans.⁴⁸</p> <p>We note that Horizon's stakeholder engagement found some concern from consumers on the extent to which Horizon had considered non-network solutions earlier in the process.⁴⁹ In our view Horizon appropriately selected a prudent solution in 2022 when it committed to the Ōpōtiki project. The non-network solutions it considered then only offered a limited deferral of the Ōpōtiki project by 1-2 years. At that time, the market for non-network solutions was still emerging – we consider that similar projects required today would have a wider range of options.</p> <p>We also consider that Horizon committing to the project at the time it did was prudent. Horizon committed to the Ōpōtiki project in 2022 given the need to resolve voltage stability issues, long lead time concerns on equipment for the project and the opportunity for it to lower overall project costs by working in conjunction with Transpower.⁵⁰ We consider this approach prudent.</p>

⁴⁷ A detailed explanation of the alternative options and the rationale for not selecting them can be found at section 2.4 of [Horizon's reopener application](#).

⁴⁸ See Horizon Stakeholder Engagement Summary – Ōpōtiki reopener available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners'- 'Horizon's foreseeable large project reopener 2025').

⁴⁹ Ibid.

⁵⁰ See response to question 6 in "Horizon Networks RFI response – Horizon's foreseeable large project reopener – 18 June 2026" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners'- 'Horizon's foreseeable large project reopener 2025').

Criteria	Horizon's view and evidence ³³	Our draft assessment
4.5.10(1)(o) any proposed additional revenue sought will be apportioned by the EDB appropriately between different parties.	Horizon proposes to recover the costs from all mass-market consumers across the network, consistent with their current pricing methodology. ⁵¹	<p>Criterion met.</p> <p>We agree that it is appropriate this project falls outside the scope of capital contributions.</p> <p>We note that Horizon's proposed recovery of additional revenue is consistent with Horizon's pricing methodology.⁵²</p>

⁵¹ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 4.3.

⁵² See [Horizon Networks Pricing Methodology 1 April 2025](#).

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:⁵³
- C1.1 clause 4.5.13 - Commission consideration of whether to amend the DPP; and
- C1.2 clause 4.5.14 - Commission may determine CPP proposal more appropriate.
- 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, our draft decision is that Horizon’s DPP4 price path should be amended (Table C1) and we do not consider a CPP is more appropriate (Table C2).

⁵³ [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), clauses 4.5.13 and 4.5.14.

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

Consideration factors	Horizon’s view and evidence ⁵⁴	Our draft assessment
<p>4.5.13 Commission consideration of whether to amend the DPP</p> <p>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):</p>		<p>We have had regard to each of the matters set out below.</p>
<p>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;</p>	<p>The investment for the Ōpōtiki project is crucial, as it addresses the increasing network constraints the region is facing due to underlying growth.</p> <p>The Ōpōtiki project will improve quality outcomes for all the consumers in the Ōpōtiki region. Without investment in the Ōpōtiki sub-transmission project, undervoltage events will become more frequent and consumers will start to experience non-compliant voltages at their points of supply. Electricity consumers’ demand will not be met, and the electricity infrastructure in the region will be insufficient to support future economic and population growth.⁵⁵</p>	<p>Factor considered.</p> <p>We accept Horizon’s assessment that the Ōpōtiki region is experiencing growth-driven network constraint issues. Horizon has provided sufficient evidence to support this.⁵⁶</p> <p>If this project is not approved and progressed to completion, quality outcomes for consumers in the Ōpōtiki region would be negatively impacted in the near future, ie, continuing voltage issues for existing customers and inability for future consumers to be connected due to network capacity reasons.</p> <p>If this project is not approved, and Horizon wishes to stay within its DPP4 revenue allowance envelope, Horizon has indicated it might need to deprioritise other expenditure which, based on the</p>

⁵⁴ The content in this column is sourced from Horizon’s self-assessment in its application or its responses to our RFI. All references to ‘sections’ in this column refer to sections in Horizon’s reopener application.

⁵⁵ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Sections 2.1.3 and 4.3.

⁵⁶ See response to question 14 in “Horizon Networks RFI response – Horizon’s foreseeable large project reopener – 18 June 2026” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’- ‘Horizon’s foreseeable large project reopener 2025’).

Consideration factors	Horizon’s view and evidence ⁵⁴	Our draft assessment
4.5.13(1)(b) the extent to which the DPP provides explicitly or implicitly for the reopener event;	The Ōpōtiki sub-transmission project was not provided for in Horizon’s FNAR, despite the project being included in the 2024 AMP used by the Commerce Commission when setting DPP4. ⁵⁷	<p>prioritisation it has undertaken so far, is likely to have further negative impacts on outcomes for consumers.</p> <p>Factor considered.</p> <p>Although this project was included in Horizon’s 2024 AMP, it is considered ‘not provided for’ in Horizon’s DPP4 revenue allowance. See discussion on assessment against clause 4.5.10(1)(i) in Table B1 of Attachment B.</p>
<p>4.5.13(1)(c) if an EDB nominated the reopener event:</p> <p>(i) whether the action required to respond to the reopener event’s adverse consequences can be delayed until a future regulatory period;</p>	Deferment of the Ōpōtiki sub-transmission project will lead to more frequent undervoltage events on Horizon’s 11kV feeders. Horizon has evidence that undervoltage warning and alarm states have increased in frequency between 2023 and 2025 due to underlying load growth. ⁵⁸	<p>Factor considered.</p> <p>Horizon has adequately assessed whether the project can be delayed to a future regulatory period. It concluded that this was not possible as set out in the timeline that it provided of the key milestones in the development of this project.⁵⁹ The decision to not delay the project was based on key assumptions and observations made at the time. We agree with Horizon’s assessment.</p>
<p>4.5.13(1)(c) if an EDB nominated the reopener event:</p> <p>(ii) the extent to which the EDB:</p>	As covered in question 6 and 7 of the RFI response, between 2010 and 2022, Horizon identified risks and undertook studies to understand options to address these risks. From the timeline provided in question 6, it can be demonstrated that Horizon has been proactively monitoring and managing the voltage issues at Ōpōtiki and been exercising reasonable diligence at reasonable	<p>Factor considered.</p> <p>Based on the evidence provided by Horizon in its RFI response, we are satisfied that Horizon has taken reasonable steps to prevent or overcome the voltage and capacity concerns and did not contribute to the issue through its actions or inaction.</p>

⁵⁷ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 4.1.

⁵⁸ See response to question 14 in “Horizon Networks RFI response – Horizon’s foreseeable large project reopener- 18 June 2026” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’- ‘Horizon’s foreseeable large project reopener 2025’).

⁵⁹ A detailed timeline of the key milestones can be found in question 6 of “Horizon Networks RFI response – Horizon’s foreseeable large project reopener – 18 June 2026” available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under ‘Active DPP4 Reopeners’- ‘Horizon’s foreseeable large project reopener 2025’).

Consideration factors	Horizon's view and evidence ⁵⁴	Our draft assessment
<p>(A) contributed to the adverse consequences of the reopener event by its action or omission; and</p> <p>(B) could have prevented or overcome the adverse consequences of the reopener event by exercising reasonable diligence at reasonable cost;</p>	<p>cost. This application of reasonable diligence and cost could not prevent the adverse consequences of the reopener.⁶⁰</p>	
<p>4.5.13(1)(c) if an EDB nominated the reopener event:</p> <p>(iii) whether the EDB's planned capex and opex for the remainder of the regulatory period have been appropriately reviewed and reprioritised; and</p>	<p>Horizon has reviewed and reprioritised the works programme with the programme proposed in the 2025 AMP being the outcome of the latest prioritisation of Horizon's workplan.</p> <p>Horizon undertook a sensitivity analysis using the reduced investment levels forecast to reprioritise the capex programme and assess the long-term impact on their asset risk profile. The proposed investment level in the 2025 AMP enables Horizon to maintain asset risk within an acceptable range.⁶¹</p> <p>In contrast, the investment level prescribed under the DPP4 decision would significantly elevate the asset risk profile beyond Horizon's current risk appetite.</p>	<p>Factor considered.</p> <p>We are satisfied that Horizon has demonstrated that it has appropriately reviewed its planned expenditure for the DPP4 regulatory period.</p> <p>It provided evidence of its annual expenditure review and reprioritisation framework which shows good understanding of asset management prioritisation and risk profiles. Horizon concluded that reprioritising other planned expenditure to accommodate the Ōpōtiki project within its DPP4 revenue allowances would result in asset conditions deteriorating beyond Horizon's risk tolerance.</p>

⁶⁰ See response to question 6 in Horizon Networks RFI response – Horizon's foreseeable large project reopener – 18 June 2026" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Horizon's foreseeable large project reopener 2025').

⁶¹ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Sections 2.1.3, Section 4.1, and Section 4.2.

Consideration factors	Horizon's view and evidence⁵⁴	Our draft assessment
4.5.13(1)(d) whether a CPP proposal is more appropriate than an amendment to the DPP under this subpart.	Horizon is nominating the event under the foreseeable large project reopener event.	<p>Factor considered.</p> <p>We agree with Horizon's assessment that a DPP reopener is more appropriate for this project than a CPP proposal. See Table C2 below for our reasons.</p>

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

Consideration factors	Horizon’s view and evidence ⁶²	Our draft 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 Ōpōtiki sub-transmission project is not part of a wider programme of work. The project is a specific, targeted project designed to address a known problem. ⁶³	<p>Factor considered.</p> <p>We agree with Horizon’s assessment that the project is contained and does not form part of a broader programme requiring wider engagement.</p> <p>The project specifically targets the current and emerging voltage constraints in the Ōpōtiki region driven by population growth. It provides a timely solution to the forecast quality of supply issues expected to affect consumers from DY27.</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 consumer impact of allowing an additional \$14.269 million of additional investment is not excessive.</p> <p>The average residential consumer will face an increase in distribution charge of \$1.48 per ICP per month (\$17.80 per annum).⁶⁴</p>	<p>Factor considered.</p> <p>We agree with Horizon’s view that the likely price impact is limited. Our calculation of the estimated monthly consumer bill impact is \$2.85 per ICP per month. For context, the estimated increase to a monthly bill for the first year of DPP4 for Horizon was between \$10 - \$15.⁶⁵</p>

⁶² The content in this column is sourced from Horizon’s self-assessment in its application or its responses to our RFI. All references to ‘sections’ in this column refer to sections in Horizon’s reopener application.

⁶³ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 4.4.

⁶⁴ Ibid, Section 4.3.2.

⁶⁵ Commerce Commission, [Default price-quality paths for electricity distribution businesses from 1 April 2025 - Final decision](#), (20 November 2024), p. 109.

Consideration factors	Horizon's view and evidence ⁶²	Our draft 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;	A large proportion of consumers will be impacted by the reopener. Horizon's pricing methodology does not discriminate by location. As a result, all mass-market consumers will be impacted by the reopener, however the average impact will be limited to increasing the lines charge element of their bill by approximately 1.83%. ⁶⁶	<p>Factor considered.</p> <p>Although all of Horizon's consumers will be affected by the amendment to the price path to account for the reopener, the extent is (relative to Horizon's DPP4 revenue) minor at a \$2.85 monthly increase per ICP.</p>
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;	Amending the price path to allow for the Ōpōtiki sub-transmission project will have no upstream or downstream effects on the network. ⁶⁷	<p>Factor considered.</p> <p>The project is contained and does not require prerequisite or subsequent work in other parts of Horizon's network. Nothing in Horizon's reopener application nor its subsequent RFI responses suggests that work is required as a prerequisite for the project or as a consequence of the project.</p>
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.	<p>The investment is not large enough nor of sufficient scope to justify a CPP application.</p> <p>It is less than \$30 million.</p>	<p>Factor considered.</p> <p>The project cost is \$ 14.269 million, which is less than \$30 million.</p>

⁶⁶ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 4.4.

⁶⁷ Ibid.

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

D1 This attachment sets out:

D1.1 our draft decision to reopen and amend Horizon'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.⁶⁸

Reopening Horizon'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.⁶⁹

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

D4 Horizon 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 \$4.944 million in DY28-30 based on accepted costs (VCA) of \$14.269 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 reopener on the DPP.⁷⁰ In determining the extent of any amendment, we must take into account the expenditure objective.⁷¹ This means for foreseeable large project reopeners, like the Ōpōtiki project, 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.⁷²

We propose accepting Horizon's estimated costs of \$14.269 million for the Ōpōtiki project

D6 Horizon applied for \$14.269 million of VCA to be commissioned in DY26/DY27.

⁶⁸ [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), at clause 4.5.15.

⁶⁹ Ibid, clause 4.5.15(1). See also our assessment against this clause in the first row of Table D1.

⁷⁰ Ibid, clause 4.5.15(5).

⁷¹ Ibid, clause 4.5.15(6).

⁷² Ibid, clause 4.5.15(8).

D7 In its application, Horizon provided a high-level overview of the cost elements that make up the \$14.269 million. We asked Horizon for more information to be able to assess its costs against the EDB IM requirements.⁷³ 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 Horizon. The information on the breakdown of the cost elements is commercially sensitive. This has been redacted in the RFI response published alongside this paper.

D9 Our draft assessment of the information provided in Horizon’s application and its response to our RFI, is that the Ōpōtiki project reflects efficient costs that a prudent non-exempt EDB would incur in undertaking the project. Our draft decision is to accept and approve the full costs applied for (estimated \$14.269 million VCA). Our assessment is detailed in Table D1 (assessment against clause 4.5.15(8)).

Accepting \$14.269 million VCA results in a price path amendment of \$4.944 million in DY28-30

D10 The \$14.269 million of VCA that Horizon applied for is expressed in nominal dollars for the Ōpōtiki project.⁷⁴ This results in nominal price path amendments of \$4.944 million in total across DY28-DY30. We consider that these amendment amounts to the price path are not more than is reasonably necessary to mitigate the effect of the Ōpōtiki project reopener on DPP4 for the reasons outlined above and in Table D1.

Amending the price path by \$4.944 million in DY28- 30 involves amending the forecast value of commissioned assets, forecast net allowable revenue and actual net allowable revenue

D11 To give effect to our draft decision to amend Horizon’s price path to take account of the change resulting from the Ōpōtiki reopener, we are:

D11.1 adding the values for the assets that will be commissioned in DY26 and DY27 into the financial model to calculate the incremental FNAR;

D11.2 updating the determination to reflect the present value of the incremental FNAR for the first year where prices have not yet been set (DY28);⁷⁵

⁷³ See response to Question 2a in “Horizon’s RFI response – Horizon’s foreseeable large project reopener 2025” available at [Commerce Commission DPP4 and DPP3 reopeners website](#) (under ‘Active DPP4 Reopeners’ - ‘Horizon foreseeable large project reopener 2025’ – Draft decision’).

⁷⁴ Ibid, see response to 2b.

⁷⁵ See clause 4.1 of Commerce Commission “[Draft] Electricity Distribution Services Default Price-Quality Path (Horizon Energy Distribution Limited Foreseeable Large Project) Amendment Determination 2026” (18 June 2026) available at [Commerce Commission DPP4 and DPP3 reopeners website](#) (under ‘Active DPP4 Reopeners’ - ‘Horizon foreseeable large project reopener 2025 – Draft decision’).

- D11.3 updating the determination to reflect the updated capex incentive allowance for DY26 and DY27.⁷⁶
- D12 The price path amendment of \$4.944 million is the total nominal increase in FNAR over the DPP4 period for DY28-30. The \$4.944 million increase in FNAR results from the additional return on and of capital from the Ōpōtiki project commissioned assets. The assets resulting from the proposed \$14.269 million will be commissioned in DY26 and DY27. The FNAR impact of the \$14.269 million of VCA is smoothed over the remaining years of the regulatory period for which prices have not yet been set, ie, from DY 28 onwards.⁷⁷
- D13 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

- D14 Horizon will be able to recover the additional revenue in prices from DY28 – DY30. The additional revenue equates to an estimated monthly consumer bill increase of approximately \$2.85 per ICP per month.

⁷⁶ See clause 4.2 of Commerce Commission “[Draft] Electricity Distribution Services Default Price-Quality Path (Horizon Energy Distribution Limited Foreseeable Large Project) Amendment Determination 2026” (18 June 2026) available at [Commerce Commission DPP4 and DPP3 reopeners website](#) (under ‘Active DPP4 Reopeners’ – ‘Horizon foreseeable large project reopener 2025 – Draft decision’).

⁷⁷ See table 1.2.1 in Schedule 1.2 of [Electricity Distribution Services Default Price-Quality Path Determination 2025 \[2024\] NZCC 28](#). The smoothing takes into account the X factor (annual rate of change relative to forecast CPI) specified for Horizon in the DPP4 final determination.

Assessment of ‘how to amend’ reopener criteria

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

Criteria	Horizon’s view and evidence ⁷⁸	Our draft 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.	Horizon proposes to recover costs through a reopening of the price path. Horizon has not asked us to amend the quality standards and quality incentive measures.	As per Attachment C, our view is that Horizon’s DPP should be amended. We propose amending the price path only because Horizon has not applied to amend quality standards or quality incentives measures.
4.5.15(2) The Commission may amend the price path in respect of any type of reopener event except for the provision by an EDB of a quality standard variation proposal.	Horizon proposes to recover costs through a reopening of the DPP4 price path.	This clause is satisfied as this reopener is not a quality standard variation proposal.
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 was submitted to the Commission in Q2 FY26. Assets are expected to be commissioned in DY26 and DY27. ⁷⁹	We are amending the price path for assets that will be commissioned after the reopener application date. The reopener application date is 23 September 2025. The commissioning dates for assets are after 23 September 2025, ie, December 2025, March 2026, May 2026, August 2026 and February 2027. ⁸⁰ We confirm that the application date of 23 September 2025 remains unchanged even though we requested further information from Horizon following its application. ⁸¹

⁷⁸ The content in this column is sourced from Horizon’s application or its responses to our RFI. Horizon’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 Horizon’s reopener application.

⁷⁹ [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 2.3.

⁸⁰ Ibid, Table 2 page 9.

⁸¹ [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), at clause 4.5.15(4A).

Criteria	Horizon's view and evidence ⁷⁸	Our draft assessment
<p>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.</p>	<p>The amendment to the price path is no more than is reasonably necessary, to recover the prudent costs associated with delivering an enduring solution to meet consumer needs.</p>	<p>We are not proposing to amend the price path more than is reasonably necessary to mitigate the effect of the reopener event on the DPP. Our draft decision is to amend the price path to reflect the costs proposed by Horizon, which we have assessed as prudent, and not more. Our reasons for accepting the proposed costs are set out in the discussion against clause 4.5.15(8) of this table and in the '<i>We propose accepting Horizon's estimated costs of \$14.269 million for the Ōpōtiki project</i>' section earlier in this attachment.</p> <p>The reopener event allowance as set out in clause 4.5.15(5)(b) is not applicable in this case as that only applies to responsive reopeners.⁸² The Ōpōtiki project is a foreseeable large project (system growth expenditure) reopener which is a prospective reopener.</p>
<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.</p>	<p>The project addresses voltage issues on Horizon's 11kV networks at Ōpōtiki due to continual load growth in the region. This meets the expenditure objective by reflecting the efficient costs that a prudent EDB would require to manage demand within the Ōpōtiki region with no material degradation in the quality.⁸³</p>	<p>The expenditure objective reflects the efficient costs that a prudent, non-exempt EDB would reasonably incur, which is addressed in 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) below.</p>

⁸² [Electricity Distribution Services Input Methodologies Determination 2012 \[2012\] NZCC 26](#), see definition of 'reopener event allowance' at clause 1.1.4(2).

⁸³ [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 2.

Criteria	Horizon’s view and evidence ⁷⁸	Our draft assessment
<p>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 prudent non-exempt EDB would incur in undertaking that project.</p>	<p>Horizon stated in its application that the Ōpōtiki project is prudent because it is the most efficient solution and provides the best long-term benefit to consumers, compared to the alternatives available.</p> <p>The costs associated with the Ōpōtiki sub-transmission project are efficient because:</p> <ul style="list-style-type: none"> • major equipment detailed design and civil installation was subject to a competitive tender process, so reflects market rates;⁸⁴ and • line design and electrical works are subject to related party arm’s length transaction requirements, as set out in the Electricity Distribution Services Input Methodologies, which promotes the purpose of Part 4 of the Commerce Act. <p>In response to our RFI, Horizon provided further information on the options considered and the process that guided the assessment of those options.⁸⁵</p>	<p>We are satisfied that amending the price path by \$4.944 million in total over DY28 – 30 reflects the efficient costs that a prudent EDB would incur in undertaking the Ōpōtiki project.</p> <p>We consider the costs to be efficient on the basis of the following.</p> <ul style="list-style-type: none"> • A reasonable proportion of costs has been subject to competitive tendering. • The remaining equipment not procured through competitive tendering was sourced from Horizon’s existing stock or from Horizon Services Limited, a related party that provides line design and electrical services.⁸⁶ The cost competitiveness and cost efficiency of the procurement of equipment and provision of services by Horizon Services Limited have been assessed by an independent appraiser, KPMG, as part of Horizon’s information disclosure for related party transactions.⁸⁷ The appraiser concluded that Horizon has complied with the

⁸⁴ Horizon’s procurement policy governs the acquisition of products and services, ensuring they are of high quality and represent value for money.

⁸⁵ See response to Question 4 in “Horizon’s RFI response – Horizon’s foreseeable large project reopener 2025” available at [Commerce Commission DPP4 and DPP3 reopeners website](#) (under ‘Active DPP4 Reopeners’ – ‘Horizon foreseeable large project reopener 2025 – Draft decision’).

⁸⁶ See [Horizon Network DPP4 reopener application - Ōpōtiki project, September 2025](#), Section 3.1 page 11.

⁸⁷ The report concluded that Horizon complied with section 2.3.6 of the *Electricity Distribution Information Disclosure Determination 2012*, as well as sections 2.2.11(1)(g) and 2.2.11(5) of the EDB IMs, which set out the requirements for disclosing and valuing related party transactions, including that they are valued not greater than if that transaction had the terms of an arms-length transaction. Horizon’s information disclosure for related party transactions and associated independent appraisers report for the year ended 31 March 2024 can be found at: <https://cdn.sanity.io/files/i6v1mrldi/production/0cf59cd0fd5c5cf8876cb763ed0b27adaab66b24.pdf>.

Criteria	Horizon's view and evidence ⁷⁸	Our draft assessment
		<p>requirements for disclosing and valuing related parties' transactions.</p> <p>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.⁸⁸</p> <p>Given the analysis above, our draft decision is to accept and approve the full costs (estimated \$14.269 million VCA) applied for.</p> <p>We acknowledge the concerns raised by some of Horizon's stakeholders on cost-of-living pressures. We are satisfied that the project is cost-efficient. Ensuring efficiency of costs for this project and future reopeners is a key aspect of our assessment process in line with protecting consumers' interests.</p>
4.5.15(9) The Commission may amend the quality standards or quality incentives measures in respect of any type of reopener event.	Horizon is nominating the reopener event as prospective (foreseeable large projects). Horizon is not proposing an amendment to the quality incentive measures.	We do not propose to amend Horizon's quality standards or quality incentive measures as we do not consider that relevant to the reopener application.

⁸⁸ See response to question 2a in "Horizon Networks RFI response – Horizon's foreseeable large project reopener – 18 June 2026" available at [Commerce Commission DPP4 and DPP3 Reopeners webpage](#) (under 'Active DPP4 Reopeners' - 'Horizon's foreseeable large project reopener 2025').