

20 November 2025

Jonathon Staite – Regulatory Manager, Horizon Energy Group

Via email: [REDACTED]

Tēnā koe Jonathon,

Approval of Horizon’s application for the Innovation and Non-traditional Solutions Allowance

This letter sets out our decision to approve Horizon’s application to recover 100% of the \$65,000 forecast costs of its ‘Rhizome GridADAPT trial’ project (Project) from the Innovation and Non-Traditional Solutions Allowance (INTSA).¹

Horizon’s application

Horizon submitted its INTSA application in September 2025.² The application sought our approval to recover 100% of the forecast Project costs of \$65,000 from its INTSA allowance, at the completion of the Project. The forecast cost of the Project represents approximately 4% of Horizon’s total INTSA allowance.

Horizon’s Project will trial the use of Artificial Intelligence (AI) to automate extreme weather risk assessments, which could be used to inform long-term resilience investment planning. Horizon expects that Rhizome GridADAPT could be used to identify asset vulnerabilities from extreme weather events, forecast financial risk and measure the resilience benefits of interventions.

Commission’s assessment of Horizon’s application

We have assessed and approved Horizon’s application to recover 100% of the \$65,000 forecast costs at the completion of the Rhizome GridADAPT trial.

To be eligible for INTSA funding a project must meet the eligibility criteria set out in paragraph (6) of Schedule 5.3 of the Determination.

¹ INTSA is provided for under the *Electricity Distribution Services Default Price-Quality Path Determination 2025* [2024] NZCC 28, Schedule 5.3 (the Determination).

² The INTSA application requirements can be found in Schedule 5.3 of the Determination.

Assessment of eligibility criteria

(6)(a) – project relates to the supply of electricity distribution services

We consider the Project relates to the supply of electricity distribution services as the trial is focussed on assessing whether Rhizome GridADAPT is an appropriate tool for assessing the resilience of the distribution network to extreme weather events in New Zealand. If successful, and Rhizome GridADAPT is adopted by Horizon, the information will be used to inform and improve future network planning.

(6)(b) – project promotes the purpose of Part 4 of the Act

We consider the Project promotes the s52A (1)(a) and (1)(b) limbs of the purpose of Part 4.³

The Project promotes the s52A(1)(a) limb, as the climate modelling approach is innovative and has not been tested in New Zealand. The Project is intended to evaluate whether it performs better than traditional climate modelling approaches, which are used to inform climate adaptation and resilience investments.

The Project promotes the s52A(1)(b) limb by having the potential to improve the efficiency and quality of Horizon Networks resilience investment planning. If the Project is successful, consumers would benefit from the reduced impact of extreme weather on the network, improving the quality of service.

(6)(c)(i) – project is unlikely to otherwise result in any financial benefits to the EDB in the five disclosure years after the expected delivery date

The trial represents an assessment of whether Rhizome GridADAPT is suitable for the New Zealand operating environment, recognising the uncertainty involved in whether Rhizome's models can be successfully adapted to predict the probability of asset failures based on data available in New Zealand.

Even if the trial is successful, the Project will only inform Horizon's future network expenditure and long-term forecasts, rather than lead to immediate cost reductions or quality improvements that would be recognized by the incentive schemes Horizon is subject to.

By meeting this criterion (together with the criteria above), Horizon is eligible for 100% recovery of the forecast costs of the Project (\$65,000).

Next steps

With the INTSA application now approved, Horizon is eligible to draw down the forecast project costs of \$65,000 on its completion. Horizon has indicated that the output of the trial will be a report outlining the pilot project outcomes, due in November 2026.

³ Section 52A of the Commerce Act 1986

Additionally, Horizon must submit a closeout report to the Commission that meets the requirements found in paragraph (14) of Schedule 5.3, within 50 working days of completing the Project.

We will publish this approval letter on our website.

Nāku iti nei, nā

Hristina Dantcheva

Head of Price-Quality Regulation