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COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

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

Final decision reasons paper

18 November 2026



Associated documents

Publication date	Reference	Title
20 November 2024	ISSN: 1178-2560	Electricity Distribution Services Default Price-Quality Path Determination 2025
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Overview of Horizon Network's application and our final decision

1. This paper sets out our final decision on Horizon Network's (Horizon) application to reopen and amend its 2025-2030 default price-quality path (DPP4 price path) for its Ōpōtiki project.[1,2]

2. 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. Its application says that it requires the additional revenue to cover $14.269 million in costs to address its growth-driven network constraint issues at Ōpōtiki.

4. Our final decision is to approve Horizon's reopener application in full, allowing its DPP4 price path to be reopened and amended so it can recover an additional $4.944 million from consumers.[4] The $4.944 million is the revenue impact of the $14.269 million costs, compromising 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. Our final decision is the same as our draft decision. We published our draft decision for consultation on 18 June 2026.[5] We received two submissions on our draft decision. One was from Horizon in support and the second was from an individual consumer from the Eastern Bay of Plenty region who submitted that the Commission should undertake further scrutiny of Horizon's proposal.[6]

6. This paper sets out Horizon's application and our final decision. The detailed analysis of the reopener application against the criteria and our decision-making process is contained in Attachments A to D of the draft decision reasons paper.[7] As our final decision and the rationale supporting the decision is the same as our draft decision, we have not repeated that analysis here but referred back to the relevant sections in the draft decision reasons paper.

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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 'Completed DPP4 Reopeners'- 'Horizon's foreseeable large project reopener 2025').

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

4 See Table 1.1 in this paper for a summary of our final decisions.

5 Commerce Commission, Reconsideration of DPP4 default price-quality path for Horizon - Ōpōtiki foreseeable large project - Draft decision reasons paper , (18 June 2026).

6 We received two submissions on our draft decision. Both submissions are published on the Commerce Commission DPP4 and DPP3 Reopeners webpage under 'Completed DPP4 Reopeners'- 'Horizon foreseeable large project reopener 2025' – Draft decision.

7 Commerce Commission, Reconsideration of DPP4 default price-quality path for Horizon - Ōpōtiki foreseeable large project - Draft decision reasons paper, (18 June 2026).

7. The final amendment determination, financial model and submissions received on our draft decision are published alongside this paper.[8]

Horizon's Ōpōtiki reopener application

8. The input methodologies (IMs) allow for EDBs to apply to us for additional revenues during the default price-quality path (DPP) regulatory period for foreseeable large projects with a system growth expenditure. This is called an 'foreseeable large project reopener'.[9]

9. Horizon applied to us for a foreseeable large project reopener on 23 September 2025 seeking additional revenue to address its growth-driven network constraints in the Ōpōtiki region.[10] If we accept this meets the applicable 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. Horizon did not apply for its quality standards and quality incentive measures to be amended.

10. Horizon applied for $14.269 million to cover the value of assets that will be commissioned as a part of this project in DY26 and DY27.[11]

11. The Ōpōtiki project's scope includes:[12]

    11.1 Establishing a new 33kV Point of supply at Transpower's Waiotahi Grid Exit Point (GXP);

    11.2 New 33kV circuits to Ōpōtiki and Te Kaha substations;

    11.3 Establishing regulated 11kV supplies at Ōpōtiki; and

    11.4 Other enabling work on the 11kV networks.

12. If approved, Horizon would 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 excluding GST per ICP per month.

Feedback on our draft decision

13. Submissions on our draft decision closed on 9 July 2026. We received two submissions. One from Horizon and the second one from an individual consumer from the Eastern Bay of Plenty region.

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8 These documents are available at Commerce Commission DPP4 and DPP3 Reopeners webpage (under 'Completed DPP4 Reopeners'- 'Horizon's foreseeable large project reopener 2025'- 'Final decision').

9 Commerce Commission "Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26" (consolidated as at 1 September 2026), clause 4.5.10.

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

11 Horizon Networks DPP4 reopener application - Ōpōtiki project, September 2025, Table 5 page 12.

12 Ibid, Section 2.2 page 7.

14. Horizon submitted in support of our draft decision. Horizon stated:[13]

> Horizon Networks considers the draft decision reflects a prudent and efficient response to demonstrated growth-driven network constraints in the Ōpōtiki region. The project is the right investment at the right time. Horizon Networks supports the Commission finalising the draft decision without amendment.

15. The second submission was from an electricity consumer in the Eastern Bay of Plenty region. They submitted that the Commission should undertake further scrutiny of Horizon's proposal and require additional evidence that non-network solutions (NNS) had been adequately considered and assessed before major network capital expenditure was approved.[14] The submitter's primary concern was that alternatives such as distributed energy resources, battery storage and demand-side flexibility should be adequately evaluated as part of a least-cost approach to network investment.

16. We acknowledge the submitter's broader points regarding the future role of NNS. In reaching our draft decision, we considered whether Horizon had given appropriate consideration to NNS as a potential alternative. Under the IMs, a proposed system growth expenditure must be supported by sufficient evidence demonstrating that it is a prudent investment. Having considered the application and Horizon's responses to our RFIs, we are satisfied that Horizon has provided sufficient evidence that the proposed project represents the most prudent solution. Accordingly, we consider that the project satisfies the prudency criterion and is consistent with the requirements of the IMs. Had the evidence indicated that a feasible NNS alternative was a more prudent option than the proposed network investment, the project would not have met the prudency criterion.

17. Our decision on the Ōpōtiki project should not be interpreted as diminishing the future role of NNS. Rather, it reflects the specific circumstances of an investment that was planned under different NNS market conditions. Future reopener applications are likely to be assessed in an environment where NNS are more mature, more widely available and increasingly expected to form part of the least-cost options assessment.[15]

18. We took account of the feedback provided in these submissions in reaching our final decision.

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[13] Commerce Commission, "Horizon Energy Networks - Submission on draft decision", (2 September 2026).

[14] Commerce Commission, "Weston - Submission on draft decision - 2 September 2026", (2 September 2026).

[15] Commerce Commission, the Electricity Authority, and Energy Efficiency & Conservation Authority (EECA) published a joint letter outlining broad actions distributors are expected to take to enable efficient non-network solutions, (24 February 2026).

Our final decision is to reopen and amend Horizon's DPP4 price path, accepting the full cost applied for

19. Our final decision is made under section 52P of the Commerce Act 1986 (the Act). Our final decision is the same as the draft decision and is as follows:

    19.1 that the Ōpōtiki project qualifies as a foreseeable large project (system growth expenditure) reopener;[16]

    19.2 to accept all $14.269 million as the VCA for the Ōpōtiki project;

    19.3 to reopen Horizon's DPP4 price path and amend the price path by additional $4.944 million for DY28, DY29, and DY30[17]; and

    19.4 that Horizon will be able to recover the additional revenue in prices from DY28 onwards.

20. The application and final decision are summarised in Table 1.1 below.

[16] Commerce Commission, "Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 [2025] NZCC 5" (27 March 2025), clause 4.5.10. See Commerce Commission, "Reconsideration of DPP4 default price-quality path for Horizon - Ōpōtiki foreseeable large project - Draft decision reasons paper", (18 June 2026), Table B1 on page 11 for full analysis.

[17] The price path amendment of $4.944 million DY28-30 is the total increase in revenue over the DPP4 period. Although the assets resulting from the proposed $14.269 million will not be commissioned until DY26, the revenue 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 DY28 onwards.

Table 1.1 Summary of Horizon's application and our final decision[18]

Reopener type	DPP4 foreseeable large project (system growth expenditure) reopener
Application link	Horizon's foreseeable large project reopener application (Ōpōtiki project)
Foreseeable large project (system growth expenditure) reopener	The Ōpōtiki project meets the applicable criteria to qualify as a foreseeable large project (system growth expenditure) reopener.[19]
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.[20] The materiality threshold has been assessed on the basis of costs presented in the application.[21]
Final outcome	Reopening Horiozn'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 estimated that the additional revenue (if approved as a result of our final decision) averages to be about $2.85 excluding GST 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.

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

    21.1 the Ōpōtiki project meets the requirements of a foreseeable large project (system growth expenditure) reopener as set out in the IMs; and

    21.2 reopening and amending the price path in these circumstances is in the long-term interest of consumers and would promote the s 52A purpose of Part 4 of the Act.

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[18] For the full analysis see our draft decision - Commerce Commission, "Reconsideration of DPP4 default price-quality path for Horizon - Ōpōtiki foreseeable large project - Draft decision reasons paper ", (18 June 2026).

[19] Commerce Commission "Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 [2025] NZCC 5" (27 March 2025), clause 4.5.10. See Commerce Commission, "Reconsideration of DPP4 default price-quality path for Horizon - Ōpōtiki foreseeable large project - Draft decision reasons paper", (18 June 2026), Table B1 on page 11 for full analysis.

[20] Ibid, clause 4.5.10(1)(i) and (3).

[21] 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.

22. 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.[22,23] 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.

23. We have accepted and approved the full costs for the Ōpōtiki project as applied for because we consider the project is prudent and efficient. Our assessment of prudency and efficiency is in Attachment B (Table B1) and Attachment D (Table D1) of the draft decision reasons paper.[24]

Our assessment of Horizon's application

24. We have assessed Horizon's application to amend its DPP4 price path, and made our final decision, in accordance with the Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 currently in effect for the DPP4 regulatory period.[25]

25. To enable the assessment of the application, we needed to ask Horizon for additional information. It provided more details on the network constraint issue, key assumptions underpinning the business case for the project, a detailed timeline outlining key project milestones, demand forecasts, the consideration of other solutions, and its engagement with consumers and stakeholders.[26]

26. The regulatory framework and assessments underpinning our final decisions are detailed in the attachments of our draft decision reasons paper, as summarised below.

    26.1 '**Attachment A – Reconsideration framework**' sets out the regulatory requirements against which we have assessed Horizon's application.[27]

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

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

24 Commerce Commission, " Draft decision reasons paper - Reconsideration of DPP4 price quality path for Horizon Networks - Ōpōtiki foreseeable large project" (18 June 2026).

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

26 Horizon Networks RFI response - Horizon Networks Ōpōtiki foreseeable large project reopener - 31 October 2026.

27 Commerce Commission, "Draft decision reasons paper - Reconsideration of DPP4 price quality path for Horizon Networks - Ōpōtiki foreseeable large project", (18 June 2026), p. 8.

26.2 '**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.[28] Our final 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.[29]

26.3 '**Attachment C – Assessment of 'whether to amend' criteria**' sets out our assessment of the application against the 'whether to amend' reopener criteria.[30] We are satisfied that Horizon's DPP4 price path should be amended.

26.4 '**Attachment D – Reopening Horizon's price path and assessment of 'how to amend' criteria**' sets out how we have decided 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.[31] Our final decision is to only amend the price path and amend it by $4.944 million over DY28-30, which is an amount not more than is reasonably necessary to mitigate the effect of the reopener on DPP4.[32]

27. We have also published the following documents alongside this paper:[33]

27.1 the final amendment determination that gives legal effect to our decision; and

27.2 the financial model used to calculate Horizon's revised price path.

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[28] Commerce Commission, "Draft decision reasons paper - Reconsideration of DPP4 price quality path for Horizon Networks - Ōpōtiki foreseeable large project", (18 June 2026), p. 10.

[29] Commerce Commission, "Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 [2025] NZCC 5" (27 March 2025), clauses 4.5.1(2) and 4.5.10.

[30] Commerce Commission, "Draft decision reasons paper - Reconsideration of DPP4 price quality path for Horizon Networks - Ōpōtiki foreseeable large project", (18 June 2026), p. 17.

[31] Ibid, p. 24.

[32] Ibid, p. 25.

[33] See documents available at Commerce Commission DPP4 and DPP3 Reopeners webpage (under 'Completed DPP4 Reopeners'- 'Horizon foreseeable large project reopener 2025' – 'Final decision').