

16 December 2025

Jason Larkin – General Manager, Customer, Commercial & Regulatory, Unison Networks  
Via email: [REDACTED]

Tēnā koe Jason,

### **Approval of Unison's application for the Innovation and Non-traditional Solutions Allowance**

This letter sets out our decision to approve Unison to recover up to 75% of the \$610,086 forecast costs for the 'GridAware Lite trial' project (Project) from the Innovation and Non-Traditional Solutions Allowance (INTSA).<sup>1</sup>

### **Unison's Application**

Unison submitted its INTSA application in October 2025.<sup>2</sup> The application sought our approval to recover up to 100% of the \$610,086 forecast Project costs from its INTSA allowance, at the completion of the Project. The total forecast cost of the Project represents approximately 9% of Unison's total INTSA allowance.

Unison's Project will use an AI system to assess its assets for risk and defects. The Project will use data and images uploaded by Unison into the system, which it then analyses for asset condition. It will then generate information that can be exported into Unison's asset management and maintenance planning tools.

### **Our assessment of Unison's application**

We have assessed and approved Unison to recover up to 75% of the \$610,086 forecast costs at the completion of the GridAware Lite trial. This equates to \$457,564.50.

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.

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

<sup>2</sup> <https://www.comcom.govt.nz/assets/Uploads/Unison-GridAware-Lite-28-October-2025.pdf>

## 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. The software is intended to be used to detect and predict the health of the electricity distribution business' (EDB) assets, helping to inform when fixes or upgrades are required. Better monitoring of asset health and condition will help consumers receive a more reliable quality of supply from their EDB.

### *(6)(b) – project promotes the purpose of Part 4 of the Commerce Act 1986<sup>3</sup>*

We consider the Project promotes the s52A(1)(a)-(c) limbs of the purpose of Part 4.

The Project promotes the s52A(1)(a) limb as it is innovative and, if effective, is likely to encourage Unison to invest in its assets. The Project is innovative as it is trialling the use of AI software to assess assets for condition and defects. The Project intends to provide Unison with more accurate asset condition information, which should improve Unison's ability to invest in upgrades and replacements at the appropriate time for the benefit of its consumers.

The Project promotes the s52A(1)(b) limb as it has the potential to create efficiencies over the long term. If successful, the Project could provide a lower cost alternative to onsite asset condition checks and lead to better asset management practices.

The Project promotes the s52A(1)(c) limb as it has the ability to create efficiency gains (for the reasons outlined above), which would be shared with consumers over the longer term. This could be through reduced operating costs and more efficient capital expenditure spend.

### *(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*

This criterion is required for a project to be eligible to recover up to 100% of the project costs. We would also like to note that for this criterion the test is not whether the EDB will be Net Present Value (NPV) neutral within the five-year timeframe. Instead, the test is whether the EDB is "likely"<sup>4</sup> to receive some financial benefit within the five years.

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<sup>3</sup> **52A Purpose of Part 4**

(1) The purpose of this Part is to promote the long-term benefit of consumers in markets referred to in [section 52](#) by promoting outcomes that are consistent with outcomes produced in competitive markets such that suppliers of regulated goods or services—

- a) have incentives to innovate and to invest, including in replacement, upgraded, and new assets; and
- b) have incentives to improve efficiency and provide services at a quality that reflects consumer demands; and
- c) share with consumers the benefits of efficiency gains in the supply of the regulated goods or services, including through lower prices; and
- d) are limited in their ability to extract excessive profits.

<sup>4</sup> To satisfy this criterion, the financial benefit has to be more unlikely than likely, ie, more than a 50% chance.

This Project is trialling the use of AI to assess asset condition based on data and imagery supplied by the EDB. Vector has provided evidence that the full GridAware system produces positive outcomes through a trial completed earlier this year.<sup>5</sup> Unison has also provided evidence that the benefits of the ‘Lite’ version, if successful, will likely produce a financial benefit to the EDB within a five-year period.<sup>6</sup>

Acknowledging the potential benefits to Unison, considered alongside the successful trial of the full system by Vector, we do not agree that this trial meets the threshold for “unlikely” to result in any financial benefit. Unison is therefore not eligible to recover up to 100% of the project costs.

*(6)(c)(ii) – the benefits of the project are sufficiently uncertain that the EDB would not carry out the project if it could not recover some or all of the forecast project costs*

While the full GridAware system has been trialled and produced positive outcomes, we accept the ‘Lite’ version has not been proven with certainty that it would produce the same or similar results. We consider that the benefits of GridAware Lite are still “sufficiently uncertain” that without the ability to recover some of the costs Unison would not carry out the project.

By meeting this criterion (together with 6(a) and (b) above), Unison is eligible for up to 75% recovery of the forecast costs of the Project (\$457,564.50 out of \$610,086).

## Next steps

With the INTSA application now approved, Unison is eligible to draw down up to 75% of the Project costs on its completion. Unison has indicated that the Project will be run across regulatory year 2026 and regulatory year 2027.

If Unison does collaborate with other EDBs, it may drawdown the forecast costs from the share of its INTSA allowance that is set aside for collaborative projects.

Unison 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

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<sup>5</sup> Vector Limited, [GridAware: Key Findings Report](#), (18 September 2025).

<sup>6</sup> See table 4.7, <https://www.comcom.govt.nz/assets/Uploads/Unison-GridAware-Lite-28-October-2025.pdf>.