

1 April 2026

Imogen Welling, Senior Regulatory Counsel, Vector  
Via email: [REDACTED]

Tēnā koe Imogen,

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

This letter sets out our decision to approve Vector to recover up to 100% of the \$2,000,000 forecast costs for its Dry-type Mobile Transformer project (Project) from the Innovation and Non-Traditional Solutions Allowance (INTSA).<sup>1</sup>

### **Vector's Application**

Vector submitted its INTSA application in October 2025.<sup>2</sup> The application sought our approval to recover up to 100% of the \$2,000,000 forecast Project costs from its INTSA allowance at the completion of the Project. The total forecast costs of the Project represents approximately 7% of Vector's total INTSA allowance.

Vector's Project aims to design, build and trial a large capacity dry-type mobile transformer, with integrated primary and secondary systems. The mobile transformer would be container mounted and would be able to be deployed rapidly to over 95% of Vector's zone substations. Vector expect that the technology trialled in the Project could, if successful and rolled out across its network, significantly reduce service restoration times across a range of use cases, while being cheaper to deploy due to the lack of capital work requirements.

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

We have assessed and approved Vector to recover up to 100% of the \$2,000,000 forecast costs at the completion of the Project.

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/Vector-Dry-type-mobile-transformer-1-October-2025.pdf>

## Assessment of eligibility criteria

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

We consider this project relates to the supply of electricity distribution services. If successful, the Project would directly support continuity of supply and reduce outage durations by enabling rapid return to service following transformer failures.

### *(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, has the ability to reduce Vector’s costs when deploying strategic spares. The Project is innovative as it is developing and applying a new technology in the form of a dry transformer. This will be used in the management of network outages and restoration of the network in unplanned situations.

The Project promotes the s52A(1)(b) limb as it has the potential to enhance service quality by enabling faster restoration of supply to customers, as the Project’s transformer design would not require the same capital works to deploy that the equivalent oil filled transformer requires.

The Project promotes the s52A(1)(c) limb as it could create efficiencies which would be shared with consumers over the longer term. The Project could improve operational efficiency by potentially replacing multiple strategic spare units with a single mobile dry-type transformer, thereby reducing associated maintenance and storage costs.

### *(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.

While we agree that the Project will lead to financial benefits to Vector if successful due to reductions in operational requirements (eg, lack of capital works), those benefits are unlikely to be realised within the five disclosure years period. For Vector to realise a

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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.

financial benefit within that period, the trial would have to be successful, rolled out into general operations, and a transformer on Vector's network would need to fail.

As such, we consider that this project meets the threshold for being unlikely to result in a financial benefit to the EDB within the five-year period following the end of the project.

### **Next steps**

With the INTSA application now approved, Vector is eligible to recover up to 100% of the Project costs on its completion. As Vector has indicated that it will collaborate with Northpower on this project,<sup>4</sup> it is eligible to draw down on the 25% of its INTSA allowance reserved for collaborative projects.

Vector 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>4</sup> Vector indicated that it was collaborating with Northpower in its response to our request for additional information. Its response will be published alongside this letter.