

Aurora Energy Limited Additional Information Disclosure Requirements

Final reasons paper

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Associated documents

Publication date	Reference	Title
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19 May 2020	N/A	Introductory paper about Aurora Energy's upcoming CPP proposal
30 July 2020	ISBN: 978-1-869458-28-7	Discussion of key issues and questions for consumers and stakeholders
30 July 2020	ISBN: 978-1-869458-24-9	Regulatory framework and how we will assess the proposal
30 July 2020	N/A	Consumer summary key issues paper
30 July 2020	N/A	Fact sheet on Aurora's CPP proposal
30 July 2020	N/A	Fact sheet on the Commission's assessment process
30 July 2020	N/A	Consumer feedback form on key issues paper
30 July 2020	N/A	Aurora's proposed IM variations for its CPP
12 November 2020	ISBN: 978-1-869458-50-8	Draft decision – Aurora Energy's proposal to customise its prices and quality standards
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1 March 2021	N/A	Summary of key points – Meeting between Aurora Energy and Commerce Commission – Assessing workability of information disclosure requirements – March 2021
31 March 2021	ISBN: 978-1-869458-78-2	Final reasons – Aurora Energy's proposal for a Customised Price-Quality Path
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31 March 2021	ISBN: 978-1-869458-75-1	[DRAFT] Electricity Distribution Information Disclosure (Aurora Energy Limited) Amendment Determination 2021
31 March 2021	ISBN 978-1-869458-79-9	Aurora Energy Limited Proposed Additional Information Disclosure Requirements – Draft reasons paper
3 May 2021	N/A	Summary of key points - Meeting between Aurora Energy and Commerce Commission - Information clarification – May 2021
31 August 2021	ISBN: 978-1-869458-75-1 [2021] NZCC 12	Electricity Distribution Information Disclosure (Aurora Energy Limited) Amendment Determination 2021

Foreword

Information disclosure is an important tool for regulating the electricity lines sector. It works by requiring lines businesses to publish key data on performance and reliability, asset management and profitability so that consumers and other stakeholders can see how the money that they pay for their electricity lines services is being spent.

When we approved a Customised Price-Quality Path (CPP) for Aurora Energy (Aurora) in March to allow it to address safety and reliability issues on its network, we knew that enhanced information disclosure requirements would be an important part of the package.

It has been an 18-month commitment to Aurora, its consumers and other stakeholder groups to deliver the CPP and these supporting information disclosure requirements. We have consulted extensively over that time, and we have listened closely to the concerns of consumers about Aurora's past performance and what they expect it to do differently in the future to lift performance and rebuild trust.

Within the scope of our powers, we have put in place a suite of measures that are in addition to the information disclosure requirements that all electricity distribution businesses (EDBs) must meet. They provide a framework for Aurora to engage with its consumers and other stakeholders and demonstrate that it is doing what it said it will do to improve performance under its CPP.

These measures will help Aurora be transparent about how it is spending the money it will recover from consumers and the improvements in network safety and reliability that should result from this. They also require Aurora to explain what it is doing to improve its communication and engagement with consumers and other stakeholders.

We will continue to monitor Aurora's commitment to the information disclosure regime that we are putting in place as it delivers on the CPP. But while our role will continue as a regulator, the onus is on Aurora to fix its network problems and improve its relationship with consumers and other stakeholders in the regions it serves.

Aurora delivering on the information disclosure requirements set out in these pages and lifting its engagement with its consumers and other stakeholders will enable it to earn the confidence that every community should have in their critical infrastructure providers.

Sue Begg

Deputy Chair

John Crawford

Associate Commissioner

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Summary

1. On 12 June 2020, Aurora Energy Limited (Aurora) applied to us for a customised price-quality path (CPP) to increase its regulated revenue so it could repair and upgrade its electricity lines network and recover the cost of its spending from its consumers in the prices that it charges.
2. Our CPP final decision on 31 March 2021 set out how much money Aurora will be allowed to recover from its consumers to invest in its network and over what period, and the minimum level of reliability consumers should receive. This is measured by the maximum number and length of power cuts consumers should experience across Aurora's network.¹ The CPP will allow Aurora to recover from consumers up to \$563.4 million over five years towards the costs of fixing, maintaining and upgrading its network.
3. Alongside our CPP final decision, we published draft information disclosure proposals requiring Aurora to disclose additional information over its CPP period and beyond, to improve the visibility of its performance and its accountability to consumers and other stakeholders across its network.²
4. This paper now sets out our final decisions on the additional information disclosure requirements that we will apply to Aurora. The information disclosure requirements described in this paper apply only to Aurora, and no other electricity distribution business. They apply on top of the existing information disclosure requirements that already apply to Aurora under our Electricity Distribution Services Information Disclosure Determination 2012 [2012] NZCC 22 (EDB ID Determination).³
5. We want to ensure that Aurora's consumers and other stakeholders have the information they need to assess whether they think Aurora is delivering to its plan and improving its performance. It is then up to consumers and other stakeholders to decide how they may choose to use this information. For example, consumers may use the information to inform their engagement with Aurora at regional public meetings on Aurora's self-assessment of its performance, or to help them hold Aurora to account for the commitments it made in its CPP proposal.

What Aurora and its stakeholders, including consumers, told us

6. We started getting feedback on information disclosure for Aurora while we were finalising our decision on Aurora's CPP. In November 2020, we invited submissions on our draft CPP decision which included our draft policy decisions for additional

¹ [Commerce Commission "Decision on Aurora Energy's proposal for a customised price-quality path - final reasons paper" \(31 March 2021\)](#)

² Aurora's CPP period comprises the five disclosure years commencing 1 April 2021 and ending on 31 March 2026.

³ https://comcom.govt.nz/_data/assets/pdf_file/0025/78703/Electricity-distribution-information-disclosure-determination-2012-consolidated-3-April-2018.pdf

information disclosure (ID) requirements.⁴ On 31 March 2021 we invited submissions and cross-submissions on our draft decision paper and draft ID determination for additional ID requirements.⁵

Consumers and other stakeholders

7. In November 2020, we asked consumers and other stakeholders if our proposed accountability measures (described in our draft CPP decision as draft ID policy decisions) would provide enough information for them to know whether Aurora is delivering its plan and improving its performance, and whether there was further or alternative information that we should consider.
8. The detailed views of submitters on our draft decisions, and how we have considered that feedback in making our final decisions, are explained further in Chapter 3. Key points raised are summarised in the box below.

Key points from consumer and stakeholder submissions

- Concern expressed about information disclosure being ineffective. They want a tool that can hold Aurora to account, specifically lack of consequences for under-performance.
- A request for further information on Aurora's performance.
- The importance of timely reporting.
- The breadth and depth of detail of reporting measures, and how these measures could be enhanced, including visibility of actual costs of delivering projects compared against Aurora's planned costs.
- More reporting on safety, given this is one of the key drivers of Aurora's CPP proposal, but with some industry parties questioning the value of this.
- Voltage quality issues, eg consumers experiencing damage to their equipment. A relatively small proportion of consumers were more likely to be affected disproportionately because of their location on the network.
- Better information on planned outage performance, including cancelled scheduled outages and for both planned and unplanned outages.
- Concern regarding the possibility of the customer charter and consumer compensation arrangement being withdrawn or downgraded, both to the detriment of consumers.
- A need for an independent review of Aurora's progress.
- A call for us to play a more active role in overseeing Aurora's reporting and stakeholder engagement.

⁴ [Commerce Commission "Aurora Energy's proposal to customise its prices and quality standards - Draft decision" \(12 November 2020\)](#)

⁵ [Commerce Commission "Aurora Energy Limited proposed additional information disclosure requirements - draft reasons paper" \(31 March 2021\)](#)

Aurora Energy

9. Aurora has told us that it is committed to improving transparency of information to its consumers. On 1 March 2021, we met with Aurora's management team members to explore how our draft policy decisions for additional ID requirements, published in November 2020, might mesh with Aurora's existing operations.⁶ A summary of this meeting was published on our website on 31 March 2021.
10. On 3 May 2021, we met with Aurora to provide it with further clarification and explanation of our draft decisions ahead of it providing its submission. A summary of this meeting was published on our website on 13 May 2021, along with submissions from consumers and other stakeholders.⁷
11. Aurora provided its substantive submission and technical drafting suggestions on our March 2021 ID draft decisions and draft determination, and it responded to submissions from other stakeholders via a cross-submission. We appreciate the effort made by Aurora to provide comprehensive feedback through its submissions. Some key points from Aurora's submissions and meetings we held with it are summarised in the box below.

Some key points from Aurora's submissions and our meetings

- Consider providing Aurora flexibility to report information earlier through the year, instead of annual disclosure.
- The practical aspects of reporting on safety-related expenditure. It said that our safety incident reporting requirements were too broad and likely to result in high volume, but not necessarily value-adding information for consumers. It suggested we restrict this to asset-related safety incidents, and exclude contractor safety incidents that did not have a direct effect on Aurora's network.
- Concern that too much emphasis was placed on the voltage quality monitoring reporting requirement weighed against the level of expenditure allocated for voltage monitoring
- Consider continuous disclosure instead of annual disclosure for the customer charter and consumer compensation arrangement.
- An argument that the proposed additional information disclosure requirements relate to its performance in delivering its CPP, and they should therefore cease following the last year of the CPP period. It suggested a "sunset clause" that means requirements would only apply in respect of the CPP regulatory period.

⁶ [Commerce Commission "Summary of Aurora Energy information seeking meeting" \(1 March 2021\)](#)

⁷ [Meeting between Aurora Energy and Commerce Commission – Summary of key points – 3 May 2021](#)

12. The key general themes from Aurora’s submissions, and the meetings we held with Aurora, are discussed further in Chapter 3. We detail the outcomes of our assessment of Aurora’s feedback, and how this influenced our final decisions, in Chapters 5 to 8.

Information disclosure regulation

13. Aurora is subject to information disclosure regulation under Part 4 of the Commerce Act 1986 (Act). This means that Aurora must publicly disclose information under the requirements we determine under section 52P of the Act. The main features of information disclosure regulation are discussed in the box below.

Main features of information disclosure regulation

- Our role is to set the information disclosure requirements, which involves deciding what information electricity distribution businesses must disclose to the public and how they must disclose it. The types of information that electricity distribution businesses must publicly disclose under our information disclosure requirements include, among other things:
 - data on prices;
 - measures of quality;
 - financial information; and
 - forecasts of future investment and expenditure.
- The disclosure of information about performance can encourage Aurora to improve its performance by allowing consumers and other stakeholders to highlight areas they consider show weak (or strong) performance.
- Information will be disclosed over a number of years, and we are required to analyse the information and publish our analysis for the public, along with a summary of Aurora’s disclosed information.
- The publication of our summaries and analysis is aimed at promoting better understanding among consumers and other stakeholders of what the disclosed information is saying about Aurora’s performance. It can also encourage Aurora to improve performance by highlighting performance levels, relative performance with other electricity distribution businesses, and performance trends over time.
- We will assess, on an ongoing basis, how effective our additional information disclosure requirements are for promoting the purpose of information disclosure regulation. We will decide later whether:
 - further changes to Aurora’s existing requirements are needed to incentivise Aurora to further improve its performance, and better help consumers and other stakeholders with assessing its performance; or
 - whether some of the additional information disclosure requirements we have imposed are no longer required.

14. Generally speaking, a range of information is available to suppliers and consumers in workably competitive markets which allows consumers and suppliers to compare prices and the quality of goods or services. The ability to make these comparisons is an important driver of competition.
15. However, in monopoly markets, such as electricity distribution, information disclosure regulation can partly compensate for not having the natural process that

competitive markets drive of publicly exposing information. ID regulation does this by requiring regulated suppliers to publicly disclose the information.

16. Effective information disclosure provides transparency of the performance of regulated suppliers. Information is disclosed over the years and it provides an ongoing source so that multi-year trends can be identified and monitored over time. The impacts of information disclosure are set out in the box below.

Impacts of information disclosure

Placing the information, and our analysis of that information, into the public domain can also provide incentives that are consistent with those in workably competitive markets - eg, by providing:

- sufficient information to help consumer engagement with the electricity distribution business about the desired level of service quality (consistent with section 52A(1)(b) of the Act);
- comparative information on the performance of the electricity distribution business to a range of interested people. Information disclosure may result in more effective governance and help to identify opportunities (eg, for value-enhancing trade in assets used to supply regulated services, through consolidation of businesses or management contracting). This may also promote incentives for improved efficiency, including efficient investment and innovation (consistent with section 52A(1)(a) and (b) of the Act);
- better incentives for the management of the electricity distribution business to improve performance through the public nature of performance-related data, as the scope of this data enables comparisons between years and between electricity distribution businesses. Such comparisons may promote incentives for improved investment, innovation and efficiency (consistent with section 52A(1)(a) and (b) of the Act); and
- sufficient information to help consumers and other stakeholders assess the extent to which efficiency gains have been shared by the electricity distribution business with consumers, through lower prices or other means (consistent with section 52A(1)(c) of the Act).

17. Chapter 4 sets out further information on the legal framework for setting additional ID requirements.

Our information disclosure rules that apply to Aurora

18. Table S1 sets out a summarised timeline of key dates during the CPP period of events and disclosures that will apply to the additional information disclosures for Aurora. The key dates in each row apply only to the years (calendar years) referred to in that specific row.
19. Many of the additional information disclosure requirements in Table S1 may also apply beyond the CPP period, given this information may still need to be readily available for consumers and other stakeholders after the CPP period to enable them to continue assessing Aurora's performance. This is something we will evaluate later in Aurora's CPP period.

Table S1: Timeline of key dates

Date/Event/Disclosure
31 March <ul style="list-style-type: none"> disclosure of pricing methodology, regional pricing, including cost of supply model and worked examples (2022 to 2026) development plan due (for practices or processes on: monitoring voltage quality, consumer engagement, management of planned outages, asset data collection and data quality, asset management, cost estimation and quality assurance) (2022) project and programme delivery plan due (2022) safety delivery plan due (2022) AMP due (2022 to 2026) Aurora to finalise terms of reference for mid-period expert review giving effect to Commission feedback (2023)
31 May <ul style="list-style-type: none"> regional public meetings for presentations of development plan, project and programme delivery plan and safety delivery plan (2022)
31 August <ul style="list-style-type: none"> Year 1 Interim ADR due, based on limited scope information (2022) disclosure of any consultation Aurora had with consumers on proposed changes to (i) its customer charter and consumer compensation arrangement and (ii) its pricing methodology (2022 to 2026) disclosure of how Aurora has improved awareness of the customer charter and consumer compensation arrangement (2022 to 2026) ADR due, based on full scope of information (2023 and 2024) ADR due, based on full scope of information, including a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report, eg, an update of its development plan (2025 and 2026) disclosure of planned outage performance reporting (2022 to 2026)
31 October <ul style="list-style-type: none"> regional public meetings for presentation of key features of the ADR (2022 to 2026) Aurora to prepare and provide expert review draft terms of reference to Commission (2022) draft of mid-period expert reports to be provided to the Commission for comment (2023)
15 December <ul style="list-style-type: none"> feedback due from Commission to Aurora and experts on draft expert reports (2023)
31 January <ul style="list-style-type: none"> Commission provides feedback to Aurora on mid-period expert review draft terms of reference (2023)
1 March <ul style="list-style-type: none"> final mid-period expert reports published by Aurora (2024)

20. More detail on the year by year timeline is contained in Table 2.3 in Chapter 2.
21. In addition to the scheduled elements set out in that timeline there will be:
 - 21.1 continuous disclosure of Aurora's customer charter and consumer compensation arrangement and details of any changes to the publicly disclosed versions; and
 - 21.2 our ongoing involvement with Aurora and with consumers, particularly through our summary and analysis of the information Aurora discloses and our annual ID review meeting with Aurora, to ensure the information disclosure process is continuing to work effectively and efficiently.

Aurora must produce high-level plans by the end of March 2022 and present these in regional public meetings by the end of May 2022

22. The outcomes we are looking for from the high-level plans are:
 - 22.1 we want everyone to be able to use the plans as baselines to measure Aurora's progress on the activities in the plans across the five-year CPP period;
 - 22.2 independent experts need to be able to use the plans to provide us with their opinions on progress at the mid-point of the CPP period; and
 - 22.3 consumers and other stakeholders need to have enough information available in those plans so they can easily and actively engage each year with Aurora when it provides its public updates.
23. The high level plans we are requiring Aurora to disclose by 31 March 2022 are:
 - 23.1 a development plan;
 - 23.2 a project and programme delivery plan; and
 - 23.3 a safety delivery plan.
24. The development plan will set out how Aurora intends to develop and improve:
 - 24.1 engagement with its consumers;
 - 24.2 planning, management and communication of its planned outages;
 - 24.3 practices for monitoring voltage quality on its low voltage network; and
 - 24.4 practices for managing its assets, including asset management practices and processes, asset data management practices, cost estimation practices, and project quality assurance processes.
25. The project and programme delivery plan will describe:

- 25.1 how much money Aurora plans to spend each year on assets and operating costs;
 - 25.2 how Aurora's priorities for spending that money during the CPP period compare with Aurora's original CPP proposal to us, and how those priorities now compare to the spending we approved in our final CPP decision;
 - 25.3 when the money is planned to be spent and when key assets are expected to start to be used in the electricity distribution business;
 - 25.4 where those assets are planned to be created and where projects plan to take place; and
 - 25.5 how Aurora plans to communicate with consumers and other stakeholders when it needs to increase the priority, reprioritise or substitute projects or programmes during the CPP period.
26. The safety delivery plan will show consumers and other stakeholders how Aurora's planned spending over the five-year CPP period is intended to reduce network safety risks to as low as reasonably practicable.

Aurora must disclose additional information on the safety of its network

- 27. The safety of Aurora's network is a key driver of the CPP. We are looking for an outcome where consumers and other stakeholders understand how Aurora's spending on its network is addressing safety issues, and for them to have visibility on whether they should have concerns about the safety of the network where they live and work.
- 28. We are not the safety regulator. However, as the economic regulator we look at whether Aurora's spending (including on safety) is achieving its intended outcomes. The additional information we require Aurora to disclose on safety of its network is aimed at providing consumers and other stakeholders with the ability to hold Aurora accountable on realising those benefits.

Aurora must disclose additional information on how its prices are calculated for its pricing regions

- 29. With consumers facing price increases due to the level of investment under Aurora's CPP, we heard significant consumer concerns around how Aurora's prices differ between its pricing regions, and the upcoming review of its distribution pricing methodology.
- 30. Under the EDB ID Determination, Aurora is required to disclose its pricing information before the start of the disclosure year, each year (ie, before 31 March).
- 31. The additional information on pricing that we require Aurora to disclose will include:

- 31.1 publication of Aurora's 'cost of supply model', which will show how revenues are recovered from each of Aurora's pricing regions (currently Dunedin, Central Otago and Wanaka, and Queenstown); and
 - 31.2 worked examples of how prices are set each year from those allocated revenues in each of the pricing regions.
32. The additional information disclosure requirements provide Aurora's consumers and other stakeholders with access to regional information about Aurora's performance and pricing. The information needs to be timely, accessible and easy to understand. A desired outcome of Aurora's consumers and other stakeholders having access to this information is that, should they choose to engage with Aurora at regional public meetings on its performance and future direction, they have sufficient information available to them to ensure this engagement is constructive.

Aurora must produce an Annual Delivery Report to publicly communicate its progress

33. Aurora is required to disclose additional information in a consumer-facing ADR, which includes a combination of objective quantitative measures (ie, data) and more subjective qualitative measures (ie, commentary), that demonstrates how Aurora is delivering to its consumers.
34. The ADR will disclose information to:
- 34.1 provide transparency on how Aurora is delivering the proposed projects and programmes outlined in its CPP proposal; and
 - 34.2 demonstrate how Aurora is improving the processes and practices it needs to develop over the CPP period (covering quality of services, regional pricing, asset management, project quality assurance, cost estimation, and data collection and data quality).
35. Aurora is required to present a summary of the key features of the ADR in an annual public forum in each of its three pricing regions.
36. Aurora may choose to disclose ADR information during the course of the year if it feels that putting that information out earlier is in consumers' and Aurora's interests. It can also use whatever method it wishes to do this (eg, newsletter, website, public meetings, etc). If it does make these early disclosures, the ADR, at the end of the disclosure year, must reference and summarise the earlier information to ensure consumers and other stakeholders do not miss anything.
37. To provide interim information on progress during the 1 April 2021-31 March 2022 disclosure year while Aurora is still working on the high-level plans that will act as a benchmark for the 1 April 2022-31 March 2023 year and later years of the CPP period, we have set requirements for interim information for that disclosure year. These will include:
- 37.1 a Year 1 Interim ADR based on background performance information used in setting the high-level plans; and

- 37.2 an option to progressively provide qualitative information across the 1 April 2021- 31 March 2022 disclosure year, with a summary of that information in the year-end Year 1 Interim ADR.
- 38. Aurora has also advised us it will provide, in its November 2021 community newsletter, supported where necessary by information on its website, the following interim performance information:
 - 38.1 a mid-year summary update on performance against Aurora's CPP proposal; and
 - 38.2 an update on progress in developing the three plans for disclosure in March 2022.

Aurora must disclose additional information on its quality of services

- 39. As well as disclosing outage performance information in the ADR, Aurora must disclose information in each ADR on:
 - 39.1 its management and communication of outages;
 - 39.2 the improvements it is making on its voltage quality monitoring practices; and
 - 39.3 its customer charter.
- 40. Aurora must disclose information in each ADR on how it has considered consumer and stakeholder needs in planning its outages, how it has managed and notified planned outages, including cancelled planned outages, how it is progressing with improving its outage management system and outage communications. This is in response to strong feedback from consumers about the importance of timely, accessible and reliable communication of when outages will occur.
- 41. Aurora has a voluntary customer charter that commits to meeting certain service standards and, in some cases, compensating affected consumers when it does not meet those standards. Aurora is required to include, in its development plan, how it intends to develop and improve its performance against its charter, whether and how it has consulted with consumers on proposed changes to its consumer compensation arrangement, and how it has improved consumer awareness of its charter and compensation arrangement.
- 42. Aurora must ensure its customer charter and consumer compensation arrangement is always accessible to consumers. It is also required to highlight any changes it plans to make, or has made to either or both documents in a timely manner, ie, at the point when the changes occur.
- 43. Aurora must provide a development plan in the first year of the CPP period that details how, for its low voltage (LV) network, it plans to develop and improve its practices for:
 - 43.1 monitoring voltage quality;

- 43.2 achieving compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010; and
 - 43.3 responding to voltage quality issues once they are identified, and communicating this work and its impact to consumers.
44. Aurora must disclose an annual update in the ADR in disclosure years 2 to 5 of the CPP period of progress against its development plan regarding voltage quality monitoring practices, and the mid-period expert report to be disclosed by 1 March 2024 must include an independent opinion of Aurora's progress against its plan.

Aurora must disclose information on its plan for continuing to improve its asset management practices and processes

45. Aurora has been open that it is "on an asset management maturity journey starting from a comparatively low base". Improving its asset management approach towards good industry practice is already a key focus for Aurora. We consider the additional disclosure of information on asset management improvements will help provide transparency to consumers and stakeholders on Aurora's progress in improving its asset management approach.
46. Aurora is required by 31 March 2022 to publicly disclose, in its development plan, additional information on how it plans to develop and improve its asset management practices and processes, which covers how it inspects its assets, captures asset data, models its asset health, prioritises its asset renewal and replacement, uses risk frameworks to justify its investments and manages safety risk. In every later year Aurora will provide an update against that plan in the ADR.
47. The outcome we are looking for here is consumers and other stakeholders are able to assess whether Aurora is addressing the root cause that contributed to the current situation and that it has a long-term focus on asset management. While not the purpose of our requirements, an outcome for Aurora of providing this additional information may be that it has a process of continuous improvement to its asset management practices so that it avoids the problem of under-investment that it slipped into in the past.

Aurora must disclose information on its project quality assurance processes

48. Aurora is required by 31 March 2022 to publicly disclose, in its development plan, how it plans to develop and improve its project quality assurance processes. In every later year, Aurora will provide an update against that plan in the ADR.
49. The development plan must disclose how Aurora plans to make improvements to its project quality assurance processes. This is because mature quality assurance processes help to ensure that assets are maintained and installed to meet industry standards and statutory requirements, including safety issues; and avoid the need to revisit work considered to be complete, which reduces overall costs.

Aurora must disclose information on improvements to its cost estimation practices

50. Aurora is required by 31 March 2022 to publicly disclose, in its development plan, how it plans to develop and improve its cost estimation practices, including how it audits, updates and manages its models for estimating costs and how it uses actual costs of completed projects and programmes to improve future cost estimates. In every later year Aurora will provide an update against that plan in its ADR.
51. We consider the additional information to be disclosed will provide enough information for consumers and other stakeholders to observe whether Aurora's costs are efficient and performance efficiencies are being achieved.

Aurora must disclose information on its data collecting and sharing processes

52. Managing data effectively is an important step in ensuring quality decision-making on the timing and amount of spend to maintain, renew and replace Aurora's assets.
53. Aurora is required by 31 March 2022 to publicly disclose in its development plan, how it plans to develop and improve its asset data collection and asset data quality practices. In every later year, Aurora will provide an update against that plan in its ADR.

Aurora must obtain mid-period expert reports which will be publicly available in 2024

54. In 2023-2024 (third disclosure year of the CPP period), Aurora must engage an expert (or experts) to provide mid-period reviews on its progress against its disclosed plans, and to provide recommendations on further improvements it could make on the following:
 - 54.1 delivery of projects and programmes;
 - 54.2 voltage quality monitoring practices;
 - 54.3 Aurora's general consumer engagement practices, including its engagement practices on proposed changes to its customer charter, consumer compensation arrangement, and pricing methodology;
 - 54.4 asset management practices and processes; and
 - 54.5 practices for identifying and reducing safety risks.
55. The purpose of this mid-period review requirement is to provide an independent expert view on how Aurora is progressing and performing in each of these areas and to communicate this view to consumers and other stakeholders in a way they can engage with. We consider it is necessary for an expert (or experts) to provide their opinions on Aurora's performance in these areas to ensure that we and other stakeholders, including consumers, can effectively conduct an assessment of Aurora's performance.
56. The expert (or experts) will provide opinions and recommendations based on the information that Aurora has publicly disclosed, which will include its ADRs and AMPs

for the disclosure years ending 31 March 2022 and 31 March 2023, and its development plan for improving processes and practices for the relevant topic areas.

57. Aurora must disclose, in the ADR for Years 4 and 5, a summary of any actions it has taken as a result of any recommendations from the mid-period expert reports, eg, an update of its development plan.
58. Aurora must get our approval of the expert (or experts) before they are appointed and get our input into the proposed terms of reference for the expert reports. We will assess the independence of the expert (or experts) before deciding whether to approve them. The draft expert reports will need our feedback to be taken into consideration before they are finalised and published.
59. The outcomes we are looking for from the mid-period review are:
 - 59.1 we and other stakeholders, including consumers, can effectively conduct our analyses of Aurora's performance in the first half of the CPP period; and
 - 59.2 independent expert analysis and recommendations to help Aurora improve the plans for the second half of the CPP period.
60. The costs incurred by Aurora for the mid-period expert reports will be recoverable in Aurora's pricing, given the benefit for Aurora's consumers from this information.⁸

Our ongoing involvement with consumers and with Aurora during the CPP period

61. We expect all regulated monopolies to engage effectively with their consumers and wider stakeholders. In line with this, we expect Aurora to own the plans, communication, and engagement which underpin the information disclosure requirements we are putting in place.
62. The primary focus for our public engagement as regulator will be to communicate the summary and analysis we will carry out each year during the course of the CPP period, and potentially beyond. We will use our analysis to identify, and to help us communicate, any areas of concern with Aurora's performance. In 2023, we will also be engaged in ensuring the mid-period expert reports to be published in 2024 provide the right information to help consumers further understand Aurora's performance.
63. Each year we will monitor the information Aurora is reporting and provide feedback to Aurora. We expect to have more in depth structured discussion with Aurora in 2024 after the expert reports have been publicly released. The reports will help us identify if there are any further concerns that we might need to respond to in person.

⁸ [Commerce Act \(Aurora Energy Limited - Electricity Distribution Customised Price-Quality Path\) Determination 2021 \[2021\] NZCC 3, Schedule 2.3.](#)

64. We have the ability to expand our involvement at any stage by engaging with Aurora at any point during the CPP period, if we see a need, and determine it is necessary to help Aurora keep on track with its commitment to consumers and other stakeholders.

Chapter 1 Introduction

Purpose of this paper

- 1.1 This paper sets out our final decisions and reasons for additional ID requirements for Aurora. The purpose of these ID requirements is to ensure that sufficient information is readily available to interested persons, which includes consumers and other stakeholders,⁹ to assess whether the purpose of Part 4 is being met, ie, whether the performance of Aurora is consistent with the performance outcomes one would expect to find in a workably competitive market.
- 1.2 These ID measures are an integral part of an overall package of measures, which includes our CPP final decision, to address key risks inherent in the performance and delivery of Aurora's CPP.

Background

- 1.3 Aurora had been on a default price-quality path (DPP). Having recognised the deteriorating condition of its network as a result of historic underinvestment, it had begun in 2017 increasing its investment and maintenance spend to urgently address safety risks. It believed its DPP would not have permitted recovery of the spending required to continue this work and operate a safe network at current levels of reliability.
- 1.4 On 12 June 2020, Aurora applied to us for a CPP to increase its regulated revenue so it could repair and upgrade its electricity lines network and recover the cost of its spending from its consumers in the prices that it charges.
- 1.5 Our CPP final decision on 31 March 2021 set out how much money Aurora will be allowed to recover from its consumers to invest in its network and over what period, and the minimum level of reliability consumers should receive. This is measured by the maximum number and length of power cuts consumers should experience across Aurora's network. The CPP will allow Aurora to recover from consumers up to \$563.4 million over five years towards the costs of fixing, maintaining and upgrading its network.

⁹ We interpret the reference to 'interested persons' in section 53A of the Commerce Act to include: consumers and consumer groups; electricity and gas retailers, and their representative groups; central government and regional authorities; other regulatory agencies (such as the Electricity Authority and the Gas Industry Company Ltd); any other stakeholder of the regulated supplier, including investors; and their advisers (such as equity analysts and other professional advisors), and owners of regulated suppliers. The Commission is also an interested person. In this paper we refer to 'consumers and other stakeholders' to reflect that broad grouping and where the Commission has a particular role, we also refer to 'us'.

- 1.6 We wanted Aurora to improve its accountability to consumers and other stakeholders for work across its network by requiring it to disclose information in addition to what it was already disclosing under general information disclosure requirements applicable to all EDBs. In our November 2020 CPP draft decision paper, we said that these additional accountability measures would be dealt with not as part of the CPP, but in a separate decision paper. We explained that the process for setting ID requirements is not bound to the same statutory timeframes as our CPP decision.
- 1.7 Alongside our CPP draft decision in November 2020, we released a summary overview of the scope of the proposed additional information disclosure requirements as draft policy decisions. This was to make it easier for consumers and other stakeholders to provide feedback.
- 1.8 In Chapter 4 of our CPP final decision paper, we outlined our view of the key risks and issues in Aurora's CPP, and the challenges associated with Aurora delivering on its plan. In Table 1.1 below, we cover how we have addressed those risks and challenges through our CPP final decision, our additional ID requirements and through ongoing liaison with other agencies.

Table 1.1 Key issues, risks and measures

Key risk/issue	Implication	How it is addressed	Category of mechanism – CPP final decision, ID requirement, or liaison with other agencies	Location of further detailed discussion in our papers
Aurora may have proposed work that could turn out to be unnecessary or can be delayed	Consumers pay too much for Aurora's services because prices reflect work that is not needed or not needed yet	We undertook a thorough review of Aurora's proposed work	CPP evaluation	Attachment D (capex) and Attachment E (opex) in our CPP final decision paper
Aurora may not have identified all the work that its network needs and may need some flexibility to include newly-identified or uncertain work	Necessary work on Aurora's network is not carried out when it is needed. The quality of service to consumers may suffer as a result	Aurora may be able to reprioritise its work. We also propose two reconsideration mechanisms that will allow for Aurora to propose new and uncertain work	CPP implementation	Attachment I (IM variations) in our CPP final decision paper
		Requiring Aurora to report on ongoing improvements in its data quality processes	ID requirement	Chapter 8 in this paper
Aurora may have overestimated the costs for the required work, resulting in us allowing higher than necessary revenue increases. Aurora might carry out its work inefficiently	Consumers pay too much for Aurora's services	We reviewed Aurora's costs for the proposed work	CPP evaluation	Attachment D (capex) and Attachment E (opex) in our CPP final decision paper
		Requiring Aurora to report on cost efficiencies	ID requirement	Chapter 8 in this paper
Aurora might not deliver all of the planned work it has proposed	Consumers pay too much and necessary work on Aurora's network is not carried out when required	Requiring Aurora to produce an Annual Delivery Report	ID requirement	Chapter 4 in our CPP final decision paper and Chapter 5 in this paper
		Requiring Aurora to present its ADR to its consumers in the pricing regions	ID requirement	Chapter 4 in our CPP final decision paper and Chapter 5 in this paper

		We will publish our own summary and analysis of Aurora's information disclosures to help consumers assess Aurora's performance	ID requirement	Chapter 4 in our CPP final decision paper and Chapter 5 in this paper
		Requiring Aurora to produce mid-period expert reports on its progress on key areas of the ID requirements	ID requirement	Chapter 5 in this paper
		We will continue our engagement with WorkSafe NZ	Liaison with other agencies	Chapter 4 in our CPP final decision paper
Aurora is not as transparent with providing information or as responsive with its consumers as it could be	Consumers cannot assess Aurora's performance effectively and communicate their requirements to Aurora. Consumer trust and confidence in Aurora is eroded	Requiring Aurora to disclose its customer charter and whether (and if so how) it has engaged with its consumers on any changes to its charter. We will publish our own summary and analysis of Aurora's information disclosures to help consumers assess Aurora's performance We intend to engage with Aurora on its disclosures at an 'Annual ID Review meeting'.	ID requirement	Chapters 5 and 6 in this paper
		Requiring Aurora to provide information on the quality of its services	ID requirement	Chapter 6 in this paper
Consumers might not understand the full impact of Aurora's planned works programme on the prices	Consumers' comments on the Aurora's proposal and our draft decision are not informed by an accurate	We undertook our own modelling of the residential price impact of our CPP revenue settings	CPP evaluation	Attachment H (Price impact) in our CPP final decision paper

they will pay	understanding of the price impact. Consumers make poorly informed decisions on how they can change their use of electricity given the size of price increases	Requiring Aurora to disclose more information on regional pricing to make it easier for consumers to understand its pricing methodology	ID requirement	Chapter 7 in this paper
		We will engage with MBIE and the Electricity Authority on consumer concerns	Liaison with other agencies	Chapter 4 in our CPP final decision paper

Our additional ID requirements for Aurora

- 1.9 The implementation measures we have decided on for information disclosure will require Aurora to:
- 1.9.1 produce a limited scope ADR for the year commencing 1 April 2021 (Year 1 Interim ADR) and present a summary of the Year 1 Interim ADR to consumers in Aurora's three pricing regions;
 - 1.9.2 produce an ADR for the later years (2023-2026) and present a summary of the ADR to consumers in Aurora's three pricing regions;
 - 1.9.3 disclose information to consumers annually on the quality of services, regional pricing and improvements in asset management practices and processes, project quality assurance processes, data collection and data quality practices, and cost estimation practices; and
 - 1.9.4 produce a mid-period (in Year 3) expert review regarding Aurora's progress in some more complex areas we consider are important to consumers and other stakeholders, but where performance is difficult to assess.
- 1.10 We provide more detailed information on the additional ID requirements in Chapter 2.

Scope of the Aurora EDB Information Disclosure Determination amendments

- 1.11 These additional information disclosure requirements will apply to Aurora in addition to the existing information disclosure requirements under the EDB ID Determination. They will not apply to any other electricity distribution business which is subject to the EDB ID Determination.

We consider our ID requirements are consistent with the purpose of ID

- 1.12 In each chapter we have explained why we consider our additional ID requirements are needed in order for interested persons to assess whether the purpose of Part 4 is being met.
- 1.13 We set out in Chapter 4 the information disclosure regulatory framework that applies to Aurora.
- 1.14 While there are existing ID requirements that currently apply to Aurora in relation to some of the topics where we have set additional ID requirements, our view is that these additional ID requirements are needed in order to allow interested persons to more effectively assess whether the purpose of Part 4 is being met.

- 1.15 The additional ID requirements on Aurora will ensure interested persons (including the Commission) are able to better explore and assess the links between Aurora's network, its expenditure, and its network performance, and that this in turn will enable us all to assess whether outcomes are being promoted that are consistent with those produced in workably competitive markets, in line with the objectives in section 52A(1)(a)-(d) of the Act.

Our process in reaching our final decisions

- 1.16 To reach our final decisions, our process was:

1.16.1 On 12 November 2020 we published for consultation, our draft policy decisions on Aurora's draft ID requirements in Attachment I of our CPP draft decision paper.¹⁰

1.16.2 In November 2020, we visited Dunedin and several locations in Central Otago to meet with stakeholders and hear their views on our draft policy decisions. A summary of these meetings is disclosed on our website.¹¹

1.16.3 In response to our CPP draft decision paper, which included our ID draft policy decisions, we received submissions in December 2020,¹² and cross-submissions in January 2021.¹³

1.16.4 On 1 March 2021 we met with Aurora to better understand the workability of our November 2020 draft policy decisions.¹⁴

1.16.5 On 31 March 2021, we published for consultation our draft decision on our additional Aurora ID measures.¹⁵

1.16.6 On 3 May 2021, we met with Aurora to provide clarification and explanation of our draft decision on additional ID requirements.¹⁶

¹⁰ https://comcom.govt.nz/_data/assets/pdf_file/0017/228023/Draft-decision-Aurora-Energy27s-proposal-to-customise-its-prices-and-quality-standards-12-November-2020.pdf

¹¹ [Commerce Commission "Summary of stakeholder meetings held in November and December in support of our draft decision on Aurora's CPP" \(22 December 2020\)](#)

¹² [Link to December submissions](#)

¹³ [Link to January cross-submissions](#)

¹⁴ [Commerce Commission "Summary of Aurora Information seeking meeting" \(1 March 2021\)](#)

¹⁵ [Commerce Commission "Aurora Energy Limited proposed additional information disclosure requirements - draft reasons paper" \(31 March 2021\)](#)

¹⁶ [Meeting between Aurora Energy and Commerce Commission – Summary of key points – 3 May 2021](#)

1.16.7 In response to our ID draft reasons paper, we received submissions on 10 May 2021 and cross-submissions on 24 May 2021, which we have considered and which are published on our website.¹⁷¹⁸

Materials released alongside this paper

1.17 Alongside this paper we have also published:

1.17.1 a determination that gives effect to our final decisions. The determination amends the existing EDB ID Determination to insert additional ID requirements that apply only to Aurora;¹⁹ and

1.17.2 a visual timeline that shows consumers when and how they can expect to engage with Aurora on its performance during the CPP period.²⁰

Structure of this paper

1.18 This paper is structured as follows:

1.18.1 Chapter 2 summarises our final decisions and accompanying EDB ID Determination amendments that apply only to Aurora;

1.18.2 Chapter 3 broadly outlines our stakeholder engagement process, the submissions received, and how this influenced our final decisions;

1.18.3 Chapter 4 summarises our ID regulatory framework; and

1.18.4 Chapters 5 to 8 outline our final decisions in the following seven key areas:

1.18.4.1 Key area 1: Information to demonstrate Aurora's accountability for its CPP outcomes: Annual Delivery Report (Chapter 5);

1.18.4.2 Key area 2: Information on Aurora's quality of services (Chapter 6);

1.18.4.3 Key area 3: Additional regional disclosures on Aurora's distribution pricing methodology (Chapter 7);

1.18.4.4 Key area 4: Additional information on asset management (Chapter 8);

¹⁷ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

¹⁸ [Aurora Energy – Cross-submission on Aurora ID draft decision – 24 May 2021](#)

¹⁹ See the Electricity Distribution Information Disclosure (*Aurora Energy Limited*) Amendment Determination 2021 [2021] NZCC 12 published alongside this Aurora ID final reasons paper.

²⁰ Commerce Commission "Enhanced information disclosure requirements for Aurora Energy" Infographic. (31 August 2021)

- 1.18.4.5 Key area 5: Additional asset management information on project quality assurance (Chapter 8);
- 1.18.4.6 Key area 6: Additional asset management information on cost estimation (Chapter 8); and
- 1.18.4.7 Key area 7: Additional asset management information on data collection and data quality (Chapter 8).

Chapter 2 Summary of our final Aurora information disclosure decisions

Purpose of this chapter

- 2.1 In this chapter we provide a summary of our final Aurora information disclosure decisions. Further information on each of our detailed decisions can be found in Chapters 5 to 8.

Summary of our final decisions

- 2.2 Our final decisions require Aurora to:

- 2.2.1 by 31 March 2022, disclose:

- 2.2.1.1 a development plan on how Aurora plans to develop and improve its processes and practices for seven topic areas in the ADR (voltage quality; customer charter and consumer compensation arrangement; management, planning and communication of planned outages; data collection and data quality; asset management; cost estimation; and project quality assurance);
- 2.2.1.2 a project and programme delivery plan which details the capital expenditure and operational expenditure projects and programmes it plans to deliver over the CPP period, including an explanation of whether and, if so, how and why this plan varies materially from what was outlined in Aurora's CPP application and the expenditure we approved in our final CPP decision. The project and programme delivery plan will be used as one of the baselines to help consumers and other stakeholders answer some of the key performance questions necessary to understand if the Part 4 purpose is being met; and
- 2.2.1.3 a safety delivery plan on how the projects and programmes in its project and programme delivery plan are expected to reduce network safety risks to as low as reasonably practicable, including an explanation of whether and, if so, how and why the forecast risk profile in the plan varies from the expected network safety risk profile at the time of Aurora's CPP application. The safety delivery plan will also be used as a baseline to help consumers and other stakeholders answer some of the key performance questions necessary to understand if the Part 4 purpose is being met.

- 2.2.2 By 31 August each year provide an update in an ADR on its performance for the previous April-March year:

- 2.2.2.1 by 31 August 2022, Aurora must provide a smaller scale Year 1 Interim ADR on its performance for April 2021 to March 2022. The update will report its progress in certain performance areas using the best information available to Aurora at the time;²¹ and
- 2.2.2.2 for the later years (2023-2026), Aurora must provide an ADR on its performance for the April-March year just ended. The update will report its progress in seven performance areas against its development plan, project and programme delivery plan, and safety delivery plan.
- 2.2.3 in 2023 (Year 3), engage an appropriate expert or experts for five topic areas (delivery of capex and opex under the CPP, voltage quality monitoring practices, consumer engagement practices (including on its customer charter, consumer compensation arrangement, and pricing methodology) asset management practices, and practices for identifying and mitigating safety risks) to provide their opinions for public disclosure by 1 March 2024 on Aurora's progress in developing or delivering these areas and their recommendations for improvement for Aurora to consider.
- 2.3 The three plans described above are to include:
 - 2.3.1 in the development plan, how Aurora intends to develop and improve:
 - 2.3.1.1 engagement with its consumers;
 - 2.3.1.2 planning, management and communication of its planned outages;
 - 2.3.1.3 practices for monitoring the voltage quality on its low voltage network; and
 - 2.3.1.4 practices for managing its assets, including asset management practices and processes, asset data management practices, cost estimation practices, and project quality assurance processes.
 - 2.3.2 in the project and programme delivery plan:
 - 2.3.2.1 how much money Aurora plans to spend each year on assets and operating costs;

²¹ Aurora will disclose its project and programme delivery plan, safety delivery plan and development plan for topic areas only at the end of the first disclosure year 2021-2022. Hence, for progress reporting purposes for the first disclosure year, we require Aurora to use the best information available to it at the time, in the absence of finalised delivery and development plans to reference against.

- 2.3.2.2 how Aurora's priorities for spending that money during the CPP period compare with Aurora's original CPP proposal to us, and how those priorities now compare to the spending we approved in our final CPP decision;
- 2.3.2.3 when the money is planned to be spent and when key assets are expected to start to be used in the electricity distribution business;
- 2.3.2.4 where those assets are planned to be created and where projects are planned to take place; and
- 2.3.2.5 how Aurora plans to communicate with consumers and other stakeholders when it needs to increase the priority, reprioritise or substitute projects or programmes during the CPP period.

2.3.3 in the safety delivery plan:

- 2.3.3.1 how consumers and other stakeholders can see how Aurora's planned spending over the five-year CPP period is intended to reduce network safety risks to as low as reasonably practicable.

2.4 Table 2.1 sets out the information disclosures required by topic area.

Table 2.1 Summary of disclosures by key topic

Topic Area	Requirement to disclose a plan in the first disclosure year	Requirement to provide annual progress updates in the ADR	Requirement to obtain a mid-period expert review
Information to demonstrate Aurora's accountability for its CPP outcomes: ADR	Yes (for capex and opex projects and programmes and network safety risk reduction)	Yes	Yes (for capex and opex projects and programmes and network safety risk reduction)
Information on Aurora's quality of services	Yes (for monitoring of voltage quality, customer charter and consumer compensation arrangement, consumer engagement practices and management of planned outages)	Yes	Yes (for voltage quality monitoring practices and consumer engagement practices, including engagement on customer charter and consumer compensation arrangement)
Additional disclosures on Aurora's regional pricing methodology	No	Yes	Yes (for consumer engagement practices on regional pricing methodology changes)
Information on ongoing improvements in Aurora's asset management processes	Yes	Yes	Yes
Information on the application of Aurora's project quality assurance processes	Yes	Yes	No
Information on ongoing improvements in Aurora's cost estimation processes	Yes	Yes	No
Information on ongoing improvements in Aurora's data collection and data quality processes	Yes	Yes	No

2.5 Table 2.2 provides a summary of the final decisions for each of the topic areas.

Table 2.2 Summary of our final decisions

Topic Area	Our Final Decisions
Information to demonstrate Aurora's accountability for its CPP outcomes: ADR	<p>Aurora must:</p> <ul style="list-style-type: none"> disclose additional information via a consumer-facing ADR that demonstrates how Aurora is delivering for consumers during the CPP period; and present a summary of the ADR by holding an annual public forum in each of its three pricing regions
Information on Aurora's quality of services	<p>Management of planned outages</p> <p>Aurora must disclose:</p> <ul style="list-style-type: none"> by 31 March 2022, its development plan that describes how Aurora plans to develop and improve its planning, management and communication of planned outages; In the Year 1 Interim ADR: <ul style="list-style-type: none"> its progress achieved in developing and improving its practices for planning, management and communication of planned outages; and a self-assessment rating and reasons for the rating on its progress on improving practices and the quality of its communications with consumers on outages affecting them. in subsequent years in the ADR its progress against the development plan including self-assessment ratings and reasons for the ratings. <p>Aurora must report in the ADR for Years 2-5, on the number of:</p> <ul style="list-style-type: none"> planned outages that were cancelled with less than 10 working days' notice; planned outages that were cancelled with less than 24 hours' notice; planned outages for which Aurora gave additional notice;²²

²² 'Additional notice' is defined in Schedule 3.1 of the [Aurora CPP Determination](#).

Topic Area	Our Final Decisions
	<ul style="list-style-type: none"> planned outages for which Aurora did not give additional notice; planned outages that started more than one hour before, or ended more than one hour after the notified interruption window; and unplanned outages that Aurora intentionally initiated to carry out work on its network not directly related to a fault.
Information on Aurora's quality of services (continued)	<p>Network reliability</p> <p>Aurora must include the high-level measures of network reliability in the ADR in addition to including them in its existing ID:</p> <ul style="list-style-type: none"> planned and unplanned SAIDI and SAIFI for its pricing regions; planned and unplanned SAIDI and SAIFI for Aurora's overall network; planned and unplanned SAIDI and SAIFI limits for Aurora's overall network; a map (or maps) of worst-performing feeders; and planned and unplanned SAIDI and SAIFI for worst-performing feeders. <p>Aurora must disclose information on any plans it has to improve reliability of service for its consumers on the worst-performing feeders.</p>
Information on Aurora's quality of services (continued)	<p>Voltage quality monitoring</p> <p>Aurora must disclose:</p> <ul style="list-style-type: none"> by 31 March 2022, its development plan that describes how Aurora plans to develop and improve its practices for: <ul style="list-style-type: none"> monitoring voltage quality on its LV network; achieving compliance with applicable voltage requirements of the Electricity (Safety) Regulations 2010 on its LV network; responding to voltage quality issues when they are identified; and communicating the work it is doing on voltage quality on its LV network to affected consumers. In the Year 1 Interim ADR, its progress achieved in developing and improving its voltage quality monitoring practices and a self-assessment rating on its progress and reasons for the rating

Topic Area	Our Final Decisions
	<ul style="list-style-type: none"> • in subsequent years in the ADR, its progress against the development plan including self-assessment ratings on its progress and reasons for the ratings; • In Year 3 by 1 March 2024, a mid-period expert report on Aurora's progress in developing and improving its voltage quality monitoring practices on its LV network; and • in the ADRs disclosed for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report., eg, an update of its development plan.
Information on Aurora's quality of services (continued)	<p>Customer charter and consumer compensation arrangement</p> <p>Aurora must disclose</p> <ul style="list-style-type: none"> • at all times its customer charter and consumer compensation arrangement; • a description of any changes it intends to make to its customer charter or consumer compensation arrangement reasonably in advance of making the changes; • a description of any changes it has made to its customer charter or consumer compensation arrangement, as soon as reasonably practicable after making the change; • by 31 March 2022, its development plan that describes how Aurora plans to develop and improve its engagement with consumers on its customer charter and consumer compensation arrangement; • in the Year 1 Interim ADR, a summary of its: <ul style="list-style-type: none"> ○ consumer engagement undertaken on its customer charter and consumer compensation arrangement, a self-assessment rating on its progress with reasons for the rating; and ○ performance against its existing service commitments in its customer charter and consumer compensation arrangement. • in subsequent years in the ADR: <ul style="list-style-type: none"> ○ its progress against its development plan including self-assessment ratings on its progress with reasons for the ratings; ○ whether, and if so how, Aurora has consulted with consumers on proposed changes to its customer charter and consumer compensation arrangement; ○ whether, and, if so, how, Aurora has improved consumer awareness of its customer charter and consumer

Topic Area	Our Final Decisions
	<p>compensation arrangement;</p> <ul style="list-style-type: none"> ○ whether Aurora met its existing service commitments in its charter, and if not, provide reasons as to why; and ○ any payments Aurora has made for its failure to meet any service level standard under Aurora’s consumer compensation arrangement. <ul style="list-style-type: none"> • In Year 3 by 1 March 2024, a mid-period expert report on Aurora’s progress in developing its consultation practices with consumers on its charter and compensation arrangement; and • in the ADRs disclosed for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report, eg, an update of its development plan.
<p>Additional disclosures on Aurora’s regional pricing methodology</p>	<p>Aurora must disclose:</p> <ul style="list-style-type: none"> • in each year, additional information on its pricing methodology to enable consumers to better understand how prices are set. This will include: <ul style="list-style-type: none"> ○ sufficient information and commentary to enable consumers and other stakeholders to understand how Aurora has set prices each year for each of the Aurora pricing regions (currently, Dunedin, Central Otago and Wanaka, and Queenstown); ○ Aurora’s cost of supply model that shows how Aurora’s revenues each year are recovered from consumers in the Aurora pricing regions, and explanations that show consumers and other stakeholders how the model works; ○ a worked example for an average domestic consumer in each of Aurora’s pricing regions showing how that consumer’s prices are calculated. • in Year 3 by 1 March 2024, a mid-period expert report on its consumer engagement process on regional pricing changes; and • in the ADRs disclosed for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report.

Topic Area	Our Final Decisions
Information on ongoing improvements in Aurora's asset management practices and processes	<p>Aurora must disclose:</p> <ul style="list-style-type: none"> • by 31 March 2022, its development plan that describes how it plans to develop and improve its asset management practices and processes; • a summary of the development plan for asset management processes and practices in its asset management plan (AMP) (starting with the AMP due by 31 March 2022); • in the Year 1 Interim ADR, provide a summary of its progress in improving its asset management practices and processes and a self-assessment rating on its progress with reason for the rating; • for every subsequent year in the ADR, an annual progress update against the development plan, demonstrating its progress on developing these asset management practices and processes including self-assessment ratings on its progress with reasons for the ratings; • in Year 3 by 1 March 2024, a mid-period expert report which will provide an expert opinion on its progress against its development plan for improving its asset management practices and processes and recommendations for further improvements it could make; and • in the ADRs disclosed for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report, eg, an update of its development plan.
Information on the application of Aurora's project quality assurance processes	<p>Aurora must disclose:</p> <ul style="list-style-type: none"> • by 31 March 2022, its development plan that describes how it plans to develop and improve its project quality assurance processes; • a summary of the development plan for project quality assurance processes in its AMP (starting with the AMP due by 31 March 2022); • in the Year 1 Interim ADR, provide a summary of its progress in improving its project quality assurance processes and a self-assessment rating on its progress with reason for the rating; and • for every subsequent year in the ADR, an annual update against that development plan, demonstrating its progress on developing quality assurance processes including self-assessment ratings on its progress with reasons for the ratings.

Topic Area	Our Final Decisions
Information on ongoing improvements in Aurora's cost estimation practices	<p>Aurora must disclose:</p> <ul style="list-style-type: none"> • by 31 March 2022, its development plan that describes how it plans to develop and improve its cost estimation practices; • a summary of the development plan for cost estimation practices in its AMP (starting with the AMP due by 31 March 2022); • in the Year 1 Interim ADR, provide a summary of its progress in improving its cost estimation practices and a self-assessment rating for its progress with reasons for the rating; and • for every subsequent year in the ADR, publish an annual update against that development plan, demonstrating its progress on developing these cost estimation practices including self-assessment ratings on its progress with reasons for the ratings.
Information on ongoing improvements in Aurora's data collection and data quality processes	<p>Aurora must disclose:</p> <ul style="list-style-type: none"> • by 31 March 2022, its development plan that describes how it plans to develop and improve its data collection and data quality practices; • a summary of its development plan for data collection and data quality practices in its AMP (starting with the AMP due by 31 March 2022); • in the Year 1 Interim ADR, provide a summary of its progress in improving its data collection and data quality practices and a self-assessment rating for its progress and reasons for the rating; and • for every subsequent year in the ADR, an annual update against that development plan, demonstrating its progress on developing these data collection and data quality practices including self-assessment ratings on its progress with reasons for the ratings.

2.6 Table 2.3 sets out a summary of the additional disclosures required of Aurora and the key process steps for the mid-period expert review in a timeline. This table does not include Aurora's existing EDB information disclosures except for the AMP and annual pricing methodology disclosures which have been included for completeness, as these relate closely to the additional information disclosures we require from Aurora.

Table 2.3 Timeline of Aurora's additional information disclosures and mid-period expert review key process steps

Disclosure Year	Event/Disclosure
Year 1 (1 April 2021-31 March 2022)	1 April 2021: CPP decision takes effect
	31 August 2021: ID final decision
	31 March 2022: <ul style="list-style-type: none"> disclosure of pricing methodology, regional pricing, including cost of supply model and worked examples (for 1 April 2022-31 March 2023 pricing) development plan due (for practices or processes on: monitoring voltage quality, consumer engagement, management of planned outages, asset data collection and data quality, asset management, cost estimation and quality assurance) project and programme delivery plan due safety delivery plan due 2023-2033 AMP due
Year 2 (1 April 2022-31 March 2023)	31 May 2022: regional public meetings for presentations of development plan, project and programme delivery plan and safety delivery plan
	31 August 2022: <ul style="list-style-type: none"> Year 1 (1 April 2021-31 March 2022) Interim ADR due disclosure of any consultation Aurora had with consumers on proposed changes to (i) its customer charter and consumer compensation arrangement and (ii) its pricing methodology (consultation undertaken in the 1 April 2021-31 March 2022 year, for 1 April 2022-31 March 2023 year pricing) disclosure of planned outage performance reporting (for 1 April 2021-31 March 2022 year actual performance)
	31 October 2022: <ul style="list-style-type: none"> regional public meetings for presentation of key features of the Year 1 (1 April 2021 – 31 March 2022) Interim ADR Aurora to prepare and provide expert review draft terms of reference to Commission

Disclosure Year	Event/Disclosure
	<p>31 January 2023: Commission provides feedback on expert review draft terms of reference</p> <p>31 March 2023:</p> <ul style="list-style-type: none"> disclosure of pricing methodology, regional pricing, including cost of supply model and worked examples (for 1 April 2023-31 March 2024 pricing) 2024-2034 AMP due Aurora to finalise terms of reference for expert review giving effect to Commission feedback
<p>Year 3 (1 April 2023-31 March 2024)</p>	<p>31 August 2023:</p> <ul style="list-style-type: none"> ADR for the Year 2 period (1 April 2022- 31 March 2023) due disclosure of any consultation Aurora has had with consumers on proposed changes to (i) its customer charter and consumer compensation arrangement and (ii) pricing methodology (consultation undertaken in the 1 April 2022-31 March 2023 year, for 1 April 2023-31 March 2024 year pricing) disclosure of planned outage performance reporting (for 1 April 2022-31 March 2023 year actual performance) <p>31 October 2023:</p> <ul style="list-style-type: none"> regional public meetings for presentation of key features of the ADR for Year 2 (1 April 2022-31 March 2023) draft of expert reports to be provided to the Commission for comment <p>15 December 2023: feedback due from Commission to Aurora and experts on draft expert reports</p> <p>1 March 2024:</p> <ul style="list-style-type: none"> final mid-period expert reports published

Disclosure Year	Event/Disclosure
	<p>31 March 2024:</p> <ul style="list-style-type: none"> disclosure of pricing methodology, regional pricing, including cost of supply model and worked examples (for 1 April 2024-31 March 2025 pricing) 2025-2035 AMP due
<p>Year 4 (1 April 2024-31 March 2025)</p>	<p>31 August 2024:</p> <ul style="list-style-type: none"> ADR for the Year 3 period (1 April 2023 – 31 March 2024) due disclosure of any consultation Aurora has had with consumers on proposed changes to (i) customer charter and consumer compensation arrangement and (ii) pricing methodology (consultation undertaken in the 1 April 2023-31 March 2024 year, for 1 April 2024-31 March 2025 year pricing) disclosure of planned outage performance reporting (for 1 April 2023- 31 March 2024 year actual performance)
	<p>31 October 2024: regional public meetings for presentation of key features of the ADR for Year 3 (1 April 2023-31 March 2024)</p>
	<p>31 March 2025:</p> <ul style="list-style-type: none"> disclosure of pricing methodology, regional pricing, including cost of supply model and worked examples (for 1 April 2025-31 March 2026 pricing) 2026-2036 AMP due
<p>Year 5 (1 April 2025-31 March 2026)</p>	<p>31 August 2025:</p> <ul style="list-style-type: none"> ADR for the Year 4 period (1 April 2024-31 March 2025) due, including a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report. disclosure of any consultation Aurora has had on proposed changes to (i) customer charter and consumer compensation arrangement and (ii) pricing methodology (consultation undertaken in the 1 April 2024-31 March 2025 year, for 1 April 2025-31 March 2026 year pricing) disclosure of planned outage performance reporting (for 1 April 2024-31 March 2025 year actual performance)

Disclosure Year	Event/Disclosure
	<p>31 October 2025: regional public meetings for presentation of key features of the ADR for Year 4 (1 April 2024-31 March 2025)</p> <p>31 March 2026:</p> <ul style="list-style-type: none"> disclosure of pricing methodology, regional pricing, including cost of supply model and worked examples (for 1 April 2026-31 March 2027 pricing) 2027-2037 AMP due
<p>Year 6 [EDB DPP Year 2] (1 April 2026-31 March 2027)</p>	<p>31 August 2026:</p> <ul style="list-style-type: none"> ADR for the Year 5 period (1 April 2025-31 March 2026) due, including a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report. disclosure of Aurora's consultation on changes to (i) customer charter and consumer compensation arrangement and (ii) pricing methodology (consultation undertaken in the 1 April 2025-31 March 2026 year, for 1 April 2026-31 March 2027 year pricing) disclosure of planned outage performance reporting (for 1 April 2025-31 March 2026 year actual performance) <p>31 October 2026: regional public meetings for presentation of key features of the ADR for Year 5 (1 April 2025-31 March 2026)</p> <p>31 March 2027:</p> <ul style="list-style-type: none"> disclosure of pricing methodology, regional pricing, including cost of supply model and worked examples (for 1 April 2027-31 March 2028 pricing) 2028-2038 AMP due

Chapter 3 Summary of stakeholder engagement and how it influenced our final decisions

Purpose of this chapter

- 3.1 This chapter summarises the key issues stakeholders raised with us in submissions during our consultation and engagement processes, and it summarises how we have considered that feedback in making our final decision.
- 3.2 More detailed discussions of submissions can be found in Chapters 5 to 8.

Background

- 3.3 Alongside our CPP draft decision in November 2020, we released a summary overview of the scope of our proposed additional information disclosure requirements as draft policy decisions. In our CPP draft reasons paper we asked stakeholders if our proposed reporting measures would provide enough information for them to know whether Aurora is delivering its plan and improving its performance. We also canvassed for feedback on whether consumers and other stakeholders thought there was additional or alternative information that we should consider for Aurora to report on.
- 3.4 We received submissions on these draft policy decisions in December 2020 and cross-submissions in January 2021. These submissions on our draft policy decisions helped inform our draft decisions on information disclosure.
- 3.5 We published our draft decisions on proposed additional information disclosure requirements for Aurora as part of a package alongside the final CPP decision on 31 March 2021 (what we refer to in this paper as our “draft decisions”). In our CPP decision we said:

X21 We also want to improve Aurora’s accountability for work across its network. Alongside our CPP decision we have released our draft decision on proposed additional reporting measures, aimed at improving the transparency of Aurora’s performance and making it more accountable to different communities across its network.

X22 These proposed measures include requiring Aurora to publish an Annual Delivery Report which describes the work it is delivering for consumers during the CPP period. It is proposed Aurora be required to present a summary of this report to consumers at public meetings in each of its three regions. We are also proposing that Aurora reports more clearly on service quality issues, such as voltage quality monitoring practices, and how it sets its regional prices.

X23 We are proposing that Aurora will also be required to procure a report mid-way through the CPP from an independent expert (or experts) that provide an opinion on aspects of Aurora’s performance to ensure that the Commission, and other interested persons across its network, can effectively conduct their own assessments of Aurora’s performance.

X24 Taken together, our package of measures is focused on the long-term benefit to Aurora's consumers. It will take some time, and cost, to put Aurora back on the right track, but consumers will eventually be better off having Aurora efficiently and prudently invest in the security and reliability of their electricity supply.²³

- 3.6 In response to our draft decisions, we received submissions and cross-submissions in May 2021. The draft policy decision submissions received in December 2020 and January 2021 together with the draft decision submissions received in May 2021 have helped inform the final decisions set out in this paper. We have incorporated relevant submissions on both our draft policy decisions and draft decisions in this section of this Reasons Paper.
- 3.7 We thank stakeholders for their views, and appreciate the efforts made to provide submissions.

Feedback from Aurora

Prior to our draft decision on information disclosure

- 3.8 In our November 2020 CPP Draft Reasons Paper, we explained that we would be seeking feedback from Aurora to further explore the potential content of an ADR. We said that we wanted to understand how an ADR could be produced each year in an efficient manner by utilising information Aurora already has, and the reporting that it may be doing as part of its business as usual practices.
- 3.9 In December 2020, Aurora submitted on our draft policy decision that our proposed ID reporting areas are broadly relevant when viewed in the context of its original CPP proposal. However, it raised concerns about its inability to fulfil our proposed reporting requirements and commit to improvement programmes as a result of the proposed opex reductions in our CPP draft decision. Aurora also said it would reconsider its views upon release of our CPP final decision and our proposed ID requirements as part of draft decisions on ID.
- 3.10 On 1 March 2021 we met with Aurora at an information-seeking meeting to better understand the workability of the ID draft policy decisions we published in November 2020. We sought to clarify:
- 3.10.1 how our draft policy decisions aligned with any actions that Aurora is currently undertaking or planning to undertake;
 - 3.10.2 any implementation difficulties that may arise for Aurora based on our draft policy decisions; and

²³ [Commerce Commission "Decision on Aurora Energy's proposal for a customised price-quality path - final reasons paper" \(31 March 2021\)](#)

- 3.10.3 the practical application of the proposed requirement to obtain and publish mid-period expert reports on progress on some of the ID requirements in Year 3 within the CPP period.
- 3.11 A summary of the 1 March 2021 information-seeking meeting, including the discussion material (slides) which Aurora provided, was published on our website alongside our draft reasons paper.²⁴
- 3.12 At the 1 March 2021 meeting, Aurora reiterated its commitment towards providing transparency on its delivery and improvement progress to consumers and other stakeholders. It noted that reporting requirements need to be fit-for-purpose and provide genuine value to all stakeholders.
- 3.13 The key themes of Aurora's feedback on our November 2020 draft policy decisions, which Aurora discussed at the information-seeking meeting, was that:
- 3.13.1 there were some reporting measures which require better definition to enable it to consider their value and feasibility;
 - 3.13.2 there are some reporting measures which will likely require a transition period before it is able to report on them fully;
 - 3.13.3 there are some reporting measures which it may not be able to fulfil due to resource availability;
 - 3.13.4 regional reporting is specified for the majority of reporting measures and is likely to pose a challenge, as Aurora does not currently capture data for some of these measures; and
 - 3.13.5 some of the reporting requirements may require significant changes to its systems.
- 3.14 We explained in our draft reasons paper that we treated the feedback from the information-seeking meeting as useful input, which consumers and other stakeholders would be able to take into account in making their submissions. We did not make changes to our proposed amendments to the EDB ID Determination in response to the workability feedback from Aurora. We encouraged Aurora, in our draft reasons paper, to consider our proposed amendments and submit fully through our consultation process on our draft decisions and the accompanying draft ID amendments.

²⁴ [Commerce Commission "Summary of Aurora information seeking meeting" \(1 March 2021\)](#)

- 3.15 In our draft reasons paper, we set out our expectation for Aurora to provide supporting evidence where appropriate in its submission. For example, we suggested it should comment on any additional compliance costs of the proposed new requirements, or where it considered its existing business-as-usual reporting practices would achieve the intended disclosure outcome. We explained that Aurora's evidence would also provide consumers and other stakeholders with the opportunity to comment via cross-submissions.

Feedback on our draft decisions on information disclosure

Our 3 May 2021 clarification meeting with Aurora

- 3.16 On 3 May 2021, we met with Aurora's staff to:

3.16.1 provide clarification and explanation of our draft decisions on additional information disclosure requirements ahead of it providing its formal submission;

3.16.2 discuss workability issues identified by Aurora that might impact on the future effectiveness of the draft ID requirements; and

3.16.3 discuss technical drafting of the draft ID decisions.

- 3.17 As was the case with the 1 March 2021 clarification meeting, we advised Aurora to include any points discussed in the 3 May 2021 meeting in its formal written submission to us. A summary of the key points raised at the 3 May 2021 meeting and an audio recording of the meeting, were published on our website on 13 May 2021 along with submissions from consumers and other stakeholders.^{25 26 27}

Aurora's submissions on our draft decision

- 3.18 Aurora provided its substantive submission and technical drafting suggestions on the draft determination and responded to submissions from other stakeholders via a cross-submission.^{28 29 30 31} We thank Aurora for its views, and appreciate the effort made to provide comprehensive feedback through its submissions.

²⁵ [Commerce Commission "Summary of Aurora Energy information clarification meeting" \(3 May 2021\)](#)

²⁶ [Commerce Commission "Recording of meeting with Aurora Energy on information clarification \(morning session\)" \(3 May 2021\)](#)

²⁷ [Commerce Commission "Recording of meeting with Aurora Energy on information clarification \(afternoon session\)" \(3 May 2021\)](#)

²⁸ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

²⁹ [Aurora Energy - Summary of Aurora Information seeking meeting - Updated 10 May 2021](#)

³⁰ [Aurora Energy – Submission on technical drafting on the draft determination – 24 May 2021](#)

³¹ [Aurora Energy – Cross-submission on Aurora ID draft decision – 24 May 2021](#)

- 3.19 The key general themes from Aurora’s submissions, and the meeting we held with its staff, were to consider:
- 3.19.1 timelines and workability of the mid-period expert review process;
 - 3.19.2 improving the clarity, reviewing the level of prescription and practicality of the reporting requirements, and considering Aurora’s suggestions for applying a materiality lens and removing duplication of reporting;
 - 3.19.3 the degree of flexibility for the timing of the reporting requirements and the need for a process to transition to some of the more complex requirements; and
 - 3.19.4 whether the ID requirements should be time-bound rather than enduring.
- 3.20 Aurora also provided specific feedback on some of the topic areas and suggested we:
- 3.20.1 consider the practical aspects of reporting on safety-related expenditure and the materiality of our proposed safety incident reporting requirements;
 - 3.20.2 consider the emphasis we placed on the voltage quality monitoring reporting requirement weighed against the level of expenditure allocated for voltage monitoring; and
 - 3.20.3 consider continuous disclosure instead of annual disclosure for the customer charter and consumer compensation arrangement.
- 3.21 We detail the outcomes of our assessment of Aurora’s feedback and how it influenced our final decisions in Chapters 5 to 8.

Key issues raised by consumers and other stakeholders

- 3.22 This section discusses the key issues raised by stakeholders both before and after our draft decisions. We have grouped them into 13 broad themes:
- 3.22.1 the need for information transparency;
 - 3.22.2 the effectiveness of ID;
 - 3.22.3 the need for an independent expert review on Aurora’s progress;
 - 3.22.4 quality and timeliness of reporting;
 - 3.22.5 feedback on reporting measures;
 - 3.22.6 safety;
 - 3.22.7 voltage quality;

- 3.22.8 outages;
- 3.22.9 charter and compensation arrangement and scope of reporting requirement on complaints;
- 3.22.10 whether to have a standalone Aurora ID determination;
- 3.22.11 whether the Aurora information disclosure requirements should have a sunset at the end of the CPP period;
- 3.22.12 our ongoing involvement; and
- 3.22.13 DPP SAIDI incentive scheme.

The need for information transparency

- 3.23 We had feedback from stakeholders in submissions on our draft CPP decision that they required further information on Aurora's performance.^{32 33 34}
- 3.24 Aurora indicated in its submission on our draft CPP issues paper that it is committed to improving information transparency:

We are committed to ensuring that the Commission and interested parties have access to information that provides transparency on the delivery of our CPP programme. We support providing periodic updates on the delivery of the programme to give assurance to stakeholders that we are meeting our targets. Consideration should be given to the relative immaturity of some of our systems and reporting processes when specifying the required information and level of detail. We believe that there are lessons to be learned from existing CPP reporting regimes. We propose to work with the Commission over the coming months to develop an appropriate reporting framework.³⁵

Our response

- 3.25 We agree that additional information disclosed in an accessible manner is necessary for consumers and other stakeholders to assess whether Aurora is delivering on its commitments and improving its performance, and we consider that the comprehensive package of reporting measures in our final decision will achieve this.

The effectiveness of ID

- 3.26 Submitters, through submissions on our draft CPP decision, expressed doubts about ID being effective. They want a tool that can hold Aurora to account, specifically mentioning a lack of consequences for under-performance as a concern. For example:

³² [CC0011 – Submission on draft decision for Aurora's CPP – 15 November 2020](#)

³³ [CC0015 – Submission on draft decision for Aurora's CPP – 23 November 2020](#)

³⁴ [CC0057 – Submission on draft decision for Aurora's CPP – 9 December 2020](#)

³⁵ [Aurora Energy "Submission on Aurora Energy's Issues paper" \(20 August 2020\)](#)

HCA supports the new accountability measures. It is unclear to us in the event of non-delivery what if any consequences there will be for Aurora. We recommend penalty measures that will not be passed onto consumers (e.g. penalty funded out of profits).³⁶

There is no enforceable accountability on Aurora for them to comply with the basis of the plan once the CPP is approved it is just treated as business as usual. All they must do to avoid possible enforcement action is to provide their Information Disclosures and meet the lowered quality standards.³⁷

3.27 In submissions on our draft CPP decision, several submitters suggested the formation of consumer watchdog groups or committees to hold Aurora to account. For example:

With regard to safety and reliability Aurora should be required to fund a competent, qualified and rewarded watchdog group which would have the responsibility of making sure that a safe and reliable network is put in place and maintained by Aurora. This is necessary as a result of the failure to adequately regulate Aurora by the Commerce Commission.³⁸

We therefore suggest for consideration by the Commission that it facilitates a committee in each region to receive three of the quarterly reports, with the fourth (annual) report to be directly reported with the public in each region.³⁹

The CPP process, the nature of the business and how technical it is does not enable the easy development of performance and quality measures. Without appropriate scrutiny it will make it very difficult to hold Aurora to account. One of the ways to achieve this would be to have a consumer watch dog group set up. This group will need to include people with an appropriate technical background or skillset as well as people to operate the group. Without funding or the endorsement of the ComCom it is unlikely this will occur.⁴⁰

Aurora needs to fund a watchdog consumer group who has direct access to the ComCom to act as eyes and ears on the ground for breaches of quality and performance measures. Aurora needs to report to this group on a regular basis and provide funding to ensure it is sufficiently resourced with skilled, engaged and knowledgeable members of the general public (including providing training on the operation of the electricity market).⁴¹

Our response

3.28 Our view is that the measures inherent in the CPP that we have implemented for Aurora (ie, quality standards) and our additional ID requirements together create sufficient incentive for Aurora to deliver its CPP effectively, for the following reasons:

³⁶ [CC0055 –Submission on draft decision for Aurora's CPP – 8 December 2020](#)

³⁷ [Trevor Tinworth – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

³⁸ [Robin Dicey – Submission on draft decision for Aurora's CPP – 9 December 2020](#)

³⁹ [Central Otago District Council – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

⁴⁰ [James Dicey – Submission on draft decision for Aurora's CPP – 18 December 2020.](#)

⁴¹ Ibid

- 3.28.1 The improved transparency brought about by the additional ID requirements will enable Aurora’s consumers and other stakeholders to identify and report situations where it departs from its plans as outlined in its CPP proposal and publicly disclosed plans. This in turn will put pressure on Aurora, especially its senior management and Board who have strong interests in the success of its CPP, to address those departures from plan.
- 3.28.2 In relation to other electricity distribution businesses, and in other areas we regulate, we have observed suppliers taking action to address matters that have been “brought to light” through information disclosure and our analysis of that information.
- 3.28.3 Concern over the likelihood of additional regulation in the future. Aurora has indicated that it will seek an additional CPP in the future to undertake expenditure to improve its reliability. If, in the future, it makes such an application, and Aurora has a record of under-delivering on its current CPP commitments, we would be more inclined to consider imposing additional measures, such as a mandated consumer compensation arrangement.
- 3.29 The suggestions for a consumer watchdog group or committee representing consumers are for Aurora to consider. We note that Aurora has had some success with the use of consumer panels in the past, eg the Consumer Advisory Panel (CAP) and the Consumer Voice Panel (CVP). It may decide to continue with this initiative through the CPP period.
- 3.30 Our view is that consumer panels or committees can be beneficial. However, thought needs to be given to how people could be appointed to these panels and whether the panels would adequately represent the community. A submitter expressed doubts on whether consumer panel members were advocating on the community’s behalf.⁴²

The need for an independent expert review of Aurora’s progress

- 3.31 Some submitters on our draft CPP decision considered that there was a need for an independent review of Aurora’s progress. For example:
- Auditing of shutdowns, upgrades, capital works is essential. This must be totally independent and thoroughly, I emphasise, thoroughly investigated as the word of Aurora management simply can’t be trusted.⁴³
- 3.32 In its submission on our draft decisions CODC explained that it was important for us to have greater control and oversight over the appointment of experts:

⁴² [Trevor Tinworth "Submission on Aurora Energy's CPP Issues paper" \(20 August 2020\)](#)

⁴³ [CC0050 – Submission on draft decision for Aurora's CPP – 7 December 2020](#)

We welcome the requirement for an expert report to be provided in 2023 but submit that the current proposal that the independent expert(s) be engaged by Aurora (with Commission approval) will cast a veil of suspicion over the concept with an already very mistrusting public in Central Otago. We would rather that the expert(s) were appointed by the Commission and paid by the Commission, with the company reimbursing the Commission for these costs. We believe this falls within the broad scope contained in Section 53(C)(f). We are uncomfortable with the company being the appointor and pay-master of an independent expert as this would risk putting the integrity of the review, from the perspective of the public, in jeopardy. At the least, Aurora could provide a number of experts for consideration with final choice lying with the Commission, but a totally independent process of selection is favoured by Council.⁴⁴

- 3.33 Aurora suggested revised timelines to make the mid-period expert review process more workable, explaining that the proposed timelines would limit the amount of time available for the experts to undertake the review. It also wanted us to clarify our definition of 'independent experts' and the scope of information for the expert review. Aurora asked us to specify in our final decision, the standard that the experts will need to work to.^{45 46}

Our response

- 3.34 We agree with submitter views that an independent review of Aurora's progress would provide additional assurance to consumers and other stakeholders that Aurora is on the right track. Our final decision is to retain the requirement for Aurora to disclose mid-period (in Year 3) expert reports on selected ID key topic areas that are important and more complex to understand, and where it is difficult for us and other stakeholders, including consumers, to assess if the Part 4 purpose is being met.
- 3.35 The independent expert (or experts) will provide their opinion of Aurora's progress based on the information that Aurora has publicly disclosed and will identify recommendations for improvement for Aurora to consider. Aurora will disclose in the ADR in Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert reports, eg, an update of its development plan.
- 3.36 We understand CODC's concerns about how the expert reports might be negatively perceived by consumers and other stakeholders, and that they may have preferred the experts to be appointed by us. We consider it is appropriate for Aurora to appoint the experts directly. We acknowledge that we may not have articulated the extent of our involvement as clearly as we could have in the draft reasons paper. We consider that our final decisions, which we have retained from our draft decisions, give us an appropriate level of oversight over the appointment of the experts:

⁴⁴ [Central Otago District Council - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁴⁵ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁴⁶ [Commerce Commission "Summary of Aurora Energy information clarification meeting" \(3 May 2021\)](#)

- 3.36.1 Aurora is required to seek our feedback on the draft terms of reference for the experts, which will also set out the proposed standard to which each expert must prepare their opinion. We will provide feedback on the draft terms of reference, including the proposed standard, and Aurora must give effect to this feedback in finalising the terms of reference for each expert;
 - 3.36.2 before Aurora appoints the experts, Aurora must first obtain our approval to appoint those experts. We will assess whether the experts are appropriately qualified and independent;
 - 3.36.3 with the appointment of the experts, an overriding duty to assist us as independent experts will be imposed on the experts; and
 - 3.36.4 we will be providing feedback on the draft expert reports which the experts must take into consideration when finalising their reports.
- 3.37 We have accepted the majority of Aurora's timeline change proposals to improve workability, widened the scope of information available for the experts to base their review on, and set out our expectations on the standards that the experts should work to. Further detail is available in Chapter 5.

Quality and timeliness of reporting

- 3.38 One submitter on our draft CPP decision considered that Aurora's reporting may be inaccurate, late and too complex for consumers to understand and engage with.⁴⁷
- 3.39 Some submitters on both our draft CPP decision and draft decisions on ID, encouraged us to ensure Aurora provided the information in an accessible and digestible manner, for example:

Once again, we reiterate that the community needs the Commission's knowledge and power to be standing alongside it in some real and present manner during the length of the CPP; including in ensuring that regular reporting occurs in a timely, accurate and understandable manner.⁴⁸

We absolutely need more transparency from Aurora as to how our money is being spent. Why this has not been compulsory or easy for public access before now is unbelievable.⁴⁹

We welcome the requirement for the company to disclose additional information on....but caveat that by saying that the information must be in a form that is understandable and accessible to the average person, with the Commission playing a greater role in ensuring that happens than is proposed in this draft.⁵⁰

⁴⁷ [CC0023 – Submission on draft decision for Aurora's CPP – 29 November 2020](#)

⁴⁸ [Central Otago District Council – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

⁴⁹ [CC0011 – Submission on draft decision for Aurora's CPP – 15 November 2020](#)

⁵⁰ [Central Otago District Council - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

- 3.40 In its submission on our draft decisions, CODC provided feedback on the importance of timely reporting:

..submit that the real-time aspect of reporting via the company website should be utilised where practicable, and especially in the case of cancelled planned power outages. Such a real-time reporting system protects both the consumer and the company. From the consumer perspective, annual reporting risks having instances of failure forgotten over the course of time which makes checking the accuracy of reporting challenging.⁵¹

- 3.41 Aurora suggested that we consider providing it flexibility to disclose information earlier through the year instead of annual disclosure.

Our response

- 3.42 The numerical information in the ADR will be audited in accordance with the same standards that apply to other information that is required to be audited under the existing ID requirements. We are also requiring Aurora to provide additional assurance of some of the qualitative ID through the mid-period expert review which is discussed further in Chapters 5 to 8.
- 3.43 The ID disclosure is time-bound, ie, Aurora must provide the information required by specified timeframes. The requirement is enforceable, ie, failure to do so is regarded as a compliance issue subject to a compliance investigation and the possibility of a penalty for Aurora for contravening an information disclosure requirement.⁵² Further discussion of the enforceability of ID requirements is contained in Chapter 4.
- 3.44 Our final decision is to allow Aurora the option to make earlier disclosures of ADR qualitative information during the course of the year to allow it to improve the timeliness of when information is disclosed to consumers.
- 3.45 We have the ability under the Act to specify the form and manner of disclosure.⁵³ We have specified a requirement for Aurora to disclose the additional information in a way that allows consumers to understand and engage with the information.⁵⁴

Feedback on reporting measures

- 3.46 Submitters on our draft CPP decision provided feedback on the breadth and granularity of reporting measures and provided suggestions on how these measures could be enhanced, for example:

⁵¹ Ibid

⁵² Commerce Act 1986, section 86(2).

⁵³ This is discussed in more detail in Chapter 4 of this paper.

⁵⁴ Electricity Distribution Information Disclosure (Aurora Energy Limited) Amendment Determination 2021 [2021] NZCC 12

If the performance criteria adopted were sufficient granular, regionally specific and addressed both at an input level and the outputs that are generated more rapid analysis of a lack of performance or quality will be generated. Additionally, this will enable regional performance to be analysed. The current criteria appear to be too high level and will not rapidly enable progress to be analysed.⁵⁵

Sufficiently granular reporting so as to allow an accurate picture of the regional differences in reliability to be discovered.⁵⁶

For any meaningful analysis of the spend to be undertaken consumers must have enough information available so that they can determine just how closely — or not — build costs follow the claims made by Aurora in their application. This is a critical factor in restoring consumer confidence.

- 3.47 Some submitters on our draft CPP decision were concerned about the efficiency of spend, with several suggesting that reporting measures must include visibility of actual costs of delivering projects compared against Aurora's planned costs. Some submitters explained that they are worried about having to pay twice or too much for the work delivered, for example:

You must condition any agreement with Aurora that they report in complete transparency their costs incurred in up-grading the network, which you must review and independently have reviewed.⁵⁷

It is therefore imperative that the Commission requires Aurora to completely disclose the information around its Capex spend each year. For any meaningful analysis of the spend to be undertaken consumers must have enough information available so that they can determine just how closely — or not — build costs follow the claims made by Aurora in their application. This is a critical factor in restoring consumer confidence. Enough information must be disclosed to allow for a meaningful and accurate comparison to be made between Aurora's claimed cost of build for any given asset and what it actually achieves.⁵⁸

⁵⁵ [James Dicey – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

⁵⁶ [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

⁵⁷ [CC0057 – Submission on draft decision for Aurora's CPP – 9 December 2020](#)

⁵⁸ [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

Our response

- 3.48 We have specified regional reporting requirements for many of our reporting measures, as outlined in Table 5.2 in Chapter 5. We have allowed for the definition of regions to be sufficiently flexible to capture any future changes by Aurora which could result in different or additional pricing regions.
- 3.49 In terms of granularity of information, we have set the reporting requirements at a regional level, ie, disaggregation to the level of pricing regions, rather than requiring more detailed measures. We consider specifying information by three pricing regions will provide consumers better value for money than specifying ever greater detail.
- 3.50 We understand the importance of specifying measures that are both input-focussed and outcome-focussed and consider that we have struck the right balance between these, as outlined in Chapter 5.
- 3.51 We are requiring Aurora to report on how closely its actual costs track its planned costs for projects and programmes it is delivering, which includes requiring reasons for variances of more than 20% between the forecast and actual cost of a project or a programme. This is further detailed in Chapter 5.
- 3.52 We are also requiring Aurora to report on how it intends to develop its processes to improve the quality of its project cost estimation. This will help consumers assess Aurora's progress and evaluate if poor cost estimation practices are resulting in Aurora overestimating costs, ultimately resulting in consumers paying too much. Further information is contained in Chapter 8.

Safety

- 3.53 Submitters on our draft CPP decision said that there should be more reporting on safety, given this is one of the key drivers of Aurora's CPP proposal. For example:

The Commission should request an undertaking from Aurora that it publish all reports into safety related issues that occur on its network and that it be required to undertake such reports at the request of any community board within its area of supply or any council or regional council.⁵⁹

The current management and board need to be held accountable with well-defined safety indicators and more granular reliability indicators.⁶⁰

⁵⁹ [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

⁶⁰ [Rob Douglas "Submission on Aurora Energy's CPP Issues paper" \(27 August 2020\)](#)

Within the time of the CPP process the frequency of safety incidents has been very high. This has endangered its contractor's staff and the public. Not all have been publicly notified. Aurora's lack of care in not monitoring contracts or its contractors is very poor engineering practice.⁶¹

- 3.54 Aurora, Vector and ENA submitted on our draft decisions that the requirement to report on safety expenditure is not practical and questioned the value of re-categorising work programmes to achieve this.^{62 63 64}
- 3.55 Aurora provided feedback on our draft decisions that our safety incident reporting requirements were too broad and likely to result in high volume, but not necessarily value-adding, information for consumers. It suggested that we restrict this to asset-related safety incidents and exclude contractor safety incidents that did not have a direct effect on Aurora's network.

Our response

- 3.56 Safety is an important aspect of Aurora's CPP outcomes. As the economic regulator, we must determine the extent to which Aurora's expenditure – including on safety – is achieving its intended outcomes. This includes determining the efficiency of Aurora's investment in improving safety outcomes, and the prudence of such investment where it is above and beyond what is required to meet statutory safety obligations and minimum electricity network design standards.
- 3.57 We have specified safety-related disclosure requirements in the ADR for information we consider will enable interested persons to assess the efficiency and prudence of Aurora's safety expenditure, and whether the expenditure has achieved its intended outcomes.
- 3.58 In response to feedback about the adequacy of reporting on safety, our final decision is that Aurora will be required to disclose information relating to safety-related incidents on its network. We have retained the requirement for Aurora to report on safety incidents but with a narrowed focus on asset-related incidents, ie asset-related activities that posed harm or potential harm to the public, employees and contractors.
- 3.59 We considered feedback received on our draft safety reporting measures. We have retained the requirement for Aurora to disclose a plan and report back against that plan each year, however the focus of the plan will be on safety outcomes realised as a result of its expenditure, rather than the expenditure itself.

⁶¹ [Steve Tilleyshort – Submission on the draft decision for Aurora's CPP – 16 December 2020](#)

⁶² [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁶³ [Vector Limited - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁶⁴ [Electricity Networks Association - Submissions on Aurora Energy's ID draft decision - 10 May 2021](#)

- 3.60 We have retained the requirement for a mid-period expert review on Aurora's safety risk practices to provide consumers and us with further assurance on Aurora's progress in this area.

Voltage quality

- 3.61 We heard from consumers in public meetings that some were impacted significantly by voltage quality issues, eg, experiencing damage to their equipment. A relatively small proportion of consumers were more likely to be affected disproportionately because of their location on the network.
- 3.62 In response to our draft decisions paper, several submitters were concerned about the appropriateness of our draft requirements to report on voltage quality monitoring practices. Several submitters, including Aurora, considered our requirements implied that Aurora must invest significantly in voltage quality solutions, which would be expensive and not necessarily appropriate.^{65 66 67} On the other hand, one submitter considered we should expand our requirements further to protect consumers.⁶⁸

Our response

- 3.63 We acknowledge the concerns of consumers affected by voltage quality issues. Consumers have a right to expect that issues are identified and resolved or mitigated to minimise their impact. We have retained our decision to require Aurora to disclose a plan for developing and improving its voltage quality monitoring practices. We have reworded the requirement to make it clearer that the requirement is for Aurora to disclose a plan that describes how Aurora intends to develop and improve its practices for monitoring voltage quality on its LV network, rather than being a requirement for implementation or investment into specific solutions.
- 3.64 We acknowledge that wide-scale network solutions to voltage quality issues may not be feasible or appropriate for Aurora to implement at this stage. We have required Aurora to disclose its plans because this allows it flexibility to determine appropriate responses to issues once they are identified, while ensuring that consumers have transparency on Aurora's progress. Further detail on how we have considered submissions on voltage quality and how these influenced our final decision, is contained in Chapter 6.

⁶⁵ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁶⁶ [Vector Limited - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁶⁷ [Powerco Limited - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁶⁸ [Trevor Tinworth - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

Outages

- 3.65 Some submitters on our draft CPP decision stated that they would like to see better information on planned outage performance, in light of Aurora's recent management of planned outages, expressing specifically that planned outages need to be better planned, timed and notified. For example:

We need to hold Aurora accountable for its actions rather than have excuse after excuse as poles fall over and infrastructure fails, then they plan repairs at totally inept times (mid-winter) forcing outages on communities during times of greatest need. Yes, customers need to know what is planned, when, how much and what the outcomes are. Outages must be better planned, communicated and timed by Aurora, particularly for Central Otago consumers.⁶⁹

Even when they do have planned outages sometimes they do not happen and no communication with consumers who have at times gone to lengths and expense to cover themselves. Then several days later there is an outage that was not expected. They have no consideration at all for their customers.⁷⁰

There is now a substantial body of evidence that: • Badly planned and mismanaged outages are being recorded as unplanned outages. • Outages are extending due to human error, knowledge attrition and mismanagement.⁷¹

- 3.66 Central Otago District Council (CODC) submitted on our draft decisions that it appreciated the focus of our reporting requirements on cancelled scheduled outages. It submitted on the value of real-time reporting of cancelled scheduled outages via the Aurora website.⁷²
- 3.67 Trevor Tinworth submitted on our draft decisions on the importance of post outage reporting for both planned and unplanned outages and highlighted the need for Aurora to disclose the reasons for cancellation of planned outages.

Our response

- 3.68 Outage performance is already a key part of the information disclosure requirements for Aurora, with a particular focus on notification and cancellation of scheduled outages. Aurora currently reports the status of outages on its website. It also intends to make improvements to its outage management system over the CPP period which should result in improved outage communication with consumers. Further detail on how we have considered submissions on outages, and how these influenced our final decisions, is contained in Chapter 6.

⁶⁹ [CC0021 – Submission on draft decision for Aurora's CPP – 27 November 2020](#)

⁷⁰ [CC0023 – Submission on draft decision for Aurora's CPP – 29 November 2020](#)

⁷¹ [Rob Douglas - Submission on draft decision for Aurora's CPP - 21 December 2020](#)

⁷² [Central Otago District Council - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

Charter and compensation arrangement and scope of reporting requirement on complaints

- 3.69 Concern was expressed by some submitters on both our draft CPP decision and our draft decisions on ID that without mandating the customer charter and consumer compensation arrangement, there was a risk that Aurora could withdraw or downgrade both to the detriment of consumers. For example:

The Commerce Commission admitted at a meeting in Cromwell that they have no regulator power over Aurora's Customer Charter. The charter is also voluntary in nature (Para 14113) Therefore, the Charter is open to manipulation or cancellation by Aurora. For example, there was a major unplanned outage in Cromwell in early November 2020 affecting 1650 consumers that exceeded the four-hour limit where compensation is paid. Aurora may review this and see this as an unnecessary expense to their business (1650 customers x \$50 per customer compensation = \$82,500). They then might decide to reduce the compensation level to a lower amount and/or increase the time threshold to something that is more in their favour. As indicated in para 143 it indicates that Aurora's Customer Charter is to be updated but the Commerce Commission lacks clarity of these changes. Therefore, as part of this application this Charter should have no weight as the Commerce Commission has no regulatory power over it to guarantee suitable benefits to the consumer.⁷³

Aurora's customer charter is not enshrined in the regulatory framework — as a consequence it is a PR exercise that bears no weight or value. It is a PR exercise only that is subject to manipulation and without scrutiny it is not worthwhile. To ensure consumers are properly protected the charter should form part of the ComCom's recommendations.⁷⁴

Aurora's management, board or owners could easily renege on their public commitment to retaining its Charter and compensation scheme. The only way to ensure it is retained is for the Commerce Commission to mandate that it is kept and any changes are approved by the Commerce Commission.⁷⁵

- 3.70 In our draft decisions, we specified a requirement for Aurora to disclose its charter and compensation arrangement once a year, including the highlighting of any changes it had made compared to the previous year's version and changes it was planning to make for that year. Aurora submitted on our draft decision that the charter and compensation arrangement should be continuously disclosed, ie always accessible to its consumers and other stakeholders on an ongoing basis.⁷⁶
- 3.71 Aurora also submitted that our draft decisions defined complaints too broadly and could cover, for example, posts made on a personal social media account that are not actually sent to Aurora for response.

⁷³ [Trevor Tinworth – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

⁷⁴ [James Dicey – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

⁷⁵ [Trevor Tinworth - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁷⁶ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

Our response

- 3.72 Aurora has an existing charter and compensation arrangement in place and has publicly committed to retaining them and consulting with consumers on potential improvements. Our additional ID requirements will provide transparency to consumers and other stakeholders on how Aurora is performing against its current charter and its progress on its intended improvements to the charter.
- 3.73 Given Aurora's intention to improve its charter and compensation arrangement, we are not mandating its existing charter and compensation arrangement. The reporting requirements placed on Aurora for the charter and compensation arrangement will likely result in better outcomes for consumers and other stakeholders rather than us mandating them. Mandating the compensation arrangement may have the effect of discouraging Aurora to improve its existing compensation arrangement or constrain the scope of the improvements to the arrangement that it had in mind.
- 3.74 We agree with Aurora's view that the charter and compensation arrangement should be disclosed on an ongoing basis, ie, always available, as this would improve the accessibility to consumers when they choose to seek it. Our final decision allows Aurora to continuously disclose the charter and compensation arrangement.
- 3.75 We agree that it would not add value for Aurora to report on posts made on personal social media accounts as part of reporting on complaints, so we have narrowed our definition of "complaint" to only include complaints that have been received by Aurora. This will include complaints received by Aurora via phone, email, in person, or to Aurora's social media accounts.

Aurora ID determination

- 3.76 The ENA submitted on our draft decisions that:

The ENA is of the view that the draft decision does not represent regulatory good practice in its:

- implementation via amendments to the Electricity Distribution Services Information Disclosure determination 2012 (EDB ID determination)...

The Commerce Commission has proposed to implement Aurora's additional information disclosure requirements via amendments to the EDB ID determination. The EDB ID determination is the foundation document of the entire information disclosure regime and applies to all EDBs.

The inclusion of disclosure measures that apply solely to Aurora, for the term of its customised price-quality path (CPP), in the EDB ID determination undermines its universality. If the proposal proceeds in its current form the EDB ID determination will also require future amendments to roll back Aurora's CPP specific disclosure requirements.

The ENA is of the view that where a CPP gives rise to additional disclosure requirements, these disclosures should be set out in a standalone supplementary determination, not the EDB ID determination.⁷⁷

3.77 Vector Limited submitted on our draft decisions:

The Commission has chosen to enhance its reporting requirements for Aurora by amending the EID Determination which applies to all EDBs with a series of Aurora specific information reporting disclosures. We consider this approach to be cumbersome and unwieldy. It will make the EID Determination even less accessible, especially for members of the general public. Rather, Vector recommends the Commission consider a Supplementary Information Disclosure Determination for Aurora where all the enhanced reporting requirements relevant to the CPP are clearly identified and accessible for stakeholders.⁷⁸

3.78 Aurora submitted on our draft decisions:

13. The Commission has chosen to implement the additional reporting requirements associated with Aurora's CPP as an amendment to the principal ID determination. If past practice is anything to go by, the amendment will eventually be consolidated and form an indivisible part of the principal determination.

14. This is an unusual approach to defining very specific reporting requirements that apply to only one of twenty-nine electricity distribution businesses (EDBs) subject to ID regulation.

15. It is likely that the chosen approach will add confusion and imprecision to ID requirements. For example, a large number of new definitions will apply only to Aurora and matters related to its CPP and will therefore become redundant after reporting for the 2026 disclosure year is completed.

16. In our view a better option is to establish a standalone 'customised' ID determination, or to create a supplementary ID determination that carries only provisions applicable to Aurora. Alternatively, the practice of requiring information disclosure by issuing notices under s53ZD of the Commerce Act 1986, as used in Powerco's 2018-2023 CPP and Transpower's 2020-2025 individual price quality path, could be maintained and would provide appropriate separation from 'business-as-usual' disclosures.⁷⁹

Our response

3.79 We set out in Chapter 4 of this reasons paper the framework for our final decision. In particular, we set out the purpose of information disclosure regulation, which is to ensure that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 of the Act is being met.

⁷⁷ [Electricity Networks Association - Submissions on Aurora Energy's ID draft decision - 10 May 2021](#), p1 and 2

⁷⁸ [Vector Limited - Submission on Aurora Energy's ID draft decision - 10 May 2021](#), para 3

⁷⁹ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#), para 13 to 16

- 3.80 After considering the above submissions received in the context of that purpose, we consider that integrating the Aurora additional information disclosure requirements into the principal EDB ID Determination makes the overall package of Aurora's information requirements more accessible for consumers and other stakeholders. Our final decision is to include the Aurora additional information disclosure requirements in the EDB ID Determination.
- 3.81 We acknowledge our recent history of using notices under section 53ZD of the Act to achieve a similar purpose to the Aurora additional ID requirements, but these are ongoing developments of the ways in which additional information for CPPs and the IPP are set and we conclude that the better answer at this stage of development is to put the requirements in the principal information disclosure determination.
- 3.82 We have reviewed whether the additional definitions and the additional substantive clauses risk causing confusion for consumers, stakeholders and electricity distribution businesses, and have concluded that this is a relatively minor issue that does not outweigh the aim of well-integrated information disclosure requirements.
- 3.83 Our use of the EDB ID Determination to set the additional information disclosure requirements does not rule out our future use of written notices under section 53ZD to request further information from Aurora. For example, if our information disclosure summary and analysis raised concerns regarding its performance, we may investigate further into that performance matter, and we may require it to provide us with an expert opinion in relation to that matter.

Sunset of Aurora ID requirements

- 3.84 Aurora submitted on our draft decisions that its understanding was that the additional information disclosure requirements relate to its performance in delivering its CPP and the requirements should therefore cease following the last year of the CPP period.
- 3.85 It suggested that if we want to tie our information disclosure amendments to the CPP, then certain of the amendments (particularly the ADR) should be time-bound ie have a sunset clause that means they would only apply in respect of the CPP regulatory period.⁸⁰
- 3.86 Powerco also observed in its submission on our draft decisions that the amended ID determination includes open-ended requirements:

⁸⁰ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#), para 26 to 28

It appears that the Commission intends for the additional disclosure requirements to apply beyond Aurora's CPP period. Our experience is that stakeholders' interests can change over short time periods. So, a better approach would be to limit the disclosure requirements to the CPP period and re-examine them before Aurora transitions to the DPP or another CPP. This will ensure that the information disclosed remains targeted, meaningful, and cost-effective.⁸¹

Our response

3.87 In summary, key points on this issue are:

3.87.1 the Aurora ID requirements are not time bound unless they are tied to specific hard-coded dates during the CPP period or, in the case of the project and programme delivery plan, can only logically be read in context of the CPP period expenditure content of that plan;

3.87.2 specific dates will apply to some matters (eg timing of mid-period expert reviews and all of the associated steps);

3.87.3 a timing limitation to the CPP period will apply for a small number of relevant matters (eg with respect to the capex and opex project and programme delivery plan for the CPP period); and

3.87.4 all of the other Aurora disclosure requirements are where there are consumer benefits in having information disclosed after the end of the CPP period.

3.88 Our policy intent is that the information disclosure requirements will apply beyond the CPP period. We do not expect Aurora to have fully developed all of the topics in the development plan, regional pricing disclosures, and safety delivery plan to a mature state by the end of the CPP period. We therefore expect there to still be further value for Aurora's consumers in the continued development and presentation of the results of those developments beyond the initial CPP period.

3.89 Imposing a general sunset provision on the information disclosure requirements could be regarded as inconsistent with the purpose of information disclosure, because it might suggest that the information will no longer be needed by stakeholders after the CPP period to make their Part 4 assessments.

3.90 We expect that before the end of the CPP period we would assess, based on the results of the mid-period expert review and our own summary and analysis, the state of development of Aurora's response to the information disclosure matters that are unbounded by the CPP period, and then decide what Aurora information disclosure provisions might no longer need to continue to apply beyond the CPP period.

⁸¹ [Powerco Limited - Submission on Aurora Energy's ID draft decision - 10 May 2021, p1](#)

Our ongoing involvement

- 3.91 CODC on both our draft CPP decision and our draft decisions on ID urged us to play a more active role in overseeing Aurora's reporting, attending public meetings and taking an active role on behalf of consumers and other stakeholders in ensuring accuracy and understandability of reporting by Aurora:

We submit a very hand-on, prescriptive approach is required from the Commission during this CPP to give the public of Central Otago some assurance that it will not be victim to failure by the system moving forward.

In summary, the Disclose Requirements draft goes some way to addressing our concerns regarding reporting by Aurora during this CPP, but our sense is that the Commission is, to use our own phrase, sitting far nearer to its kennel than it is to being on the end of its leash.

Our response

- 3.92 We understand the concerns expressed about the importance of our ongoing involvement with monitoring Aurora's information disclosures and assisting communities. However, the primary accountability is from Aurora to its consumers and other stakeholders.
- 3.93 We are keen to continue a high-level overview of Aurora's performance so that we are in a position to respond promptly in the future if there is a need for further involvement. We have summarised the extent of our ongoing involvement in Table 3.1 for the benefit of consumers and other stakeholders.
- 3.94 We consider the list in Table 3.1 as a minimum. We have the ability to expand our involvement by engaging with Aurora at any point during the CPP period if we see a need and determine it necessary to help Aurora keep on track with its commitment to consumers and other stakeholders.
- 3.95 Each year we will monitor the clarity and simplicity of Aurora's written communications and provide feedback to Aurora. We also expect to have more in depth structured discussion with Aurora in 2024 after the expert reports have been publicly released. The reports will help us identify if there are any further issues that we might need to respond to in person.

Table 3.1 Our ongoing involvement for the benefit of consumers and other stakeholders

Area	How we will be involved
Our engagement with Aurora	<ul style="list-style-type: none"> • annual ID review meetings to review Aurora’s progress and provide our feedback on its performance
Mid-period expert review	<ul style="list-style-type: none"> • provide feedback on Aurora’s draft terms of reference for the experts which will also set out the proposed standards to which experts must prepare their reviews • ensure that Aurora gives effect to our feedback on the draft terms of reference before finalising • provide approval of the choice of experts to be engaged by Aurora • review the draft expert reports and provide feedback to experts and Aurora prior to these reports being finalised
Community engagement	<ul style="list-style-type: none"> • publish our Summary and Analysis on Aurora’s disclosed information each year • expand our involvement at any stage if we see a need based on our analysis and Aurora’s performance

DPP SAIDI Incentive Scheme

3.96 Some submitters via their submissions on our draft decisions, provided us with feedback on the complexity and appropriateness of the SAIDI incentive scheme which is part of Aurora’s CPP and the default price quality path for EDBs.^{82 83 84} This is outside of the scope of our consultation on Aurora’s additional ID requirements, but could be included in the scope of consultation on the next DPP if we receive submissions on this topic at that stage.

⁸² The SAIDI incentive scheme exists to encourage EDBs to provide better notice of planned outages to consumers. See Schedule 3.1 of the [Aurora CPP Determination](#) or Schedule 3.1 of the [2020-2025 EDB DPP determination](#)

⁸³ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

⁸⁴ [Vector Limited - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

Chapter 4 Framework for our final decision

Purpose of this chapter

- 4.1 This chapter summarises the legal framework we have applied in reaching our final decisions on setting additional ID requirements that will apply to Aurora. It explains:
- 4.1.1 what information disclosure regulation is;
 - 4.1.2 how we regulate suppliers, such as Aurora, under ID regulation; and
 - 4.1.3 the decision-making criteria we apply in determining whether to set ID requirements for regulated suppliers.

Aurora is subject to information disclosure regulation

- 4.2 Information disclosure regulation or ‘ID regulation’ is a form of regulation we use under Part 4 of the Act to regulate certain markets where there is little or no competition (and little prospect of future competition).⁸⁵ This form of regulation requires a supplier of goods or services in a regulated market to publicly disclose information in accordance with requirements we determine.⁸⁶ We call these requirements information disclosure requirements or ‘ID requirements’, and set them out in determinations we make under section 52P of the Act (ID determination).
- 4.3 All electricity distribution businesses, including Aurora, as suppliers of electricity distribution services, are subject to ID regulation under Part 4 because they operate as natural monopolies (ie, there is little or no competition in the markets for the electricity distribution services they offer).⁸⁷
- 4.4 The effect of being subject to ID regulation is set out in section 53B of the Act. Section 53B(1) provides:

Section 53B Effect of being subject to information disclosure regulation

(1) Every supplier of goods or services that are subject to information disclosure regulation must—

- (a) publicly disclose information in accordance with the information disclosure requirements set out in the relevant section 52P determination;
- and

⁸⁵ Commerce Act 1986, section 52.

⁸⁶ Commerce Act 1986, section 52B(2)(a).

⁸⁷ Section 54F of the Commerce Act 1986 provides that electricity lines services are subject to information disclosure regulation.

(b) supply to the Commission a copy of all information disclosed in accordance with the section 52P determination, within 5 working days after the information is first made publicly available; and

(c) supply to the Commission, in accordance with a written notice by the Commission, any further statements, reports, agreements, particulars, or other information required for the purpose of monitoring the supplier's compliance with the section 52P determination.

- 4.5 For Aurora, the effect of being subject to ID regulation is that it must disclose any information it is required to by an ID determination, or by a written notice from the Commission. If the information is required by an ID determination, Aurora must publicly disclose⁸⁸ it and supply a copy of that information to the Commission. If the information is required by written notice from the Commission under section 53B(1)(c), Aurora must disclose it to the Commission.
- 4.6 The relevant ID determination that sets out the current ID requirements that apply to all electricity distribution businesses, including Aurora, is the *Electricity Distribution Information Disclosure Determination 2012* [2012] NZCC 22 (consolidated April 2018).⁸⁹

Purpose of information disclosure regulation

- 4.7 The purpose of ID regulation is to ensure that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 of the Act (Part 4) is being met.⁹⁰
- 4.8 Section 52A(1) sets out the purpose of Part 4. It provides:

52A Purpose of Part

- (1) The purpose of [Part 4] is to promote the long-term benefit of consumers in [regulated markets] by promoting outcomes that are consistent with outcomes produced in competitive markets such that suppliers of regulated goods or services:

⁸⁸ Section 52C of the Commerce Act 1986 defines “publicly disclose” to mean “to disclose information to the public in the manner required by a section 52P determination”.

⁸⁹ A copy of the current EDB ID Determination is accessible via our website here: https://comcom.govt.nz/_data/assets/pdf_file/0025/78703/Electricity-distribution-information-disclosure-determination-2012-consolidated-3-April-2018.pdf

⁹⁰ We interpret the reference to ‘interested persons’ in section 53A of the Commerce Act to include: consumers and consumer groups; electricity and gas retailers, and their representative groups; central government and regional authorities; other regulatory agencies (such as the Electricity Authority and the Gas Industry Company Ltd); any other stakeholder of the regulated supplier, including investors; and their advisers (such as equity analysts and other professional advisors), and owners of regulated suppliers. The Commission is also an interested person.

- (a) have incentives to innovate and invest, including the 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.

4.9 To understand whether the relevant outcomes consistent with workably competitive markets are occurring, interested persons should have sufficient information to assess the actual performance of suppliers. Having 'sufficient' information will encompass both quantitative and qualitative information, with information sufficiently disaggregated to allow interested persons to understand what is driving the supplier's performance.⁹¹

4.10 The Part 4 purpose highlights the importance of incentives:

4.10.1 incentives to innovate and to invest (section 52A(1)(a)); and

4.10.2 incentives to improve efficiency and provide services at a quality that reflects consumer demands (section 52A(1)(b)).

4.11 We consider the practical test of whether incentives are working is whether suppliers are responding to those incentives. We therefore consider that interested persons can only assess whether these elements of the Part 4 purpose are being met by examining evidence of their performance – historical, current and expected future performance.

Our role in regulating Aurora under ID regulation

4.12 Our role under ID is to:

4.12.1 decide what information a supplier must disclose to the public, and how they must disclose it. We do this by setting ID requirements;

4.12.2 publish a summary and analysis of any information a supplier publicly discloses under our ID requirements; and

⁹¹ We discuss the meaning of "sufficient information" at paragraph 2.17 of our final reasons paper for the EDB ID requirements we set in the original EDB ID Determination in 2012 (Commerce Commission *Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper* (1 October 2012)). A copy of this paper is accessible via our website here: https://comcom.govt.nz/data/assets/pdf_file/0025/59641/Information-Disclosure-for-EDBs-and-GPBs-Final-Reasons-Paper.PDF

- 4.12.3 assessing how effective our ID requirements are in promoting the purpose of ID. If we assess that our ID requirements are not effective, we may decide different requirements (or changes to existing requirements) are necessary.

We decide what information Aurora must disclose, and how they must disclose it

- 4.13 As discussed above, the effect of Aurora being subject to ID regulation is that it must publicly disclose information in accordance with any ID requirements that apply to it. ‘Publicly disclose’ means to disclose information to the public in the manner required by an ID determination.⁹²
- 4.14 Section 53C governs the content of any ID determination we make. Section 53C(1) provides that the ID determination must, amongst other things, specify:⁹³
- 4.14.1 the information to be disclosed;⁹⁴
- 4.14.2 the manner in which the information is to be disclosed;⁹⁵ and
- 4.14.3 the form of disclosure.⁹⁶
- 4.15 The requirement to specify the ‘manner’ and ‘form’ by which information is disclosed means we can specify in an ID determination how a regulated supplier will be required to disclose information to the public. This can be important in circumstances where we consider certain information should be expressed in a particular way to ensure interested persons can understand it.
- 4.16 For example, if we set an ID requirement that required a supplier to publicly disclose all of its current prices, we could require that the disclosed pricing information must be expressed in a manner that enables consumers to determine which of those prices will impact them.⁹⁷ Similarly, we could require that the supplier publicly discloses that pricing information by publishing it on their website, publishing it in the newspaper, making copies of the information available, providing written notice to each affected consumer, or providing the information to its consumers in a public forum.

⁹² The definition of “publicly disclose” is provided in section 52C of the Act, which states “publicly disclose, in relation to information required to be disclosed under information disclosure regulation, means to disclose information to the public in the manner required by a section 52P determination”.

⁹³ Section 53C(1)(a)-(h) of the Commerce Act 1986 sets out a list of things a section 52P determination must specify.

⁹⁴ Commerce Act 1986, section 53C(1)(c).

⁹⁵ Commerce Act 1986, section 53C(1)(d).

⁹⁶ Commerce Act 1986, section 53C(1)(e).

⁹⁷ For example, the price is broken down by a category of consumer.

4.17 Section 53C(3) provides that the ID determination may also:⁹⁸

- (a) require disclosed information, or information from which disclosed information is derived (in whole or in part), to be verified by statutory declaration:
- (b) require independent audits of information a supplier discloses:
- (c) require the retention of data on which disclosed information is based, and associated documentation:
- ...
- (f) impose any other requirements that the Commission considers necessary or desirable to promote the purpose of information disclosure regulation.

4.18 Section 53C(3)(f) means that we can set any other requirement in an ID determination that we consider is “necessary or desirable” to ensure that sufficient information is readily available to interested persons to assess whether the Part 4 purpose is being met. For example, we may consider it is necessary or desirable for the purposes of ID to require a supplier to do ‘a particular thing’ in relation to the information it is disclosing, which may be to provide us (and other interested persons) with assurances relating to that information (as an independent audit or statutory declaration would do under section 53C(3)(a) and (b)).

4.19 We also have a wide discretion in determining the types of information that must be disclosed under ID requirements. Section 53C(2) provides a non-exhaustive list of the types of information that we may require to be disclosed. It provides:

- (2) Information required to be disclosed may include (without limitation) any or all of the following:
 - (a) financial statements (including projected financial statements):
 - (b) asset values and valuation reports:
 - (c) prices, terms and conditions relating to prices, and pricing methodologies:
 - (d) contracts:
 - (e) transactions with related parties:
 - (f) financial and non-financial performance measures:
 - (g) plans and forecasts, including (without limitation) plans and forecasts about demand, investments, prices, revenues, quality and service levels, capacity and spare capacity, and efficiency improvements:
 - (h) asset management plans:

⁹⁸ See section 53C(3)(a)-(f) for a full list of things a section 52P determination may do.

- (i) quality performance measures and statistics:
- (j) assumptions, policies, and methodologies used or applied in these or other areas:
- (k) consolidated information that includes information about unregulated goods or services, in which case section 53D applies.

- 4.20 In exercising this discretion, we must promote the purpose of ID regulation under the Act. Accordingly, any information we require Aurora to disclose under an ID requirement must be for the purposes of ensuring that sufficient information is readily available to interested persons to assess whether the purpose of Part 4 is being met.
- 4.21 In setting ID requirements, section 54Q of the Act also requires us to promote incentives, and avoid imposing disincentives, for suppliers to invest in energy efficiency and demand side management, and to reduce energy losses.
- 4.22 Any ID determination we make under section 52P must “specify the suppliers to which it applies”⁹⁹ and “set out...the requirements that apply to each regulated supplier”.¹⁰⁰ This means that any ID determination we make must specify who (ie, which regulated suppliers) has to comply with each ID requirement in that determination. For example, we may specify that all the ID requirements in an ID determination apply to every regulated supplier subject to that determination, or we may specify that certain of those ID requirements only apply to one (or a sub-set of the) regulated supplier subject to that determination.

We summarise and analyse the information Aurora discloses

- 4.23 Section 53B(2)(b) provides that the Commission:

...must, as soon as practicable after any information is publicly disclosed, publish a summary and analysis of that information for the purpose of promoting greater understanding of the performance of individual regulated suppliers, their relative performance, and the changes in performance over time.

- 4.24 The requirement to publish a summary and analysis of the information a supplier discloses confers an ongoing, active role on us in respect of the information disclosure regime after the ID requirements have been set. We must analyse the information regulated suppliers publicly disclose and then publish that analysis for the public (along with a summary of the disclosed information). As information is disclosed and analysed over the years, it provides an ongoing source of information so that performance trends can be identified and monitored over time.

⁹⁹ Commerce Act 1986, section 53C(1)(b).

¹⁰⁰ Commerce Act 1986, section 52P(3)(a).

- 4.25 Our summary and analysis assists interested persons in assessing whether the Purpose of Part 4 is being met because the summary and analysis we produce helps people to better understand the information that was publicly disclosed by the regulated supplier.
- 4.26 Our analysis role under ID is not simply to explain the information disclosed under ID, but to promote greater understanding of a supplier's performance. This means the scope of the analysis we undertake of information that a supplier discloses can be broad. For example, if we are analysing the information Aurora has publicly disclosed under ID, part of our analysis may extend to considering what factors are impacting Aurora's performance.

We may ask a supplier for more information

- 4.27 The active nature of our role under ID is also supported by section 53B(2)(a) of the Act, which allows us to "monitor and analyse" all information that a supplier discloses under our ID requirements.
- 4.28 If we have questions regarding the information a supplier has publicly disclosed, or if our analysis of the information a supplier has publicly disclosed raises concerns regarding that supplier's performance, we may decide we need to engage with that supplier further to gather more information.
- 4.29 Part of that further engagement may involve the Commission issuing a regulated supplier with a notice under section 53B(1)(c) to supply us with further information (eg, further statements, reports, agreements or particulars), for the purpose of monitoring that supplier's compliance with our ID requirements.
- 4.30 We may also require further information from a supplier by issuing a written notice under section 53ZD of the Act. For example, if our ID analysis raised concerns regarding a supplier's performance, we may investigate further into that performance matter,¹⁰¹ and we may require the supplier to provide us with an expert opinion in relation to that matter.¹⁰² Under section 53ZD, we may also require a regulated supplier to:
- 4.30.1 prepare and produce forecasts, forward plans, or other information;¹⁰³
 - 4.30.2 apply any methodology specified by us in the preparation of forecasts, forward plans, or other information;¹⁰⁴ and

¹⁰¹ Under section 53ZD(1)(b)(i) of the Commerce Act 1986, for the purposes of carrying out our functions and exercising our powers under Part 4, we may investigate how effectively and efficiently any supplier of the goods or services is supplying the goods or services.

¹⁰² Commerce Act 1986, section 53ZD(1)(f).

¹⁰³ Commerce Act 1986, section 53ZD(1)(d)(i).

4.30.3 in circumstances where the Commission is conducting an investigation, audit, or inquiry, produce “documents and information in relation to the goods or services, or the prices or operations of the person in respect of the goods or services”, and “to answer any questions about any matter that the Commission has reason to believe may be relevant to the investigation, audit, or inquiry”.¹⁰⁵

We may analyse if our ID requirements are working effectively...

- 4.31 When we analyse the information a supplier has disclosed, we may, as part of that analysis, assess whether the existing ID requirements imposed on that supplier are working effectively to promote the purpose of ID, and the overall purpose of Part 4. The more effective our ID requirements are in promoting the purpose of ID, the more likely it is that those requirements are promoting the overall purpose of Part 4.
- 4.32 Under section 53B(3), we may choose to publish this analysis for the public. Section 53B(3) states:

To avoid doubt, the Commission may, as part of a summary and analysis, include an analysis of how effective the information disclosure requirements imposed on the goods or services are in promoting the purpose of this Part.

...and if they are not working effectively, we may seek to impose different requirements on the supplier

- 4.33 If we assess that our ID requirements are not working effectively to promote the purpose of ID, we may decide different ID requirements (or changes to existing ID requirements) are necessary. We may amend an ID determination at any time to set new ID requirements or revise existing ID requirements, provided we consult with interested parties on material changes first.¹⁰⁶ Further, if the supplier is also subject to price-quality regulation, we may look to impose additional quality measures in their price-quality path in the next regulatory period.¹⁰⁷

Enforcement

ID is an enforceable matter under the Act

- 4.34 Information disclosure regulation is an enforceable matter under Part 6 of the Act:

¹⁰⁴ Commerce Act 1986, section 53ZD(1)(d)(ii).

¹⁰⁵ Commerce Act 1986, section 53ZD(1)(e).

¹⁰⁶ Under section 52Q(1) of the Commerce Act 1986, we must consult with interested parties before we make a material amendment to an ID determination. We may amend an ID determination in a non-material way without prior consultation.

¹⁰⁷ Commerce Act 1986, section 53M.

- 4.34.1 section 86B(1)(a) establishes an offence where a person “knowing that particular goods or services are subject to information disclosure regulation, intentionally contravenes any information disclosure requirement relating to those goods or services”;¹⁰⁸ and
- 4.34.2 section 86 provides that we can apply to the court for a pecuniary penalty against any person who has contravened (or attempted to contravene) any information disclosure requirement.¹⁰⁹
- 4.35 Contravention of an ID requirement includes failing to disclose information required to be disclosed, failing to disclose information in the form or within the time specified, or disclosing information under an information disclosure requirement that is false or misleading.¹¹⁰
- 4.36 The maximum pecuniary penalty under section 86 for an individual is \$500,000 and for any other case is \$5 million.¹¹¹ The maximum fines for a conviction under section 86B(1) for an individual is \$200,000 and for any other case \$1 million.¹¹²

Our decision-making criteria for setting ID requirements

- 4.37 Our key consideration in setting ID requirements (or amendments to ID requirements) must be what information is necessary to ensure that interested persons have sufficient information readily available to assess whether the Part 4 purpose is being met (consistent with the purpose of ID regulation).¹¹³ In other words, what information is needed to determine whether the performance of a regulated supplier is consistent with the performance outcomes one would expect to find in a workably competitive market (the outcomes listed in the purpose of Part 4; section 52A(1)(a)-(d)).

¹⁰⁸ A person also commits an offence if the person is subject to an order from the court to comply with an information disclosure requirement and fails to comply with that order by the time specified (section 86B(1)(b)).

¹⁰⁹ Commerce Act 1986, section 86(1)(a)-(b).

¹¹⁰ Commerce Act 1986, section 86(2).

¹¹¹ Commerce Act 1986, section 86(3).

¹¹² Commerce Act 1986, section 86B(2).

¹¹³ We discuss our decision-making framework in our final reasons paper for the EDB ID requirements we set in the original EDB ID Determination in 2012 (Commerce Commission *Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper* (1 October 2012)).

- 4.38 In order to make this assessment, interested persons need to be able to answer several key questions on different aspects of a supplier's performance. These questions relate to historical, current and future performance. Key performance questions to assess if the Part 4 purpose is being met include:¹¹⁴
- 4.38.1 is the supplier operating and investing in their assets efficiently? (section 52A(1)(a)-(b));
 - 4.38.2 is the supplier innovating where appropriate? (section 52A(1)(a));
 - 4.38.3 is the supplier providing services at a quality that reflects consumer demands? (section 52A(1)(b));
 - 4.38.4 is the supplier sharing the benefits of efficiency gains with consumers, including through lower prices? (section 52A(1)(c));
 - 4.38.5 do the prices set by the supplier promote efficiency? (section 52A(1)(a)-(b)); and
 - 4.38.6 is the supplier earning an appropriate economic return over time? (section 52A(1)(d)).
- 4.39 Our view is that in order to answer these key performance questions, interested persons need a package of different types of information (both quantitative and qualitative)– including how the network is being (or plans to be) managed, expenditure on different activities (both historic and forecast), quality outcomes and pricing.¹¹⁵
- 4.40 In terms of how we decide what is “sufficient information”, as mentioned above, having ‘sufficient’ information requires interested persons having both quantitative and qualitative information, with certain information sufficiently disaggregated to allow interested persons to understand what is driving the supplier's performance. In determining the electricity distribution business ID requirements in 2012, we also had regard to the following criteria:¹¹⁶

¹¹⁴ These key performance questions are discussed in more detail at paragraphs 2.30-2.45 of our paper: Commerce Commission *Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper* (1 October 2012).

¹¹⁵ The range of information that interested persons need is discussed in more detail at paragraphs 2.46-2.58 of our paper: Commerce Commission *Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper* (1 October 2012).

¹¹⁶ Commerce Commission *Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper* (1 October 2012), paragraphs 2.17-2.23.

- 2.20 In deciding what is sufficient information, we have been mindful of the cost of disclosure requirements on suppliers. In order to keep those costs to a minimum, we have:
- 2.20.1 taken account of supplier's existing practices and capability;
 - 2.20.2 required disaggregated information only where necessary;
 - 2.20.3 aligned ID with other parts of the Part 4 regime;
 - 2.20.4 sought technical input from the electricity and gas sectors, including through industry workshops and a Technical Reference Group made up of industry representatives.

4.41 When considering whether certain information should be disaggregated for interested persons, we must also be mindful of the cost this disaggregation may have on the affected supplier.¹¹⁷

¹¹⁷ [Commerce Commission Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper \(1 October 2012\)](#), paragraph 2.17.

Chapter 5 Information to demonstrate Aurora's accountability for its CPP outcomes: Annual Delivery Report (ADR)

Purpose of this chapter

- 5.1 The purpose of this chapter is to explain our final decisions to require Aurora to disclose an ADR and our final decisions on the information Aurora is required to disclose in an ADR.

Background

- 5.2 In Chapter 4 of our 31 March 2021 final decision on Aurora's CPP and in our 31 March 2021 draft reasons paper on Aurora's additional ID requirements, we outlined our view of the key risks and issues in Aurora delivering and performing under its CPP, and the challenges associated with Aurora delivering on its plan. We explained how those risks and challenges were being addressed through a package of measures which included our proposed ID requirements.
- 5.3 The CPP work programme proposed by Aurora is significant and larger in scale than what it has delivered previously. Our ID requirements will provide additional information that will allow consumers and other stakeholders to assess Aurora's performance in delivering its work programme funded by the revenues we have allowed under its CPP, and encourage it to achieve better performance over time.
- 5.4 Aurora already discloses information as part of its general ID obligations and through other channels such as its Annual Report, AMP, updates on its website, etc. The purpose of ID is to ensure that sufficient information is readily available to interested persons such as consumers and other stakeholders, to assess whether the CPP is promoting outcomes consistent with outcomes produced in workably competitive markets.
- 5.5 Our view is that part of ensuring that information is 'readily available' includes making the information easily accessible to consumers and other stakeholders. We consider the ADR will distil and summarise the information required by consumers and other stakeholders in one place which supports the purpose of ID. Having the required information in multiple locations and through multiple channels that consumers and other stakeholders will then need to draw from is unnecessarily time-consuming.

Structure of this chapter

5.6 In this chapter we:

- 5.6.1 summarise our 31 March 2021 draft decision on requiring Aurora to disclose additional information in an ADR relating to the delivery of the CPP and improving its processes and practices in key areas;
- 5.6.2 summarise views and submissions we received from consumers and other stakeholders on Aurora's information disclosure in the period leading up to our CPP decision and our 31 March 2021 draft decision on information disclosure that helped inform our March 2021 draft decision;¹¹⁸
- 5.6.3 summarise views and submissions we received from consumers and other stakeholders in response to our 31 March 2021 draft decision; and
- 5.6.4 set out our final decisions and reasons on requiring Aurora to disclose additional information in an ADR relating to how it is delivering the CPP, and improve its processes and practices in key areas.

Our March 2021 draft decision

Key draft decision on the ADR

5.7 Our 31 March 2021 draft decision on the ADR proposed that:

- 5.7.1 Aurora would be required to disclose additional information via a consumer-facing ADR which includes a combination of objective quantitative measures and more subjective qualitative measures that demonstrate how Aurora is delivering for consumers during the CPP period; and
- 5.7.2 Aurora would be required to present the contents of the ADR to its consumers by holding annual public meetings in each of its three pricing regions.

5.8 We explained in our draft reasons paper that for the purposes of monitoring Aurora's compliance with the proposed ADR ID requirements, we also proposed requiring Aurora to disclose to us a compliance statement that sets out whether or not Aurora has complied with each of the ID requirements that relate to the provision of the ADR.¹¹⁹

¹¹⁸ As noted in Chapter 3, in the period leading up to us making our Aurora CPP decision in March 2021 we received a number of submissions that helped inform our draft decisions on ID, and we have incorporated the relevant submissions in this section of this Reasons Paper.

¹¹⁹ Section 53B(1)(c) allows us to require a regulated supplier to supply other information to us for the purpose of monitoring its compliance with an information disclosure determination.

Other draft decisions related to the ADR

- 5.9 In our draft reasons paper we included in the ADR chapter draft decisions that pertained to other key ID topic areas as they were referred to in the context of the content in the ADR:
- 5.9.1 by 31 March 2022, Aurora would be required to provide and publish plans that detail:
 - 5.9.1.1 how it will continue to develop and improve its processes and practices for seven topic areas in the ADR (voltage quality, customer charter and consumer compensation arrangement, management, planning and communication of planned outages, data collection and data quality, asset management, cost estimation, project quality assurance);
 - 5.9.1.2 how it plans to deliver projects and programmes to maintain and renew assets on its network; and
 - 5.9.1.3 how it plans to deliver safety-related projects and programmes to mitigate safety risks.
 - 5.9.2 in later years, Aurora would be required to provide an annual update in the ADR on its performance against those plans; and
 - 5.9.3 in Year 3, Aurora would engage an appropriate expert or experts for five topic areas (delivery of capex and opex under the CPP, voltage quality, consumer engagement practices (including consultation on its customer charter and consumer compensation arrangement, and pricing methodology), asset management practices, and practices for identifying and mitigating safety risks) to provide their opinions for public disclosure by 1 December 2023 on Aurora's progress against the development plan from the first disclosure year, and in developing or delivering these areas, and their recommendations for improvement for Aurora to consider.

What we heard from submitters

Feedback received prior to our information disclosure draft decisions

- 5.10 Generally, submitters supported the concept of an ADR. However, some expressed doubts about information disclosure being effective as a tool to hold Aurora to account, specifically mentioning lack of consequences for underperformance as a concern.^{120 121 122 123}

¹²⁰ [CC0023 – Submission on draft decision for Aurora's CPP – 29 November 2020.](#)

- 5.11 A submitter also considered that Aurora's reporting may be inaccurate, late and too complex for consumers to understand and engage with.¹²⁴ Some submitters encouraged us to ensure Aurora provides the information in an accessible and digestible manner.^{125 126 127}
- 5.12 Several submitters provided feedback on the breadth and granularity of reporting measures and provided suggestions on how these measures could be enhanced.^{128,129,130} Submitter comments on granularity were related to regional reporting, so that differences in performance are visible and to sufficiency of information.
- 5.13 An example of this is with the efficiency of spend, with several submitters suggesting that reporting measures must include visibility of actual costs of delivering projects compared against Aurora's planned costs.^{131 132 133}
- 5.14 Several submitters emphasised that there should be more reporting on safety, given this is one of the key drivers of Aurora's CPP proposal.^{134 135 136}
- 5.15 Submitters would also like to see better information on planned outage performance, in light of Aurora's recent management of planned outages, expressing specifically that planned outages need to be better planned, timed and notified.^{137 138 139 140}

¹²¹ [Queenstown Lakes District Council – Submission on draft decision for Aurora's CPP – 14 December 2020](#)

¹²² [CC0055 – Submission on draft decision for Aurora's CPP – 8 December 2020](#)

¹²³ [Trevor Tinworth – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

¹²⁴ [CC0023 – Submission on draft decision for Aurora's CPP – 29 November 2020](#)

¹²⁵ [CC0011 – Submission on draft decision for Aurora's CPP – 15 November 2020](#)

¹²⁶ [CC0023 – Submission on draft decision for Aurora's CPP – 29 November 2020](#)

¹²⁷ [Central Otago District Council – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

¹²⁸ [James Dicey – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

¹²⁹ [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

¹³⁰ [Rob Douglas - Submission on draft decision for Aurora's CPP - 21 December 2020](#)

¹³¹ [CC0015 – Submission on draft decision for Aurora's CPP – 23 November 2020](#)

¹³² [CC0057 – Submission on draft decision for Aurora's CPP – 9 December 2020](#)

¹³³ [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

¹³⁴ [Ibid](#)

¹³⁵ [Rob Douglas - Submission on draft decision for Aurora's CPP - 21 December 2020](#)

¹³⁶ [James Dicey – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

¹³⁷ [CC0021 – Submission on draft decision for Aurora's CPP – 27 November 2020](#)

¹³⁸ [CC0023 – Submission on draft decision for Aurora's CPP – 29 November 2020](#)

¹³⁹ [KD McGraw – Submission on draft decision for Aurora's CPP – 8 December 2020](#)

¹⁴⁰ [Central Otago District Council – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

5.16 We recognise that some submitters, especially consumers, had concerns that ID would not be a strong enough measure on its own to hold Aurora to account to its consumers for the effective delivery of its CPP.^{141 142 143} However, our view is that the measures in the CPP that we have implemented for Aurora (ie, price controls, quality standards and incentive measures) and our proposed additional ID requirements, together create sufficient incentive on Aurora to deliver its CPP effectively, for the following reasons:

5.16.1 Improved transparency. The improved transparency brought about by the proposed additional ID requirements will enable Aurora’s consumers and other stakeholders to identify and report situations where it departs from its plans as outlined in its CPP proposal and publicly disclosed plans. This in turn will put pressure on Aurora, especially its senior management and Board who have strong interests in the success of its CPP, to address those departures from plan.

5.16.2 In relation to other electricity distribution businesses, and in other areas we regulate, we have observed suppliers taking action to address matters that have been “brought to light” through information disclosure and our analysis of that information.

5.16.3 Concern over the likelihood of additional regulation in the future. Aurora has indicated that it will seek an additional CPP in the future to undertake expenditure to improve its reliability. If, in the future, when it makes such an application, Aurora has a record of under-delivering on its current CPP commitments, we would be more inclined to consider imposing additional measures, such as a mandated consumer compensation arrangement.¹⁴⁴

5.17 Aurora submitted that our proposed ID reporting areas were broadly relevant when viewed in the context of its original CPP proposal.¹⁴⁵ However, it submitted that the additional ID was focussed on areas of improvement that Aurora expected it would no longer be able to attempt to improve given our CPP draft decision to forecast operating expenditure at a lower level than in Aurora’s CPP proposal. Aurora also said it would reconsider these views upon release of our CPP final decision and publication of our proposed ID requirements, as part of our draft decisions on ID.

¹⁴¹ [CC0055 –Submission on draft decision for Aurora's CPP – 8 December 2020](#)

¹⁴² [Trevor Tinworth – Submission on draft decision for Aurora's CPP – 17 December 2020](#)

¹⁴³ [CC0015 – Submission on draft decision for Aurora's CPP – 23 November 2020](#)

¹⁴⁴ Commerce Act 1986, section 53M(2)(c)

¹⁴⁵ [Aurora Energy – Main submission on draft decision for Aurora's CPP – 18 December 2020](#)

- 5.18 Our CPP final decision includes a substantial increase in forecast operating expenditure compared to our draft CPP decision. We are confident that our final CPP operating expenditure allowance represents a prudent and efficient level of non-network opex for Aurora at this time. In particular, we expect that it will allow Aurora to:

5.18.1 efficiently and prudently manage its network; and

5.18.2 undertake the initiatives set out in its CPP proposal, with the exception of the seeking of accreditation under ISO55000, as our opex allowance does not reflect fully the significant cost of securing accreditation within the CPP period.

Feedback received on our draft decisions

- 5.19 CODC welcomed our draft decision on the ADR concept and for the inclusion of the reporting measures we specified in the ADR. CODC particularly appreciated the inclusion of measures relating to the cancellation of scheduled outages which it noted was a concern for communities, the regional reporting of measures and the requirement for Aurora to publicly present in each of its pricing regions.
- 5.20 CODC submitted however that we should consider the importance of timely reporting where practicable for consumers instead of relying solely on annual reporting. The timeliness of reporting was also supported by Trevor Tinworth.
- 5.21 CODC submitted that the Commission should attend the regional public meetings to ensure that the information disclosed by Aurora is understandable and accessible to the average person. Both CODC and Trevor Tinworth submitted that we should play a greater role in monitoring Aurora, with CODC stating:

With these factors in mind; our submission to the Commission must start by stating our expectation that, for the length of this and any consequent CPP, the Commission takes the role of a watchdog not sitting in its kennel but straining at the end of its leash ensuring the company fulfils its obligations to its customers...¹⁴⁶

¹⁴⁶ [Central Otago District Council - Submission on Aurora Energy's ID draft decision - 10 May 2021](#)

Aurora's submission on our draft decisions and its provision of other information

Background

- 5.22 In our November CPP Draft Reasons Paper, we mentioned that we would be seeking feedback from Aurora to better understand how the ADR could be produced in an efficient manner by utilising the information it already has, and the reporting that it may be doing as part of its business as usual practices.
- 5.23 At our information-seeking meeting with Aurora on 1 March 2021, Aurora provided further feedback on ID measures in general.¹⁴⁷ Aurora indicated that:
- 5.23.1 our proposed ID requirements in the ADR should be tested against several reporting principles to ensure that they are fit-for-purpose and provide genuine value;
 - 5.23.2 it required better definition and understanding of some reporting measures to enable it to assess their feasibility;
 - 5.23.3 some reporting measures will require a transition period for it to start reporting on; and
 - 5.23.4 a number of reporting measures may be constrained by the availability of resourcing and/or capabilities of Aurora's systems.
- 5.24 Aurora also provided a summary of current reporting it was already undertaking for the areas it would be required to disclose information on under our proposed ID requirements.
- 5.25 A summary of the meeting, including the discussion material (slides) which Aurora provided, was published on our website alongside our draft reasons paper.¹⁴⁸ Chapter 3 contains the key themes which arose from the meeting.

Aurora submission on our draft decision on the ADR

- 5.26 Aurora submitted that we should provide clarity on what is to be used by Aurora as a baseline for progress reporting purposes, indicating its preference for the delivery plans to be disclosed in March 2022 as baselines. Aurora also submitted that it intends to explain how and why these delivery plans depart from the original CPP proposal and publish this as supporting information to accompany the delivery plans.

¹⁴⁷ [Commerce Commission "Summary of Aurora Energy information seeking meeting" \(1 March 2021\)](#)

¹⁴⁸ Ibid

- 5.27 Aurora considered that there was duplication across some of the proposed requirements for the development plan, submitting that it would be required to disclose some information twice - first in the development plan and then separately again in the AMP. It suggested that these requirements should be consolidated into the development plan, with a summary provided in the AMP.
- 5.28 Aurora asked us to consider giving it flexibility to stagger reporting to avoid resource conflicts and result in more timely information to consumers and other stakeholders.
- 5.29 On the draft requirement for Aurora to self-assess its performance in certain areas, it commented that we needed to set a more objective scale that it can rate itself on, and that we should consider providing it with better guidance on how to do so.
- 5.30 Aurora suggested that we apply a materiality or significance lens to safety incident reporting and cost variance reporting. Its view was that a lower volume of higher value information would improve accessibility of the information for consumers and provide them with greater insights. This view was supported by Andrea Johnston in her cross-submission commenting that:
- Too much information leads recipients to ignore everything, and disengage, rather than spend time working out which parts are of particular interest to them.¹⁴⁹
- 5.31 Aurora made several suggestions on the timelines and workability of the proposed mid-period expert review requirement. It suggested delaying the expert review by a year so that the experts would have one more year of information to consider and that this might provide greater benefits for consumers. It expressed concern that the proposed timeline provided too little time for the experts to conduct their work and include our feedback into the final reports.
- 5.32 Aurora considers that the compliance statement obligation should be removed. It noted that compliance with information disclosure requirements is not akin to compliance with the regulated price-quality paths under a DPP/CPP, where the thresholds for compliance are objective. It noted in its submission, the proposed requirements include subjective aspects which it considers make effective compliance testing subjective, difficult and onerous.
- 5.33 Aurora had no issue with providing an index table for reference purposes as proposed in clause 2.5.8(2), as this is something that it already regularly provides as a part of other disclosures.

¹⁴⁹ [Andrea Johnston – Cross-submission on Aurora ID draft decision – 24 May 2021](#)

- 5.34 Aurora also asked for guidance on the ‘independence’ aspect of the expert review and asked us to specify, in our final decision, the standard that the experts will need to work to with their expert review and recommendations.

Our final decisions on the ADR and our reasons

Final decisions on the ADR

- 5.35 Our final decisions on the ADR are that:

5.35.1 Aurora must, by 31 August each year from 2023 onwards, disclose additional information via a consumer-facing ADR that reports on the previous April-March year. The ADR includes a combination of objective quantitative measures and more subjective qualitative measures that demonstrate how Aurora is delivering for consumers during the CPP period and reports on Aurora’s progress in seven topic areas against its development plan, project and programme delivery plan and safety delivery plan;

5.35.2 Aurora must provide a smaller scale ADR (Year 1 Interim ADR) on its performance for April 2021 to March 2022 by 31 August 2022. The Year 1 Interim ADR will report its progress in certain performance areas using the best information available to Aurora at the time;¹⁵⁰

5.35.3 In an ADR, Aurora must provide:

5.35.3.1 a regional breakdown for its pricing regions for certain information:

5.35.3.1.1 spending and work done;

5.35.3.1.2 outage performance;

5.35.3.1.3 consumer complaints; and

5.35.3.1.4 safety-related incidents.

5.35.3.2 self-assessment ratings on its performance in certain areas:

5.35.3.2.1 progress in developing key processes and practices;

5.35.3.2.2 communication with consumers on outages;

¹⁵⁰ Aurora will disclose its project and programme delivery plan, safety delivery plan and development plans only at the end of the first disclosure year 2021-2022. Hence, for progress reporting purposes for the first disclosure year, we require Aurora to use the best information available to it at the time, in the absence of finalised delivery and development plans to reference against.

5.35.3.2.3 consumer engagement in pricing regions; and

5.35.3.2.4 consumer consultation on projects and programmes
Aurora proposes to reprioritise or substitute.

5.35.4 Aurora may choose to disclose qualitative information required in the ADR during the course of the year, if it considers that disclosing this information earlier is in the interest of consumers and itself. If it does make these early disclosures, when the ADR is disclosed by 31 August it must reference and summarise the earlier information to ensure completeness;

5.35.5 The following ADR information is only required to be included in ADRs that are produced in respect of the 1 April 2022-31 March 2023 year and onwards as this information requires a transition period for Aurora to build its capability to report on:

5.35.5.1 regional reporting for progress on delivering projects and programmes;

5.35.5.2 unit costs for assets replaced; and

5.35.5.3 consumer complaints.

5.35.6 Aurora is required to present the contents of the ADR to its consumers by holding annual public meetings in each of its three pricing regions; and

5.35.7 Aurora is required to provide signed directors' certificates for the additional quality of service information, the development plan and the ADRs.

Other final decisions on the ADR

5.36 The following final decisions are discussed in Chapters 6 to 8, as they pertain to the key ID topic areas in each of those chapters. These final decisions are included here for completeness, as they are referred to in the context of the content in the ADR in Table 5.2:

5.36.1 By 31 March 2022, Aurora is required to provide and publish:

5.36.1.1 a development plan that describes how it plans to develop and improve its processes and practices for seven topic areas in the ADR (voltage quality, customer charter and consumer compensation arrangement, management, planning and communication of planned outages, data collection and data quality, asset management, cost estimation, project quality assurance);

- 5.36.1.2 a project and programme delivery plan which details the capital expenditure and operational expenditure projects and programmes it plans to deliver over the CPP period, including an explanation of whether and, if so, how and why this plan varies materially from what was outlined in Aurora's CPP application and the expenditure we approved in our final CPP decision; and
 - 5.36.1.3 a safety delivery plan on how the projects and programmes in its project and programme delivery plan are expected to reduce network safety risks to as low as reasonably practicable, including an explanation of whether and, if so, how and why the forecast risk profile in the plan varies from the expected network safety risk profile at the time of Aurora's CPP application.
- 5.36.2 in later years (2023-2026), Aurora is required to provide an annual update in the ADR on its performance against those plans;
- 5.36.3 in Year 3, Aurora will engage an appropriate expert or experts for five topic areas: delivery of capex and opex under the CPP, voltage quality, consumer engagement practices (including consultation on its customer charter and consumer compensation arrangement, and its pricing methodology), asset management, and reducing network safety risks. Aurora must disclose the expert or experts' opinions by 1 March 2024 on Aurora's progress against the development plan disclosed in 2022 and their recommendations for improvement for Aurora to consider. Aurora must:
- 5.36.3.1 obtain our approval of the experts before it appoints them, so we can assess the independence of the experts against the definition in our input methodologies; and
 - 5.36.3.2 obtain our feedback on the proposed terms of reference for the experts which will enable us to approve the use of any alternative standards for the expert reviews in the event that our standard specification of good electricity industry practice (GEIP) is not appropriate for the topic area(s).

Reasons for our final decisions

We require Aurora to disclose information in its ADR that will help its consumers and other stakeholders assess its performance

- 5.37 The ADR is intended to provide Aurora's consumers with timely updates of quantitative (ie, data) and qualitative information (ie, commentary) on Aurora's progress with its plans to fulfil its CPP, and its plans to develop and improve its processes and practices.

- 5.38 In designing the approach for Aurora's ADR, we considered the Powerco ADR which Powerco produces annually to report its progress against its delivery goals for its five-year 2018-2023 CPP.¹⁵¹ Although Powerco's ADR is not an information disclosure requirement (it is required under a notice we issue under section 53ZD of the Act), the purpose of its ADR is the same in that it provides information that will help us and other stakeholders, including consumers, assess whether the Part 4 purpose is being met.¹⁵²
- 5.39 For this reason, we took into consideration Powerco's feedback to us on its ADR experience at our recent Annual Technical Meeting with it in designing the Aurora ADR. We have tailored the content of the Aurora ADR for its specific circumstances and taken into account submissions provided by consumers and other stakeholders prior to and on our draft decisions.
- 5.40 We consider that the ADR will better equip consumers and other stakeholders to have more meaningful engagement with Aurora both at public meetings and through other channels.
- 5.41 The major focus of the ADR will be on qualitative measures, where we are requiring Aurora to provide commentary on specific topic areas in a format which is easy-to-understand for general consumers. It will also contain various quantitative measures supporting the qualitative commentary, some of which Aurora may already be required to report on as part of our existing EDB ID requirements, or as part of its business-as-usual reporting and may report on earlier than the August ADR disclosure. The ADR must include these quantitative measures given it is a one-stop shop for consumers and other stakeholders to access information about Aurora's performance in delivering the CPP.
- 5.42 Prior to our draft decisions, submitters provided feedback on the reporting measures they wanted us to consider for disclosure by Aurora. They suggested that reporting measures must focus on Aurora's cost performance in delivering the work required on the network, safety issues and outcomes, outage planning and communications. Submitters were keen to see measures with sufficient granularity, both input and outcome focused measures and a requirement for the disclosure to be digestible for the public. We took account of this feedback and reflected this in our final decision.

¹⁵¹ [Powerco ADR](#)

¹⁵² [Commerce Commission "Powerco - Section 53ZD notice to supply information" \(7 July 2021\)](#)

- 5.43 Aurora, ENA, Vector and Powerco also provided some specific feedback on the content of the reporting measures under several topic areas such as safety and quality of services. Our response to this feedback, and how it influenced our final decisions on these measures, is contained in Chapters 3 and 6. The resulting final reporting measures, however, are reflected in this chapter, specifically in Table 5.2.
- 5.44 Aurora suggested that we apply a materiality or significance lens to safety incident reporting and cost variance reporting. Its view was that a lower volume of higher value information would improve accessibility of the information for consumers and provide them with greater insights. We considered this input in our final decision, narrowing and refining the scope for safety incident reporting and accepting Aurora's suggestion for a 20% threshold for variance reporting on costs.
- 5.45 Aurora submitted, both prior to and on our draft decisions, that it requires a transition period of a year on a limited number of matters in order to be able to fulfil some of our information requirements. We consider this a reasonable request in view of the current maturity of its systems and the limited time to be able to gear up for the additional disclosures. We have made the following transition adjustments to the Aurora information disclosure requirements:
- 5.45.1 Aurora will only be required to include the following information in ADRs that are produced in respect of the 1 April 2022-31 March 2023 year and onwards, to allow Aurora time to gear up for the new requirements:
- 5.45.1.1 regional reporting for progress on delivering projects and programmes;
 - 5.45.1.2 unit costs for assets replaced;
 - 5.45.1.3 consumer complaints; and
- 5.45.2 for information in respect of the 1 April 2021-31 March 2022 year, Aurora must only provide a smaller scale Year 1 Interim ADR on its performance. The update will report its progress in certain performance areas using the best information available to Aurora at the time.
- 5.46 Our existing EDB ID Determination requires signed directors' certificates to accompany certain information that electricity distribution businesses publicly disclose. We are requiring that this certification requirement will also apply to the additional quality of service information, the development plan, and the ADR that Aurora is required to publicly disclose. We consider that this certification requirement will provide consumers and other stakeholders with assurance on the quality and accuracy of the information.

- 5.47 We have agreed with Aurora's submission in respect of the draft requirement for a compliance statement and have removed this requirement from our final decision. We also agree with Aurora's view that where it believes it has complied with an information disclosure requirement in the ADR and we hold a different view, it could reasonably expect feedback from us through our annual update so that it can take steps to address how it discloses that information in the future, as opposed to holding itself out as having not complied.
- 5.48 Aurora has indicated that it will include an index table as part of the ADR. Consumers and other stakeholders will benefit from this, as it will be clear to them where and how Aurora has fulfilled its ADR information disclosure requirements.

We require Aurora to disclose its plans on how it intends to make ongoing improvements and report back against these plans each year

- 5.49 By 31 March 2022, Aurora is required to complete and publicly disclose:
- 5.49.1 a development plan that describes how Aurora plans to develop and improve its processes and practices relating to seven specific topic areas (asset management, data collection and data quality, cost estimation, project quality assurance, voltage quality, engagement with consumers on the customer charter and consumer compensation arrangement, and planning, management and communication of planned outages);
 - 5.49.2 a project and programme delivery plan that describes the projects and programmes Aurora intends to deliver over the CPP period including an explanation of whether, and if so, how and why, this plan varies materially from what was outlined in Aurora's CPP application and the expenditure we approved in our final CPP decision; and
 - 5.49.3 a safety delivery plan that describes how the projects and programmes described in its 'project and programme delivery plan' are expected to reduce network safety risks.
- 5.50 These development and delivery plans will not only be useful to Aurora as a basis for progress reporting purposes to consumers and other stakeholders, but as a basis for updates at appropriate points such as after the mid-period review.

- 5.51 The delivery plans will be key documents that can be used at the public meetings for presentation purposes to consumers and other stakeholders on Aurora's performance. It is likely Aurora's spending plans will have changed from what it outlined in its CPP proposal in June 2020 as a result of new information, our final CPP decisions on expenditure allowances, and changing operational priorities. The delivery plans will essentially provide an audit trail linking Aurora's current expenditure plans back to the CPP proposal and our CPP decision. The plans will be beneficial for consumers as they will provide up to date information based on Aurora's current prioritisation of the spend that we approved for the CPP.

We require Aurora to provide regional information for certain measures in the ADR and for it to provide a self-assessment of its performance

- 5.52 Submitters were keen to see measures reported regionally. We are requiring regional reporting for many of our reporting measures in the ADR. We consider a regional breakdown will allow consumers and other stakeholders in Aurora's three pricing regions to better assess Aurora's performance as it pertains to their pricing regions than if the information was provided at a higher network-wide level. In particular, it will provide visibility to consumers and other stakeholders of potential differences in performance between the pricing regions and explanations for these differences.
- 5.53 Aurora submitted that any requirement to disaggregate reporting to levels more granular than its pricing regions (ie, currently 'Dunedin', 'Central Otago & Wanaka', and 'Queenstown') would be difficult and costly, given the capabilities and constraints of its current systems and operations. We agree with Aurora and therefore are not requiring disaggregated reporting below the level of its pricing regions.
- 5.54 We have allowed for the definition of pricing regions to be sufficiently flexible to capture any future changes by Aurora which could result in different or additional pricing regions. Although we refer to the three pricing regions in this paper, the number of pricing regions may change in the future. The flexible definition we have allowed for will also mean the ADR reporting will accommodate any future changes in the number and configuration of pricing regions.

- 5.55 We are requiring Aurora to report a self-assessed rating (1-5) for its progress in each area covered by the development plan and its performance in engaging with consumers. Aurora, along with all electricity distribution businesses subject to ID, already undertakes a self-appraisal exercise under existing electricity distribution business (EDB) ID requirements in regard to assessing their data accuracy and asset management maturity using the Asset Management Maturity Assessment Tool (AMMAT).¹⁵³ ¹⁵⁴ We consider this further self-appraisal will equip us and other stakeholders, including consumers, with better information to assess how Aurora is performing.
- 5.56 Aurora submitted that the self-assessment requirement is unclear, that consumers will not value this because of its subjectivity and that it considered the need for self-assessment is already met by the mid-period review.
- 5.57 We are aware that self-assessments will be subjective and consider that they have value despite this. Unlike the mid-period expert reports, self-assessments will be available to consumers and other stakeholders yearly, and they will enable consumers and other stakeholders to understand Aurora's performance at a glance. Self-assessments are an opportunity for Aurora to build credibility with consumers as it reports on its work over the CPP period.
- 5.58 While we consider that it is ultimately Aurora's responsibility to develop its own approach to the self-assessment rating, we provide the following guidance for how Aurora may apply the 1-5 rating for the self-assessments:
- 5.58.1 A rating of 5 could be given for works that are progressing on or ahead of schedule, where positive outcomes are observed or where Aurora has had positive feedback from consumer engagement.
- 5.58.2 A rating of 1 could be given for works that are lacking progress or are behind schedule, not meeting expectations or where Aurora has had negative feedback from consumer engagement.
- 5.58.3 The in-between ratings of 2,3 and 4 can be used to show incremental change from one year to the next or be used to reflect more nuanced situations where, for example, a work is behind schedule or not meeting expectations because Aurora widened the scope to better meet consumer's needs.

¹⁵³ EDB ID Determination, Schedules 9a, 9b and 12a. The definition "data accuracy" in Schedule 16 explains the '1 to 4' data accuracy options that EDBs must rate themselves against.

¹⁵⁴ EDB ID Determination, Schedule 13

- 5.59 The subjectivity risk that Aurora refers to is partly unavoidable, but we consider this can be managed by providing sufficient reasoning and context for the rating to consumers and other stakeholders. We encourage Aurora to use the self-assessment requirement to help it better engage with communities.

We will allow earlier disclosures of information by Aurora to enable timely access of information for consumers and other stakeholders

- 5.60 Two submitters commented on the importance of timely reporting. We are aware that the disclosure window of 31 August for performance in a 31 March year is not always sufficiently timely for the types of qualitative reporting measures in the ADR. Aurora also requested that we consider providing it with flexibility to stagger the ADR reporting through the year.
- 5.61 We agree with submitters that a more flexible option on the timing of disclosures has the potential for improved timeliness and better accessibility of information for consumers. We foresee potential benefits to Aurora in better scheduling of resources and the opportunity for it to have more consistent engagement across the year with its consumers.
- 5.62 For these reasons, we have decided to allow Aurora the option to make earlier disclosures of ADR qualitative information. If Aurora chooses to make early disclosures, the disclosures must be done in a way that ensures consumers are aware the information has been made available and that it is presented in a way that is easy for them to engage with. We will also require Aurora to recap the highlights of that information in the ADR and the regional presentations of the ADR each year so there is no risk of consumers missing out on the information.
- 5.63 We consider that consumers and other stakeholders are likely to want to access more information in Year 1 because it is early in the CPP period. Based on our draft decisions, consumers and other stakeholders would face an information gap on Aurora's performance between 1 April 2021 and 31 August 2023.
- 5.64 For this reason and given submitter comments on the importance of timely access to information, we have specified a requirement for Aurora to disclose a Year 1 Interim ADR in August 2022 in advance of the first full ADR being disclosed in August 2023. The Year 1 Interim ADR is a streamlined version of the full ADR which we consider will not be onerous for Aurora to produce.

We require Aurora to present a summary of the ADR to its consumers and other stakeholders in its pricing regions

- 5.65 The ADR is intended to be a consumer-facing document. Hence, Aurora will need to consider how best it presents and publicly discloses the information in a format that consumers and other stakeholders can easily understand and engage with. This is particularly important given concerns expressed by more than one submitter that inaccessible information, such as the use of jargon, can cause a knowledge or power imbalance which makes it challenging for consumers and other stakeholders to engage with the material, ask questions of, and provide feedback to Aurora.
- 5.66 We have set a requirement for Aurora to publicly present a summary of the ADR to consumers and other stakeholders in its pricing regions. We consider annual public meetings will provide a valuable opportunity for Aurora to present its progress in delivering the CPP and to ensure sufficient information is readily and directly available to consumers to assess whether the purpose of Part 4 is being met. The public meetings will need to be adequately and reasonably notified to consumers and other stakeholders using a variety of channels.
- 5.67 We expect Aurora to refine and adapt the ADR year-on-year over the CPP period in response to feedback from its consumers and other stakeholders to allow for their changing interests over time and to ensure that the content of the ADR remains relevant and meaningful.

We require Aurora to procure and publicly disclose mid-period expert reports on its progress on some areas of the ADR to provide consumers and other stakeholders with further assurance

- 5.68 For several areas of ADR reporting, ie, project and programme delivery, practices for monitoring voltage quality, consumer consultation processes (both generally and for proposed changes in Aurora's pricing methodology, charter and compensation arrangement), asset management practices and practices for identifying and reducing network safety risks, performance will be challenging for us and consumers to assess.
- 5.69 To assist consumers and other stakeholders with this, we have set a requirement on Aurora to procure and publicly disclose expert reports by 1 March 2024, ie, in Year 3 of the CPP. Transpower is subject to a similar arrangement for consumer consultation information it provides during its current IPP period.¹⁵⁵
- 5.70 The reports will provide opinions on Aurora's progress, and recommendations on further improvements it could make, in:

¹⁵⁵ [Transpower s53Zd notice](#)

- 5.70.1 its delivery of the projects and programmes described in its ‘project and programme delivery plan’;
 - 5.70.2 its practices for monitoring voltage quality; its consumer consultation processes generally (and for proposed changes to its pricing methodology, charter and compensation arrangement); and
 - 5.70.3 its asset management practices; and its practices for identifying and reducing network safety risks.
- 5.71 We require these expert reports under section 53C(3)(f) of the Act.¹⁵⁶ Our view is that it is necessary or desirable to require Aurora to disclose expert reports on the information Aurora has disclosed on each of these topic areas to promote the purposes of ID regulation.
- 5.72 The areas we require the expert reports to cover are complex, and which Aurora is providing qualitative information on. We consider it is necessary for an expert (or experts) to provide their opinions on Aurora’s performance in these areas to ensure that we and other stakeholders, including consumers, can conduct our own assessments of Aurora’s performance.
- 5.73 We also consider that not only will it provide considerable benefit to all consumers and other stakeholders in assessing Aurora’s performance in these areas, it will also provide a mechanism to surface any performance issues or areas of concern should they arise and make it easier for consumers and other stakeholders to provide feedback to Aurora.
- 5.74 The areas requiring a mid-period expert review are diverse and as such it is unlikely that one consultancy will have all the expertise required. Aurora will propose the independent experts it considers appropriate, and it will be required to obtain our approval of the experts before it appoints them.
- 5.75 Aurora is required to seek our feedback on the proposed terms of reference for the expert reports, and it must give effect to our feedback in finalising the terms of reference. This will enable us to approve the use of any alternative standard for the expert review if the expert shows that our standard specification of using good electricity industry practice (GEIP) is not the most appropriate standard on which to base their report.
- 5.76 This will also ensure that the terms of reference, which will be a deed entered into between Aurora and the expert, specify an overriding duty of each expert to assist us with their professional skills on relevant matters within their area of expertise.

¹⁵⁶ Section 53C(3)(f) is discussed at paragraph 4.17 of this paper.

- 5.77 Aurora suggested revised timelines for the mid-period expert review to make the process more workable. We have accepted the majority of its timeline change proposals as the changes result in the experts being engaged earlier, allow the experts more time to provide their review and Aurora more time to publish the expert reports.
- 5.78 Aurora also suggested that the requirements on us to provide feedback and input for the mid-period expert review key process steps be specified in the determination. We agree. The timeline for the various steps of the mid-period review is included in the finalised determination. The timeline proposals we accepted from Aurora still mean that the expert reports will be procured and produced in Year 3, which was what we intended, giving Aurora sufficient time to be able to course correct in Years 4 and 5 based on the experts' recommendations if it chooses.
- 5.79 Table 5.1 shows the original proposed timeline from our draft decision compared to our final decision on the revised timeline.

Table 5.1 Disclosure timeline: Draft v Final

Process step	Proposed timeline (from draft decision)	Final decision on timeline	Notes
Aurora to provide expert review draft terms of reference to us	Year 2 31 October 2022	Year 2 31 October 2022	No change between draft and final
We provide feedback on draft terms of reference to Aurora	No timeline specified	Year 2 31 January 2023	Timeframe now specified
Aurora to finalise terms of reference taking into account our feedback	Year 3 31 July 2023	Year 2 31 March 2023	Timeline brought forward by four months
Aurora to provide us with draft of expert reports for our feedback	Year 3 31 October 2023	Year 3 31 October 2023	No change between draft and final
Our feedback on draft expert reports to Aurora and experts	No timeline specified in draft.	Year 3 15 December 2023	Timeframe now specified
Aurora to publish final mid-period expert reports	Year 3 1 December 2023	Year 3 1 March 2024	Timeline extended by three months

- 5.80 Aurora provided feedback for us to consider providing it the flexibility for individual expert reports to be published rather than a single consolidated report. Given the variety of experts that may be appointed, the reports will likely be finalised according to different timelines. Waiting on all the reports to be ready before consolidating into a single final report may be time-consuming and consume unnecessary effort and resources.
- 5.81 For efficiency purposes, we agree with Aurora and have provided the flexibility for Aurora to publish the individual reports as received from the experts as long as these are held centrally to enable consumers and other stakeholders to easily access them. Aurora is required to ensure that all the expert reports are published by 1 March 2024.
- 5.82 Aurora expressed a concern that on the proposed timeframe in our draft decision for the preparation of the expert reports, there would be limited information available for the experts to base their review on, suggesting that we should postpone the expert review to Year 4 so that the expert(s) would have access to more information. We agree with Aurora that it is important to ensure there is an appropriate scope of information available to the experts, and that a narrow scope of information may result in a lower quality expert review and report.
- 5.83 Our final decision is to widen the scope of the information available for the experts to base their review on to include other relevant information that is already publicly available. For example, Aurora's Annual Reports, CPP proposal, verifier report, and its WSP state-of-the-network report. We consider that this information along with the Year 1 Interim ADR, Year 2 ADR and AMPs for Years 1 and 2 will be sufficient for the purposes of the expert review and will result in a comprehensive report for us and other stakeholders, including consumers. We expect the expert assessment to take the form of a top-down desktop review with limited detailed assessment.
- 5.84 We require Aurora to disclose in the ADR for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert reports, eg, updates of its development plan.
- 5.85 In accordance with our summary and analysis role under ID, we will conduct our own analysis of the expert reports and publish this for the benefit of consumers and other stakeholders. Our analysis will support the function of the expert reports in ensuring consumers and other stakeholders can effectively conduct an assessment of Aurora's performance in these topic areas.

5.86 Table 5.2 details the reporting elements of the ADR, including the Interim ADR for Year 1.

Table 5.2 ADR reporting elements

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
QUALITATIVE MEASURES			
Progress update from Board	Consumers and other stakeholders are able to assess whether the CPP has the full commitment and support of Aurora's Board	<p>Summarise:</p> <ul style="list-style-type: none"> • overall progress on delivering against the project and programme delivery plan; and • network safety risks successfully reduced <p>Describe reasons for projects and programmes that are behind schedule and actions Aurora is taking to bring them back on track.</p>	<p>Summarise:</p> <ul style="list-style-type: none"> • overall progress on delivering projects and programmes; and • network safety risks successfully reduced
CPP outcomes	Consumers and other stakeholders are assured that the CPP is a priority and can assess how Aurora is performing in achieving its CPP outcomes	Describes what Aurora is doing to ensure CPP outcomes are achieved through efficient and effective delivery of its projects and programmes.	Describes what Aurora is doing to ensure CPP outcomes are achieved through efficient and effective delivery of its projects and programmes.
Progress against overall programme milestones	Consumers and other stakeholders understand how Aurora is tracking with delivering its approved work	<p>Provide commentary on whether projects and programmes are on track for delivery from a timing perspective as compared against the project and programme delivery plan:</p> <ul style="list-style-type: none"> • delivered on time; • on track to be delivered on time; • planned to be completed but not completed; and • planned to commence but not commenced <p>By region, for projects and programmes, using the project and programme delivery plan as a baseline, report on:</p> <ul style="list-style-type: none"> • actual vs planned costs; • reasons for projects over \$1 million that have 	<p>Provide commentary on overall progress of projects and programmes to date.</p> <p>For projects and programmes, report at a network level on:</p> <ul style="list-style-type: none"> • actual costs; • actual assets replaced; • actual vegetation management work completed; and • whether consumers and other stakeholders have been consulted on projects that have been reprioritised or substituted and provide a self-assessment rating and reasons for the

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
		<p>actual costs that vary by +/-20% compared to planned costs;</p> <ul style="list-style-type: none"> • actual assets replaced vs planned with reasons for variances; • actual unit cost of assets replaced/renewed vs planned; • actual vs planned vegetation management work; and • whether consumers and other stakeholders have been consulted on projects that have been reprioritised or substituted as compared against the project and programme delivery plan and provide a self-assessment rating and reasons for the rating. <p>Disclose in the ADR for Years 4 and 5 a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report.</p>	rating.
Consumer and stakeholder engagement initiatives	Consumers and other stakeholders understand whether, and if so how, Aurora has sought views from consumers and other stakeholders, and are able to understand how Aurora is using any feedback they have provided to improve future engagements	<p>Description of whether, and if so how, Aurora has engaged with consumers and other stakeholders in each of the three pricing regions, including a list of consumer groups it has engaged with.</p> <p>Summarise feedback received from us and other stakeholders, including consumers, on its engagements and how it has taken this feedback into account for its engagement efforts in the upcoming year.</p> <p>Provide a self-assessment rating on its progress and reasons for the rating.</p> <p>Disclose in the ADR for Years 4 and 5 a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report.</p>	<p>Description of whether, and if so how, Aurora has engaged with consumers and other stakeholders in each of the three pricing regions, including a list of consumer groups it has engaged with.</p> <p>Provide a self-assessment rating on its progress and reasons for the rating.</p>

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
Consumer satisfaction and experience	Consumers and other stakeholders understand the volume and nature of complaints and are able to assess whether complaints are static, deteriorating or improving and how complaint information is being used to improve consumers satisfaction	<p>By region, detail the number and type/category of consumers complaints received (including complaints related to Aurora's charter commitments and voltage quality), average resolution times for these complaints.</p> <p>Description of how the complaints are trending in comparison to the previous disclosure year.</p> <p>Description of whether and, if so, how complaint information is being used as a feedback loop to improve quality and service levels.</p>	No Year 1 disclosure requirement. Aurora requires a transitional process and time to meet the reporting requirements for this area.
Quality of services	Consumers and other stakeholders understand how Aurora is improving the quality of its services for their long-term benefit	<p>Charter and compensation arrangement</p> <p>Summarise:</p> <ul style="list-style-type: none"> • Aurora's progress against its development plan (disclosed in Year 1) on its engagement with consumers on its customer charter and consumer compensation arrangement, and provide a self-assessment rating on its progress including reasons for the rating; • whether, and if so how, Aurora has consulted with consumers on proposed changes to its customer charter and consumer compensation arrangement; • whether, and if so how, Aurora has improved consumer awareness of its customer charter and consumer compensation arrangement; • whether Aurora met its existing service commitments in its charter, and if not, provide reasons as to why; and • any payments Aurora has made for each service level standard under Aurora's consumer compensation arrangement. <p>Disclose in the ADR for Years 4 and 5 a summary of any</p>	<p>Charter and compensation arrangement</p> <p>Summarise:</p> <ul style="list-style-type: none"> • any consumer engagement Aurora has undertaken on its customer charter and consumer compensation arrangement, and provide a self-assessment rating on its progress including reasons for the rating; and • Aurora's performance against its existing service commitments in its customer charter and consumer compensation arrangement.

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
Quality of services - continued		<p>actions Aurora has taken as a result of any recommendations from the mid-period expert report.</p> <p>Voltage quality</p> <p>Summarise Aurora's progress against its development plan (disclosed in year 1) to develop and improve its practices for:</p> <ul style="list-style-type: none"> • monitoring voltage quality on its LV network; • achieving compliance with the applicable voltage requirements of the Electricity (Safety) Regulations 2010 on its LV network; • responding to voltage quality issues when they are identified; and • communicating the work it is doing on voltage quality on its LV network to affected consumers. <p>Provide a self-assessment rating on its progress and reason(s) for the self-assessment rating.</p> <p>Disclose in the ADR for Years 4 and 5 a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report.</p> <p>Management of planned outages</p> <p>Summarise Aurora's progress against its plan (disclosed in Year 1) to plan, manage and communicate planned outages, and provide a self-assessment rating on its progress including reasons for the rating.</p> <p>Disclose the number of:</p> <ul style="list-style-type: none"> • planned outages that were cancelled with less than 10 working days' notice; 	<p>Voltage quality</p> <p>Summarise progress on developing and improving its practices for monitoring voltage quality. Provide a self-assessment rating on its progress and reasons for the self-assessment rating.</p> <p>Management of planned outages</p> <p>Summarise progress on developing and improving Aurora's practices for planning, management and communication of planned outages. Provide a self-assessment rating and reasons for the rating on:</p> <ul style="list-style-type: none"> • its progress on improving practices; and • the quality of its communications with

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
		<ul style="list-style-type: none"> planned outages that were cancelled with less than 24 hours' notice; planned outages for which Aurora gave additional notice;¹⁵⁷ planned outages that started more than one hour before, or ended more than one hour after the notified interruption window; and unplanned outages that Aurora intentionally initiated to carry out work on its network not directly related to a fault. 	consumers on outages affecting them.
Network safety initiatives	Consumers and other stakeholders understand how network spend is addressing safety issues on the network and have transparency on whether they should have concerns about the safety of the network where they live/work	<p>Summarise Aurora's progress against its safety delivery plan disclosed in Year 1 showing how actual network spend has reduced network safety risks.</p> <p>Disclose statistics on safety incidents on its network by region related to Aurora's assets, network maintenance or operational activities that resulted in or posed a risk to public, employee or contractor safety. Provide commentary on how these statistics compare against the previous disclosure year and describe any corrective actions taken.</p> <p>Disclose in the ADR for Years 4 and 5 a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report.</p>	Summarise the network safety risks that Aurora has successfully reduced.

¹⁵⁷ 'Additional notice' is defined in Schedule 3.1 of the [Aurora CPP Determination](#).

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
Regional pricing	Consumers and other stakeholders understand how their line charges are determined	<p>Summarise:</p> <ul style="list-style-type: none"> whether, and if so how, it has consulted with consumers in each region on proposed changes to its regional pricing methodology; and feedback from consumers and other stakeholders as a result of additional regional pricing methodology disclosures against ID requirement. <p>Refer to further details of this ID requirement in Chapter 7.</p> <p>Disclose in the ADR for Years 4 and 5 a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report.</p>	<p>Summarise:</p> <ul style="list-style-type: none"> whether, and if so how, it has consulted with consumers in each region on proposed changes to its regional pricing methodology; and feedback from consumers and other stakeholders as a result of additional regional pricing methodology disclosures against ID requirement.
Asset management improvements	Consumers and other stakeholders understand how Aurora is progressing with improving its asset management practices and processes to ensure a safe and reliable network in the longer-term	<p>Summarise Aurora's progress against its plan disclosed in Year 1 to develop and improve its asset management practices and processes against ID requirements, including a mid-period expert review in disclosure Year 3 on how Aurora is progressing against its development plan.</p> <p>Provide a self-assessment rating on its progress and reasons for the rating.</p> <p>Disclose in the ADR for Years 4 and 5 a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report.</p> <p>Refer also to further details of this ID requirement in Chapter 8.</p>	<p>Summarise progress on improving asset management practices and processes. Provide a self-assessment rating on its progress and reasons for the rating.</p>
Project quality assurance improvements	Consumers and other stakeholders understand how Aurora is progressing with improving its project quality	<p>Summarise Aurora's progress against its plan disclosed in Year 1 to develop and improve its project quality assurance processes against ID requirements.</p> <p>Provide a self-assessment rating on its progress and</p>	<p>Summarise progress on improving project quality assurance processes. Provide a self-assessment rating on its progress and reasons</p>

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
	assurance processes to ensure that the work being undertaken on the network is of a sufficient quality to ensure they do not pay twice for the work	reasons for the rating. Refer also to further details of this ID requirement in Chapter 8.	for the rating.
Cost estimation process improvements	Consumers and other stakeholders understand how Aurora is progressing with improving its processes for estimating the costs of work required on its network	Summarise Aurora's progress against its plan disclosed in Year 1 to develop and improve its cost estimation practices against ID requirement. Provide a self-assessment rating on its progress and reasons for the rating. Refer also to further details of this ID requirement in Chapter 8.	Summarise progress on improving cost estimation practices. Provide a self-assessment rating on its progress and reasons for the rating.
Data collection and data quality process improvements	Consumers and other stakeholders understand how Aurora is progressing with improving the way it captures and uses data to better justify the spend required on its network	Summarise Aurora's progress against its plan disclosed in Year 1 to develop and improve its data collection and data quality processes against ID requirement. Provide a self-assessment rating on its progress and reasons for the rating. Refer also to further details of this ID requirement in Chapter 8.	Summarise progress on improving data collection and data quality practices. Provide a self-assessment rating on its progress and reasons for the rating.
QUANTITATIVE MEASURES			
Financial performance of capex and opex projects and programmes	Consumers and other stakeholders are able to assess how Aurora is delivering on the required work on its network from a cost perspective	Disclose actual spend vs planned spend (as outlined in the project and programme delivery plan disclosed in Year 1) of projects and programmes for each region split by category and subcategories: <ul style="list-style-type: none"> • capex; and • opex. 	Disclose actual spend of projects and programmes split by category and subcategories: <ul style="list-style-type: none"> • capex; and • opex.

Category	Desired Outcomes	Reporting measures for ADR (other than Year 1 Interim ADR)	Reporting measures for Year 1 Interim ADR
Asset replacement	Consumers and other stakeholders are able to assess how Aurora is delivering on the required work on its network from an asset class/category perspective	By region, disclose actual assets (with further detail on asset categories) replaced vs planned (as outlined in the project and programme delivery plan disclosed in Year 1) and unit cost per asset replaced.	Disclose actual assets (with further detail on asset categories) replaced.
Outages	Consumers and other stakeholders have transparency on how Aurora is tracking on the length and frequency of power outages	<p>Disclose for Aurora's overall network:</p> <ul style="list-style-type: none"> SAIDI and SAIFI; and SAIDI and SAIFI limits. <p>Disclose by region:</p> <ul style="list-style-type: none"> unplanned and planned SAIDI and SAIFI. 	<p>Disclose for Aurora's overall network:</p> <ul style="list-style-type: none"> SAIDI and SAIFI; and SAIDI and SAIFI limits. <p>Disclose by region:</p> <ul style="list-style-type: none"> unplanned and planned SAIDI and SAIFI.
Worst-performing feeders	Consumers and other stakeholders understand which areas of Aurora's network are most impacted by outages and whether that is remaining static, improving or deteriorating over time	<p>Disclose areas in Aurora's network (feeders) that are experiencing the worst planned and unplanned SAIDI and SAIFI performance.</p> <p>Disclose information on any plans Aurora has to improve reliability of service for its worst-performing feeders.</p>	No requirement to report on this area for Year 1 reporting.
Vegetation management	Consumers and other stakeholders understand how Aurora is tracking against its plan to manage vegetation	<p>By region, and compared to Aurora's plans each year for vegetation management as outlined in its project and programme delivery plan:</p> <ul style="list-style-type: none"> % of network inspected; and % of trees trimmed, removed, or sprayed. 	<p>Report on:</p> <ul style="list-style-type: none"> % of network inspected; and % of trees trimmed, removed, or sprayed.

We will perform summary and analysis on disclosed information to help consumers and other stakeholders better understand Aurora's performance

- 5.87 As discussed in Chapter 4, we have a role under ID regulation to publish a summary and our analysis of ID information that an EDB discloses.¹⁵⁸ We will prepare a summary and carry out an analysis of Aurora's ADR for Years 1 and 2 and publish this for the benefit of consumers and other stakeholders.
- 5.88 We will use the findings of the mid period expert reports published in Year 3 to better inform our summary and analysis of Aurora's ADRs published in Years 4 and 5. Our summary and analysis will provide consumers and other stakeholders with our assessment on what the disclosed information says about whether Aurora has met the purpose of Part 4 of the Act. We consider our summary and analysis will allow us and other stakeholders, including consumers, to more effectively understand Aurora's performance, and any changes in Aurora's performance over the previous year.
- 5.89 We have specified the reporting measures in the ADR in a manner that we consider will enable easier summary and analysis, eg, clearly defining baseline information that will be used as a reference point for progress reporting purposes including the requirement for Aurora to self-appraise its performance.

We will meet with Aurora every year to discuss its ADR

- 5.90 We engage with Powerco every year on its ADR via an annual technical meeting. The purpose of the annual technical meeting is to enable us to specifically understand the detail of how Powerco is performing under its CPP, especially if actual progress significantly deviates from its planned investment programme. We also use the annual technical meetings to check and ensure that Powerco has considered ongoing consumer and stakeholder feedback in improving its performance and its engagement efforts. We consider these meetings are working well for both Powerco and us.
- 5.91 We intend to engage with Aurora in a similar way via an annual meeting, the 'Annual ID Review Meeting'. The purpose of these annual meetings will be to:
- 5.91.1 discuss whether Aurora is using consumer and stakeholder feedback on the ADR and on its public meetings to improve its information disclosures, and how it plans to take this feedback into account for its engagement efforts;
 - 5.91.2 provide guidance to Aurora on how it may approach compliance with its information disclosure requirements for the upcoming disclosure year; and

¹⁵⁸ Commerce Act 1986, section 53B(2)(b).

- 5.91.3 discuss any process challenges experienced by Aurora in complying with its information disclosure requirements in the previous year and any potential solutions.
- 5.92 The ADR contains a requirement for Aurora to summarise feedback it received from us and other stakeholders, including consumers, on its engagements and to report on how it has taken this feedback into account. The Annual ID Review meeting with Aurora is one of our channels to provide it with feedback.

Chapter 6 Information on Aurora's quality of service

Purpose of this chapter

- 6.1 The purpose of this chapter is to explain our final decisions that will require Aurora to disclose additional information on its quality of service. This is to make it easier for consumers and other stakeholders to understand Aurora's current performance and its changes in performance through the CPP period. The requirements are in addition to the information Aurora already discloses under our existing EDB ID Determination.

Background

- 6.2 The CPP includes a broad package of requirements on the quality of service that Aurora delivers to its consumers under the quality standards and quality incentive scheme.
- 6.3 We have set several additional information disclosure requirements that will complement the limits and financial incentives that we have placed on Aurora's quality of service in the CPP.
- 6.4 In some cases, the additional information bolsters the requirements we have put on Aurora in areas of quality of service that are covered by the limits and incentives. In other cases, additional information disclosure requirements are set in areas that are important to consumers but not covered by the limits and incentives.
- 6.5 A key part of Aurora's current and planned commitment to consumers and engagement with consumers on quality of service, is its customer charter and consumer compensation arrangement. We understand Aurora plans to undertake consultation targeting improvement of its charter and compensation arrangement.
- 6.6 We commend Aurora for having a compensation arrangement. The additional information Aurora will be required to disclose under our final decision will allow us to monitor whether it consults with consumers and other stakeholders on the compensation arrangement, and whether it improves engagement over the CPP period.
- 6.7 The existing information disclosure requirements on quality of service, which apply to all EDBs, are primarily in Schedule 10 of the annual information disclosure requirements. The schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI, and fault rate) for the year. This is required for the EDB as a whole, as well as by sub-network.

- 6.8 EDBs must also provide explanatory comment on their network reliability in Schedule 14 of the annual information disclosure. A substantial portion of the AMPs that EDBs are required to publish also provide contextual information regarding the EDB's quality performance, including plans to invest in new assets to improve reliability.

Structure of this Chapter

- 6.9 In this chapter, we:
- 6.9.1 summarise our 31 March 2021 draft decisions on requiring Aurora to disclose additional information on quality of service, specifically:
 - 6.9.1.1 outage communications;
 - 6.9.1.2 network reliability;
 - 6.9.1.3 voltage quality monitoring practices; and
 - 6.9.1.4 customer charter and consumer compensation arrangement;
 - 6.9.2 summarise views and submissions we received from consumers and other stakeholders on Aurora's information disclosure in the period leading up to our CPP decision and our March 2021 draft decisions on information disclosure that helped inform our March 2021 draft decisions;¹⁵⁹
 - 6.9.3 summarise views and submissions we received from consumers and other stakeholders in response to our March 2021 draft decisions; and
 - 6.9.4 set out our final decisions and reasons on requiring Aurora to disclose additional information on quality of service.

Our March 2021 draft decisions

- 6.10 Our draft decisions proposed to require additional information disclosure on quality of service from Aurora. This included additional disclosure requirements for information on outage communications, network reliability, voltage quality monitoring practices, and its customer charter and consumer compensation arrangement.

Outage communications

- 6.11 Our draft decision proposed requiring Aurora to report annually on:

¹⁵⁹ As noted in Chapter 3, in the period leading up to us making our Aurora CPP decision in March 2021 we received a number of submissions that helped inform our draft decisions on ID, and we have incorporated the relevant submissions in this section of this Reasons Paper.

- 6.11.1 how consumer and stakeholder needs have been considered in its planning of the timing and communication of planned outages;
 - 6.11.2 details of planned outages that are cancelled, reported by region;
 - 6.11.3 its progress in improving its outage management system, including consumer notifications; and
 - 6.11.4 the proportion of planned outages that meet our ‘additional notice’ requirements.¹⁶⁰
- 6.12 We did not propose that the requirements for a development plan and mid-period expert review which apply in other more complex areas would apply directly to the topic of outage communications. However, we expected the topic to be covered in the expert review evaluation of Aurora’s general consumer consultation and consultation on the customer charter.

Network reliability

- 6.13 Our draft decision proposed requiring Aurora to include the high-level measures of network reliability in its ADR in addition to including some of them in its existing annual information disclosure.
- 6.14 The proposed high-level measures of network reliability proposed were:
- 6.14.1 SAIDI and SAIFI for sub-networks;
 - 6.14.2 SAIDI and SAIFI for Aurora’s overall network;
 - 6.14.3 SAIDI and SAIFI limits;
 - 6.14.4 identification of worst-served consumers by feeder; and
 - 6.14.5 planned and unplanned SAIDI and SAIFI for worst-served consumers.
- 6.15 We did not propose to require a development plan for these measures, although we proposed requiring information on any plans that Aurora has to improve the reliability of its service to its worst-served consumers. Likewise, we proposed that the mid-period expert review which would apply in other more complex areas, would not apply directly to the high-level network reliability measures in the ADR.

¹⁶⁰ ‘Additional notice’ is defined in our incentive scheme to encourage EDBs to provide better notice of planned outages to consumers. See Schedule 3.1 of the [Aurora CPP Determination](#).

Voltage quality monitoring practices

- 6.16 Our draft decision proposed adding requirements for Aurora to publish its plan for developing and improving its practices for monitoring voltage quality and achieving compliance with applicable voltage requirements of the Electricity (Safety) Regulations 2010. We expected that the plan would include a description of how Aurora plans to improve its processes for monitoring voltage quality on the low voltage parts of its networks, as well as a description of how network improvements and other alternative solutions to deal with poor voltage quality are to be communicated with consumers and other stakeholders in each of Aurora's three pricing regions.
- 6.17 We proposed requiring different information to be disclosed in different years:
- 6.17.1 disclosure of Aurora's development plan by 31 March 2022;
 - 6.17.2 disclosure of progress against the plan for each disclosure year by 31 August for each disclosure year in 2022-2026; and
 - 6.17.3 requirement for mid-period expert review covering Aurora's progress on developing and improving its voltage quality monitoring practices, to be disclosed by 1 December 2023.
- 6.18 We also proposed that Aurora be required to include a summary of the information above in the ADR for presentation in each of Aurora's three pricing regions.

Customer charter and consumer compensation arrangement

- 6.19 Our draft decision proposed requiring disclosure of information on Aurora's customer charter and consumer compensation arrangement and its performance against the charter and arrangement:
- 6.19.1 disclosure of the charter and compensation arrangement (and any changes that were made to it) in each year of the CPP period, and disclosure of the consultation on changes in August 2023 and each year thereafter;
 - 6.19.2 annual disclosures on performance against the charter and compensation arrangement;
 - 6.19.3 disclosure of any effort by Aurora to improve consumer awareness of its customer charter and consumer compensation arrangement; and
 - 6.19.4 requirement for a mid-period expert review covering Aurora's progress in developing its engagement with consumers on its customer charter and consumer compensation arrangement, to be disclosed by 1 December 2023.

- 6.20 Our draft decision on performance reporting against the charter and compensation arrangement proposed requirements cover:
- 6.20.1 whether, and if so how, Aurora is improving consumer awareness of its charter and compensation arrangement;
 - 6.20.2 Aurora's compliance with the service level commitments (and related compensation payments) in the charter and information on any related complaints by consumers; and
 - 6.20.3 any consumer engagement on the charter and compensation arrangement.
- 6.21 We proposed for a summary of the performance reporting against the charter be included in the ADR, and the full information to be reported separately.

What we heard from submitters

Feedback received up to our information disclosure draft decisions

- 6.22 On 1 March 2021, we met with Aurora at an information-seeking meeting to better understand the workability of the ID draft policy decisions we published in November 2020. A summary of the meeting, including the discussion material (slides) which Aurora provided, was published on our website alongside our draft reasons paper.¹⁶¹ Chapter 3 contains the key themes which arose from the meeting.
- 6.23 We received a number of submissions relating to the quality of service provided by Aurora and suggestions for additional information disclosures on this topic that we should consider which are summarised below.
- 6.24 Some submissions expressed frustration with the level of reliability of electricity supply by Aurora and one questioned the accuracy of reliability data published by Aurora.¹⁶² We addressed this concern by including audited reliability measures in the ADR.
- 6.25 Some submitters and workshop participants raised points specifically relating to planned outages. Submissions noted frustration with the number of planned outages, the number of planned outages that are cancelled, the communication of planned outages, and the timing of planned outages (such as in winter when electricity is required for space heating). For example, one submitter said:

¹⁶¹ [Commerce Commission – Summary of Aurora information seeking meeting – 1 March 2021](#)

¹⁶² [CC0057 – Submission on draft decision for Aurora's CPP – 9 December 2020](#) and [CC0052 – Submission on draft decision for Aurora's CPP – 8 December 2020](#).

We need to hold Aurora accountable for its actions rather than have excuse after excuse as poles fall over and infrastructure fails, then they plan repairs at totally inept times (mid-winter) forcing outages on communities during times of greatest need. ...Outages must be better planned, communicated and timed by Aurora, particularly for Central Otago consumers”¹⁶³

6.26 Central Otago District Council also submitted the following:

Businesses regularly report having either hired generation equipment to cover for outages or closed for the day in some instances only to have the outage not occur. The cost is not just the wasted day in question but duplicated when the inevitable outage does occur. We therefore submit that the Commission considers cancelled planned outages becoming a performance measure to be monitored, reported and if necessary prosecuted on.¹⁶⁴

6.27 In relation to planned outages, some submitters also noted that Aurora sometimes planned outages but did not meet the requirements of notification in order for the outages to be recorded as planned outages.¹⁶⁵ Submitters raised a concern that this causes a problem for information disclosure because unplanned outages include outages that are planned by Aurora for maintenance but which are not sufficiently notified.¹⁶⁵ This means that the unplanned outage results are not only a measure of network failures, but also of a failure to notify planned work.

6.28 We heard from consumers in public meetings that some were impacted significantly by voltage quality issues, for example experiencing damage to their equipment. A relatively small proportion of consumers were more likely to be affected disproportionately because of their location on the network.

Feedback received on our draft decisions

Outage communications

6.29 Aurora submitted that it had concerns about the complexity of our draft requirements on outage communications. It said:

We understand the reasons why the Commission proposes requiring that information to be disclosed – consumers have been impacted by greater volumes of planned interruptions than historically (before 2017), and our notifications have been less than adequate in a larger number of instances than we would like or than is acceptable.

We do have concerns about the complexity of the information requirements, however. [...] Irrespective, this complexity will flow through to consumers, with the meaning of terms like “intended interruptions” not being readily apparent to them.¹⁶⁶

¹⁶³ [CC0021 – Submission on draft decision for Aurora's CPP – 27 November 2020](#), page 1.

¹⁶⁴ [Central Otago District Council – Submission on draft decision for Aurora's CPP – 18 December 2020](#), page 6.

¹⁶⁵ eg, [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#).

¹⁶⁶ [Aurora Energy – Submission on Aurora Energy's ID draft decision – 10 May 2021](#)

Network reliability

- 6.30 Aurora asked us to change our draft requirement for normalised feeder-level quality data to require the raw data, because normalising at this level is difficult and has a limited value-add.

Voltage quality monitoring practices

- 6.31 One submitter asked us to do more to ensure Aurora monitors voltage quality at low voltage and acts when it identifies issues. The submitter noted that LV voltage quality is captured in both the Electricity (Safety) Regulations 2010 and the Electricity Industry Participation Code 2010 Default Distributor Agreement.

Why is the Commerce Commission waiting so long to act and why is this not being down across all Lines Companies already? [...]

The Commerce Commission waiting another two years for Information Disclosures to come into effect knowing or suspecting that Aurora is breaching the Electricity (Safety) Regulations 2010 can only be seen as corrupt. As the Commerce Commission is effectively protecting Aurora from a “Grade A Offence” by delaying the requirement of these Information Disclosures. Aurora have had at least 10 years to get these issues under control. The technology to monitor these voltages is already in place in the Smart Meters now connected to the majority of homes in NZ and are able to monitor these conditions. They have been around for years and the Electricity Authority has been promoting their use for this purpose since 2010, Appendix B.1.e “check voltage limits (high and low) on a low voltage feeder to ensure it is within compliance limits”.¹⁶⁷

- 6.32 Multiple submitters asked us to remove or reduce our draft requirement for Aurora to produce a plan for developing its voltage quality monitoring practices. For example, Vector submitted:

The requirement for LV reporting for voltage performance is a significant undertaking which is resource intensive and should have been considered as part of the CPP assessment (trade-off) process. The requirement to develop an improvement plan for its LV voltage monitoring activity is effectively enforcing a new requirement on Aurora after it has been through the price- quality assessment process. LV voltage monitoring plans are resource intensive so do need to be recognised in the expenditure trade-off analysis.

Greater LV visibility is an important feature of future networks which includes the management of power-quality for low voltage network customers. However, this is a significant shift of the current design of networks and the focus of both regulation and power-system management over an extended time. We are encouraged by the Commission seeing greater focus on the development of LV networks including the measurement of power-quality at low voltage, but this should be done in collaboration with stakeholders, so a meaningful pathway is developed.¹⁶⁸

¹⁶⁷ [Trevor Tinworth – Submission on Aurora Energy’s ID draft decision – 10 May 2021](#)

¹⁶⁸ [Vector Limited – Submission on Aurora Energy’s ID draft decision – 10 May 2021](#)

Customer charter and consumer compensation arrangement

- 6.33 One submitter asked us to make Aurora’s customer charter and consumer compensation arrangement mandatory. The ENA submitted that the customer charter and consumer compensation arrangement are voluntary, and we should not mandate them through our ID requirements.
- 6.34 Aurora submitted that it will be more appropriate to require a continuous disclosure of the customer charter and consumer compensation arrangement, rather than an annual disclosure.

Our final decision on quality of service and our reasons

Our final decision on quality of service

- 6.35 Our final decisions for outage communications, network reliability, voltage quality monitoring practices, and Aurora’s customer charter and compensation arrangement are outlined below.

Outage communications

- 6.36 We heard from submitters and in consultation workshops that Aurora’s management and communication of planned outages causes significant frustration and costs to consumers. To aid transparency of improvements in this area, we have set additional requirements for Aurora to report on this.
- 6.37 Specifically, we require Aurora to report annually on the number of:
- 6.37.1 planned outages that were cancelled with less than 10 working days’ notice;
 - 6.37.2 planned outages that were cancelled with less than 24 hours’ notice;
 - 6.37.3 planned outages for which Aurora gave additional notice;¹⁶⁹
 - 6.37.4 planned outages for which Aurora did not give additional notice;
 - 6.37.5 planned outages that started more than one hour before, or ended more than one hour after the notified outage window; and
 - 6.37.6 unplanned outages that Aurora intentionally initiated to carry out work on its network that did not directly relate to a fault.
- 6.38 We also require Aurora to disclose by 31 March 2022 its plans to develop and improve its planning, management and communication of planned outages. After this, Aurora must annually report its progress against these plans in the ADR.

¹⁶⁹ ‘Additional notice’ is defined in Schedule 3.1 of the [Aurora CPP Determination](#).

Network reliability

- 6.39 Aurora is required to include high-level measures of network reliability in its ADR in addition to including some of them in its existing annual information disclosure. These high-level measures of network reliability are:
- 6.39.1 SAIDI and SAIFI for each of its pricing regions;
 - 6.39.2 SAIDI and SAIFI for Aurora's overall network;
 - 6.39.3 SAIDI and SAIFI limits;
 - 6.39.4 identification of worst-performing feeders; and
 - 6.39.5 planned and unplanned SAIDI and SAIFI for worst-performing feeders.
- 6.40 Our final decisions include reliability measures for the full network to be normalised in the same way as for compliance with the CPP quality standard limits by reducing the effect on the results from large one-off events like storms. This will allow the information disclosure measures to be compared against the CPP quality standard limits.
- 6.41 This is different to our final decisions on the other reliability measures, for which we are requiring Aurora to report the raw (non-normalised) results. This is because normalising results at a lower regional level than for the full network is more difficult and the normalised information may have less value for consumers.
- 6.42 We will not require a development plan for these measures, although we do require information in the ADR on any plans that Aurora has to improve the reliability of its service to consumers on its worst-performing feeders.
- 6.43 Similarly, we have decided that the mid-period expert review which would apply in other more complex areas would not apply directly to the high-level network reliability measures in the ADR. This is because reliability measures are also covered in the CPP, and the underlying drivers of reliability, such as asset management practices and processes, have also been covered in our requirements for the suite of plans, ADR, and mid-period expert review.

Voltage quality monitoring practices

- 6.44 Aurora is required to publish its plan for developing and improving its practices for:
- 6.44.1 monitoring voltage quality on the low voltage parts of its network;
 - 6.44.2 achieving compliance with applicable voltage requirements of the Electricity (Safety) Regulations 2010 on the low voltage parts of its network;
 - 6.44.3 responding to voltage quality issues once they are identified; and

- 6.44.4 communicating this work on the low voltage network to affected consumers.
- 6.45 The plan will be disclosed as part of Aurora's development plan by 31 March 2022. Aurora must present a summary of the key features of the development plan to consumers in each of its pricing regions by 31 May 2022.
- 6.46 Consumers and other stakeholders will see Aurora's progress against this plan in three ways:
 - 6.46.1 a summary of progress for the 1 April 2021-31 March 2022 year in improving its practices in monitoring the low voltage network in the Year 1 Interim ADR in August 2022;
 - 6.46.2 a summary of progress against the plan in the ADR for the 1 April 2022-31 March 2023 year and later years within 5 months after the end of each of these subsequent disclosure years; and
 - 6.46.3 a mid-period expert review covering Aurora's progress against the plan, to be disclosed by 1 March 2024.

Customer charter and consumer compensation arrangement

- 6.47 We require disclosure of a range of information over the CPP period on Aurora's customer charter and consumer compensation arrangement and its performance against the charter and compensation arrangement:
 - 6.47.1 disclosure at all times of the customer charter and consumer compensation arrangement;
 - 6.47.2 disclosure by 31 March 2022, as part of the development plan, of plans to develop and improve engagement with consumers on the charter and compensation arrangement;
 - 6.47.3 disclosure of any changes Aurora intends to make to its charter or compensation arrangement, and disclosure of any changes it has made to its charter or compensation arrangement;
 - 6.47.4 annual disclosure (within 5 months after the end of each disclosure year) of any consumer consultation on any changes to the charter or scheme and any improvement on consumer awareness of the charter or compensation arrangement;
 - 6.47.5 annual disclosure (within 5 months after the end of each disclosure year) of progress in developing engagement with consumers on the charter and compensation arrangement, and a summary of any payments made under the compensation arrangement; and

6.47.6 disclosure by 1 March 2024, as part of the mid-period expert review, of an opinion of Aurora's progress in developing consumer consultation practices, and any recommendations for improving on this.

Reasons for our final decision

6.48 Our reasons for our final decision on information disclosure requirements on quality of service are outlined by topic area below.

Outage communications

- 6.49 We recognise the impact of outages on consumers. While the impact of planned outages may be lower than of unplanned outages, the impact is only lower if the communication with consumers is adequate. This is particularly important for the CPP period due to the high level of asset renewal work, which will require more planned outages than have occurred in the past.
- 6.50 As described above, we received feedback from consumers in submissions and in our consultation workshops that highlighted the importance of good communication on planned outages and frustration with the cancellation and non-notified rescheduling of planned outages. Submissions also raised the importance of good planning processes.
- 6.51 Submitters suggested that Aurora's planning and management of outages for asset renewal works should consider factors like the need for space heating in the coldest periods of the year and large events occurring in the area, and we agree with this feedback.
- 6.52 We have set requirements for additional disclosures on Aurora's communication and management of planned outages because of the reasons described above. We consider the requirements will provide transparency for consumers and other stakeholders on Aurora's efforts to manage and improve this performance and provide measures of consumers' actual experience of planned outages.
- 6.53 We have responded to Aurora's submission on the complexity of the draft requirements by simplifying them to make it easier for Aurora to report against them and for consumers to understand and engage with this information.

Network reliability

- 6.54 We consider the reliability of electricity supply is the primary measure of the quality of the electricity lines service because it is generally the aspect of quality that is most important to consumers. So, we consider it is an important topic to be included in the ADR.

- 6.55 We recognise that some submissions suggested other measures that would be useful, such as the submission by Rob Douglas, which suggested additional measures such as earth fault pickups and electrical fires.¹⁷⁰ However, our final decision is to not greatly expand the scope of quality measures, as this would likely increase the cost to Aurora and its consumers of doing so.
- 6.56 Some of the additional disclosure requirements duplicate information that is required under existing EDB information disclosure requirements because we consider they should be covered in the ADR to give consumers an easily accessible overall view of Aurora's performance on quality of service.
- 6.57 We have introduced additional information requirements on reliability for consumers on the worst-performing feeders. This is because stakeholders have raised concerns in submissions and our consultation workshops about the equity of historical investment in different areas supplied by Aurora and the resulting performance, with particular concern about the reliability in Central Otago.¹⁷¹ This additional information will provide transparency on any areas that are receiving a particularly poor quality of service.
- 6.58 Submissions from Richard Healey and James Dicey suggested more granular reporting on quality measures.¹⁷² We consider focusing on the worst-served consumers by feeder is an effective way of providing more granular information that is focused on the most important areas. We consider it is also useful in this context for Aurora to provide information on any plans it has to improve the reliability of its service to consumers on the worst-performing feeders.

Voltage quality monitoring practices

- 6.59 We have required Aurora to disclose its plan on developing and improving its voltage quality monitoring practices because of the impact that voltage quality issues have on affected consumers. Although a relatively small proportion of consumers may be affected, they are likely to experience issues repeatedly if the cause of the issues is still there. We consider affected consumers have a right to know what work Aurora is doing on this, especially because voltage quality on the LV network is not covered by the limits and incentives on quality under the CPP, or by our existing EDB information requirements.

¹⁷⁰ [Rob Douglas - Submission on draft decision for Aurora's CPP - 21 December 2020](#).

¹⁷¹ eg, [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#).

¹⁷² [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020](#) and [James Dicey – Submission on draft decision for Aurora's CPP – 18 December 2020](#).

- 6.60 We also consider that Aurora's plan for developing and improving its voltage quality monitoring practices of the low-voltage parts of its networks is becoming increasingly important with the current and expected changes to the electricity sector that are occurring with new large single-point loads and generation, including with electric vehicle charging and small-scale distributed generation.
- 6.61 We require the mid-period expert report to include consideration of Aurora's progress in improving its voltage quality monitoring practices. We consider this to be appropriate because of the complex and technical nature of voltage monitoring. The report may act as a check on Aurora's reporting in this area which gives both it and consumers reassurance and further guidance on improving voltage quality monitoring practices.
- 6.62 We have not required Aurora to take specific actions on voltage quality as part of this work, because our consultation was only focussed on information disclosure requirements, and because we do not know at this stage what the appropriate solutions may be. An inappropriate requirement may cause unnecessary large expenditure. Instead we have required Aurora to disclose its plans on developing and improving its practices because this gives it the flexibility to investigate and find appropriate solutions. This could include shorter-term or more localised solutions that help affected consumers without large lumps of network expenditure, eg, support for consumers that use equipment more likely to be affected by voltage quality issues.
- 6.63 Aurora is subject to legal limits on voltage under section 28 of the Electricity (Safety) Regulations 2010, so we have used these legal limits as a reference point for Aurora's reporting on its practices. We have not attempted to enforce the legal limits because they are safety regulations, and we are not the safety regulator (WorkSafe is the safety regulator). We have set requirements to give consumers transparency on Aurora's work on voltage quality issues because this is part of the quality of the service consumers get, including voltage quality issues that may not breach safety regulations but still have a significant impact on consumers.

Customer charter and consumer compensation arrangement

- 6.64 Aurora has an existing compensation arrangement in place and has publicly committed in its CPP proposal to retaining its arrangement and consulting with consumers on potential improvements. We consider it is good practice by Aurora to have introduced its customer charter and consumer compensation arrangement.
- 6.65 Requiring disclosure of the details of the charter and compensation arrangement will ensure that information on the scheme is available to consumers. This will support awareness of the compensation arrangement so that more consumers are aware of the compensation payments that may be available to them.

- 6.66 We consider the information disclosure requirements on the charter and compensation arrangement that we have set will provide further transparency to consumers and other stakeholders on the degree to which Aurora has made improvements to the compensation arrangement, as committed to in its CPP proposal.
- 6.67 We see value in consumer compensation arrangements as they provide an additional incentive to provide a quality of service that reflects consumer demands beyond the incentives provided by the existing quality standards. They also provide some direct redress to consumers affected by poor service and may give reassurance to consumers concerned about potential poor service.
- 6.68 A compensation arrangement can help shine a light on failings internally and externally (eg, payments for poor service are stark and may be more likely to feature at Board discussions). The process of Aurora's consulting on any improvements to the compensation arrangement could also be powerful in drawing attention to these issues and building some form of consensus between Aurora and its consumers.
- 6.69 We expect to see Aurora improve its compensation arrangement as it committed to in its CPP proposal, and we consider Aurora should review issues raised to us via the CPP process in doing so along with its own consultation with consumers.
- 6.70 We require Aurora to disclose payments made under the compensation arrangement and to disclose complaints that fall outside of the compensation arrangement. This information will help Aurora and others understand aspects of Aurora's performance that are important to consumers and will highlight improvements that Aurora could make to the compensation arrangement.
- 6.71 A submission suggested that "To ensure consumers are properly protected the charter should form part of the ComCom's recommendations".¹⁷³ However, our final CPP decision was to not mandate a compensation arrangement within the CPP because, as described in CPP final reasons paper, we consider Aurora will have significant incentives to meet its commitments to keep and improve its compensation arrangement and service level commitments.
- 6.72 We considered there was a significant risk that us setting a compensation arrangement when we set the CPP could limit Aurora's ability to improve its compensation arrangement and respond to the consumer consultation that it intends to undertake. We considered we had insufficient information as to what consumers value, or the appropriate specifications for such an arrangement at that stage.

¹⁷³ [James Dickey – Submission on draft decision for Aurora's CPP – 18 December](#), page 7.

Chapter 7 Additional regional disclosures on Aurora's distribution pricing methodology

Purpose of this chapter

- 7.1 The purpose of this chapter is to explain our decision to require Aurora to disclose additional information regarding regional pricing. The additional requirements intend to make it easier for consumers and other stakeholders to understand Aurora's regional pricing methodology.
- 7.2 This information is required in addition to the pricing methodology and supporting information Aurora already annually discloses under our existing EDB ID requirements.¹⁷⁴

Background

- 7.3 Our existing EDB ID requirements require Aurora to annually disclose its pricing methodology and supporting information. Our pricing methodology requirements work together with the Electricity Authority 2019 distribution pricing principles.¹⁷⁵ These principles are supported by an August 2019 Practice Note from the Authority that aims to assist EDBs in interpreting and applying those principles.¹⁷⁶
- 7.4 The Practice Note outlines considerations for an EDB when it defines its 'consumer groups', which is the category of consumer used by the EDB in the price-setting process. One of these considerations is "location (geographic or network topology)". The Authority evaluates the distribution pricing methodologies of EDBs and publishes a scorecard. It last published a scorecard for 2020 pricing.¹⁷⁷ It also carried out a targeted review of Aurora's 2021 pricing.¹⁷⁸

¹⁷⁴ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, clause 2.4.

¹⁷⁵ Electricity Authority *Distribution pricing*: <https://www.ea.govt.nz/operations/distribution/pricing/>

¹⁷⁶ Electricity Authority *Distribution pricing: Practice Note August 2019*: <https://www.ea.govt.nz/assets/dms-assets/25/25528Distribution-Pricing-Practice-Note-August-2019.pdf>

¹⁷⁷ Electricity Authority *2020 Distribution pricing scorecards*: <https://www.ea.govt.nz/operations/distribution/pricing/distribution-scorecards-2020/>

¹⁷⁸ Electricity Authority Aurora's scorecard and regional distribution pricing review <https://www.ea.govt.nz/assets/Distribution-pricing-and-Aurora-flyer-February-2021.pdf>, and <https://www.ea.govt.nz/assets/Aurora-regional-pricing-report-February-2021.pdf>

- 7.5 The CPP allows Aurora to increase its revenues to pay for higher levels of expenditure, up to the total allowable by the CPP. While this means that prices are able to increase, the CPP does not act to limit increases in individual prices. The size of any resulting price increases may vary between the pricing regions on Aurora's network. This is because Aurora currently divides its network into three pricing regions for the purpose of determining and applying its network prices.
- 7.6 The existing EDB information disclosure requirements include a requirement for EDBs to include sufficient information and commentary in their pricing information disclosures to enable consumers and other stakeholders to understand how prices were set for each consumer group, including the assumptions and statistics used to determine prices for each consumer group.^{179 180}
- 7.7 Aurora responded directly to consumers in January 2021, agreeing with consumer views that prices must be set fairly and based on efficient costs to deliver the services they use. It said that during the first disclosure year of the CPP period it would update allocators for operational costs to better reflect the maintenance and administrative costs of supplying each region and that it would commit to reviewing the regional pricing model to ensure it remains fair and consistent, seeking input from consumers and the community.¹⁸¹
- 7.8 On 1 April 2021 Aurora set out near-term and longer-term roadmaps for further pricing reform. The near-term roadmap includes a proposal to consult with its consumers in October 2021.¹⁸²

Our March 2021 draft decision

- 7.9 Our draft decision proposed that Aurora, when disclosing its pricing methodology, would be required to disclose the following additional information with regard to that methodology:
- 7.9.1 sufficient information and commentary to enable consumers and other stakeholders to understand how Aurora has set prices for each of its 'sub-networks';

¹⁷⁹ A consumer group means the category of consumer used by the EDB for the purposes of setting prices, see definition of "consumer group" in clause 1.4.3 of the [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22.

¹⁸⁰ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, clause 2.4.3(1).

¹⁸¹ <https://www.auroraenergy.co.nz/news/2021/customer-feedback-prompts-changes-to-regional-pricing/>

¹⁸² Aurora Energy, *Pricing Roadmap* (1 April 2021): <https://www.auroraenergy.co.nz/assets/Files/Disclosures/Pricing/20210401-RY2022-Pricing-Roadmap-A4-Final.pdf>

- 7.9.2 a worked example of how an average domestic consumer's prices on each 'sub-network' would be calculated;
 - 7.9.3 a public version of Aurora's cost of supply model with explanatory material to help consumers and other stakeholders understand how the model works; and
 - 7.9.4 a Commission version of the cost of supply model that shows any redactions made for information that identifies individual consumers.
- 7.10 We defined 'cost of supply model' as being a financial model that:
- 7.10.1 allocates the revenue Aurora expects to receive from its prices amongst each of Aurora's 'consumer groups'; and
 - 7.10.2 determines how Aurora sets prices in relation to those consumer groups.

Structure of this chapter

- 7.11 In the following sections of this chapter we:
- 7.11.1 summarise views and submissions we received from consumers and other stakeholders on Aurora's information disclosure in the period leading up to our CPP decision and our 31 March 2021 draft decisions on information disclosure that helped inform our March 2021 draft decisions;¹⁸³
 - 7.11.2 summarise views and submissions we received from consumers and other stakeholders in response to our 31 March 2021 draft decision on requiring Aurora to disclose additional information regarding its regional pricing for Aurora's consumers;¹⁸⁴ and
 - 7.11.3 set out our final decision and reasons on requiring Aurora to disclose additional information regarding its regional pricing for Aurora's consumers.

¹⁸³ As noted in Chapter 3, in the period leading up to us making our Aurora CPP decision in March 2021 we received a number of submissions that helped inform our draft decisions on ID, and we have incorporated the relevant submissions in this section of this Reasons Paper.

¹⁸⁴ [Commerce Commission "Decision on Aurora Energy's proposal for a customised price-quality path - final reasons paper" \(31 March 2021\)](#)

What we heard from submitters

Feedback received prior to our draft decisions

- 7.12 Many submitters in Central Otago and Queenstown considered regional pricing was unfair and questioned the basis for allocating different costs to different regions. Some identified transparency about the regional pricing methodology. For example, the Arrowtown Village Association highlighted this transparency concern in its submission:

It would be useful if Aurora were more transparent about the quality of its services and how it calculates the regional prices. However, without knowing how the Retailers pass on these costs this is somewhat academic.¹⁸⁵

- 7.13 Submitter Steve Tilleyshort expressed concern about the definition of an “average consumer” and whether disclosure would be clear about the potential pricing impact on consumers:

At the consultation meeting in Alexandra, line charge costs were discussed. The values of line charges in the order of \$25 as an average were questioned and these averages were challenged and an example of energy account were presented to the Commerce Commission

An actual dollar amount of energy account increases would be more transparent and useful to clients in making decisions and judgements about the term of borrowing and understanding the impact than an unqualified average. If Aurora wishes to fulfil its commitment to be honesty and transparent, they should be willing to provide the Commission with their calculator or do this exercise for you.¹⁸⁶

Consumer and stakeholder submissions on our draft decisions

- 7.14 In its submission on our draft decision, the Central Otago District Council supported the need for Aurora’s pricing disclosures to be made at the level of Aurora’s three main pricing regions:

We strongly support the proposal that regional reporting of the measures in the ADR be undertaken (5.36). We state this despite noting the comments by the company at 5.39 *that “requirement to disaggregate reporting to levels more granular than its three pricing regions (ie, ‘Dunedin’, ‘Central Otago & Wanaka’, and ‘Queenstown’) would be difficult and costly, given the capabilities and constraints of its current systems and operations”*. The company has been very clear in all its discussions around regional pricing that these are three distinct networks and it is galling to now read the company claiming it is difficult to treat these as such when it comes to reporting to the people in those three different regions, especially given the extreme cost increases that those in the Central Otago region are facing.¹⁸⁷

- 7.15 In its submission, Powerco raised a practical question about the extent of the disclosure of the cost of supply model:

¹⁸⁵ [Arrowtown Village Association – Submission on draft decision for Aurora's CPP – 18 December 2020](#)

¹⁸⁶ [Steve Tilleyshort – Submission on the draft decision for Aurora's CPP – 17 September 2020.](#)

¹⁸⁷ [Central Otago District Council - Submission on Aurora Energy's ID draft decision - 10 May 2021](#), para 4

Instead of disclosing a version of its cost-of-supply model, a preferable solution would be to outline the type of information or questions to be addressed. This would leave some flexibility for Aurora to answer these in an efficient and customer-focussed manner that can adapt through time and is right-sized for the nature of the issue.¹⁸⁸

- 7.16 In its submission, the Electricity Networks Association raised issues with the way we were proposing to define Aurora’s pricing regions for the purposes of the additional pricing disclosures:

The ENA is of the view that the draft decision does not represent regulatory good practice in its: ...

- failure to recognise unintended consequences from the Commerce Commission’s re-interpretation of the term “sub-network;...

In section 5.69 of the draft determination, the Commerce Commission has proposed to use the existing definition of “sub-network” contained in section 1.4.3 of the EDB ID determination. Subsequently, the draft determination re-interprets the definition of “sub-network” to incorporate a pricing dimension to the test of “geographical separation.

The ENA is of the opinion that if the Commerce Commission decides to apply this re-interpretation of “sub-network”, it may have unintended consequences where implementation of EDB cost reflective pricing results in a significant increase in information disclosure or is a disincentive to appropriate disaggregation of pricing.¹⁸⁹

Aurora’s submission on our draft decision on additional regional disclosures on the distribution pricing methodology

- 7.17 On 3 May 2021, we met with Aurora to provide clarification and explanation of our draft decisions on additional information disclosure requirements ahead of it providing its formal submission. Aurora raised the issue of the definition of the pricing regions and the practicality of the regional pricing model requirement.^{190 191}

- 7.18 In its submission on our draft decision, Aurora submitted the following on the use of the defined term ‘sub-network’:

The Draft Amendment Determination proposes a greater disaggregation of information by sub-network, and the Draft Reasons Paper makes it clear that sub-networks are required to match Aurora’s pricing regions. As noted above in section 2.3, above, the definition of “sub-network” relies on interpretation of ‘geographically separate’, which is undefined. We recommend that the Commission adds a definition of ‘geographically separate’ to the Draft Amendment Determination, so its meaning is consistent with the intent described in the Commission’s 2012 reasons paper.

¹⁸⁸ [Powerco Limited - Submission on Aurora Energy's ID draft decision - 10 May 2021](#), p1

¹⁸⁹ [Electricity Networks Association - Submissions on Aurora Energy's ID draft decision - 10 May 2021](#), p1 and 2

¹⁹⁰ As noted in Chapter 3, a summary of this meeting was published on our website on 13 May 2021 along with submissions from consumers and other stakeholders. Aurora raised the issue of the definition of the pricing regions and the practicality of the regional pricing model requirement

¹⁹¹ [Commerce Commission "Summary of Aurora Energy information clarification meeting" \(3 May 2021\)](#), para 14 and 39

7.19 It submitted with respect to the cost of supply model:

The requirement to publish a version of Aurora’s cost of supply model should be removed, relying instead on enhanced explanatory material within the pricing methodology. If the decision is to retain publication of a version of Aurora’s cost of supply model, then the definition of cost of supply model must be restricted to focus on cost of supply (regional and load group cost allocation) and tariff design references removed.

While the cost of supply model is the tool that allows these allocations to be made, we question whether the complexity of that model, even with appropriate explanation, will produce a greater understanding of the cost allocation process than the pricing methodology explanatory material that we are already disclosing.

We consider that our revised pricing methodology provides the level of detail that the Commission is seeking for stakeholders and that requiring us to disclose our cost of supply model will not add any value.

We further note that the proposed definition of cost of supply model extends to determination of prices within each consumer group. That is beyond the normal scope of a cost of supply model and extends to tariff design.

We consider that the proposed definition of “cost of supply model” should be amended to remove tariff design.

7.20 In its technical submission on our draft ID amendment determination, Aurora suggested replacing the use of the term ‘sub-network’ with what is essentially a hard-coded definition of its current three pricing regions, being Dunedin, Central Otago and Wanaka, and Queenstown. Aurora provided a practical suggestion on the issue of whether parts of Aurora’s overall network are “geographically separate”, as defined in the term ‘sub-network’ in the ID determination. It proposed coining the separate term ‘Aurora pricing region’, which also aligns with how the Central Otago District Council sees the respective interests of consumers in the three different areas serviced by Aurora.

7.21 Aurora said in its cross-submission:

We consider that CODC misread or misinterpreted our comments about the feasibility of reporting based on pricing regions. In plainer language, what we actually said was that we can report at the pricing area level (Dunedin, Central Otago and Wanaka, and Queenstown), but to break reporting down to smaller areas would not be achievable.

Our final decision on regional disclosures on the distribution pricing methodology and our reasons

Our decision on regional disclosures on the distribution pricing methodology

- 7.22 Our decision is that Aurora is required to provide additional disclosure to consumers annually on its regional pricing to enable consumers to better understand how Aurora's prices are set. The additional disclosure requires Aurora to provide:
- 7.22.1 sufficient information and commentary to enable consumers and other stakeholders to understand how Aurora has set prices each year for each of the Aurora pricing regions (currently, Dunedin, Central Otago and Wanaka, and Queenstown);¹⁹²
 - 7.22.2 Aurora's cost of supply model that shows how Aurora's revenues each year are recovered from consumers in the Aurora pricing regions, and explanations that show consumers and other stakeholders how the model works; and
 - 7.22.3 a worked example for an average domestic consumer in each of Aurora's pricing regions showing how consumers' prices are calculated.^{193 194}
- 7.23 We have introduced a new term into the determination ('Aurora pricing region') that will have the effect of identifying Aurora's three current pricing regions of Dunedin, Central Otago and Wanaka, and Queenstown, which are the pricing regions Aurora currently uses to set its prices. It will also give future flexibility in the definition of the Aurora pricing regions to, for example, take account of future significant additions to the network or reconfigurations of the network for disclosure purposes at any stage.

Reasons for our decision

- 7.24 We consider consumers and other stakeholders should be engaged in a consultation process which aims to improve transparency in relation to how Aurora sets regional prices and be provided with additional disclosure that makes it easier for consumers to understand the regional pricing methodology.

¹⁹² A consumer group means the category of consumer used by the EDB for the purposes of setting prices: [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22 Clause 2.4.

¹⁹³ The definition of 'average domestic consumer' is based on the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 definition of 'average consumer'. MBIE's [Key Assumptions for the Quarterly Survey of Domestic Electricity Prices \(QSDEP\)](#) document details the assumptions MBIE uses to model its notional customer in each city or town for the QSDEP.

¹⁹⁴ Refer to above 'consumer group' definition.

- 7.25 Pricing methodology information can be complex. It is Aurora's responsibility to ensure that consumers are made aware of the information, it is readily accessible to them, and it is provided in a way that is easy for them to understand. It will be required to demonstrate this by including:
- 7.25.1 a summary in the ADR of Aurora's progress, and a self-assessment with reasons for the self-assessment rating, on ensuring the information provided on regional pricing enables consumers to understand how prices in each of Aurora's pricing regions are set;
 - 7.25.2 a summary of feedback received by Aurora from consumers on the additional regional pricing disclosures, and whether and how Aurora proposes to respond to that feedback;
 - 7.25.3 in the information disclosed by Aurora, and which it will present in its annual regional presentations on the ADR, commentary on the most recently published Electricity Authority scorecard; and
 - 7.25.4 a summary of feedback received by Aurora from consumers on the additional regional pricing disclosures in the ADR and on the regional presentations, and whether and how Aurora proposes to respond to that feedback.
- 7.26 The mid-period expert report in 2024 will also provide an expert opinion on progress and recommendations for improvement on Aurora's consultation with consumers on its pricing methodology.
- 7.27 Our decision is designed to improve transparency in relation to Aurora's disclosure of its regional pricing methodology and to improve the consultation process that engages with consumers on regional pricing.
- 7.28 Transparency in relation to pricing helps consumers and other stakeholders answer some of the key performance questions necessary to understand if the Part 4 purpose is being met. In particular, transparency relating to:
- 7.28.1 how prices are set, which includes pricing methodologies used to establish standard and non-standard prices, and information on how other components of price are calculated (where applicable); and
 - 7.28.2 actual prices, including the level of prices for different consumer groups and pricing outcomes for different price components, such as the level of revenue achieved, and volumes billed for different consumer groups or price components.

- 7.29 While our existing EDB ID requirements regarding pricing methodology disclosures attempt to create transparency, we heard the concerns of stakeholders, that due to Aurora's regional differences in pricing, residents in Central Otago would have to pay considerably more for regulated services than residents in Dunedin. We consider by requiring the additional disclosure outlined above, consumers would better understand Aurora's regional cost allocation, which flows through to the regional prices it charges. This will assist consumers to understand why there are differences in price between Aurora's pricing regions.
- 7.30 We also consider that the expert report on the consultation process between Aurora and its consumers on regional pricing will facilitate transparency and provide a better foundation for Aurora to engage with consumers and other stakeholders in relation to regional pricing. While Aurora's decision to review and consult with the public has the potential to improve transparency, given the current low level of trust and confidence amongst consumers and other stakeholders, a third-party opinion would provide additional assurance that Aurora's process to review the regional pricing model is fair and consistent.
- 7.31 Our draft decision proposed using the existing definition of 'sub-network' in the EDB ID Determination to give effect to our proposals to require regional disclosure of information. We acknowledge the point raised in submissions that there is a lack of clarity regarding the meaning of the existing term 'geographically separate' in the definition of 'sub-network'. As this issue is relevant to all EDBs subject to the EDB ID Determination (not just Aurora), we consider that it is appropriate to address the issue through a future targeted information disclosure review.
- 7.32 Accordingly, we agree with Aurora's suggested determination drafting suggestion, which is to introduce the new term 'Aurora pricing region', which will only apply to Aurora.
- 7.33 In line with our draft decision, our definition of 'Aurora pricing region' excludes Te Anau from being a pricing region, as it is not currently a 'sub-network' due to the size de minimis provisions in the current definition of 'sub-network'.
- 7.34 The definition of 'Aurora pricing region' has been drafted in the determination to reflect the current pricing regions used by Aurora and is aimed to be sufficiently flexible to adapt, for example, for any change by Aurora which would establish different or additional pricing regions under the pricing methodology.
- 7.35 Aurora submitted that our draft decision on regional pricing extends too far into the detail of tariff setting, which it says is not currently part of its cost of supply model. Even if it was available, it considers that a model in that respect would provide a level of detail that consumers would not be able to usefully engage with.

- 7.36 As a matter of detail on our existing EDB disclosure requirements, ‘prices’ are defined in our IMs as meaning individual tariffs, fees or charges, or their individual components, so there is a requirement to explain tariffs under ID already; it is just a case of whether the detail of a model on this should be required.
- 7.37 The Electricity Authority’s guidance on its pricing principles provides that regional considerations are relevant when applying the principles to define consumer groups, and this appears to address the issue of transparency of regional pricing that the more detailed cost of supply model disclosure in our draft decision was targeted at.
- 7.38 We consider the requirement to show how the overall level of revenues is allocated amongst consumers in each region and providing worked examples, are the level of information that consumers will want to engage with, and the requirement on Aurora to provide supporting information and commentary is what the consumers in each of the pricing regions will be seeking.
- 7.39 We do not consider that disclosure of a full tariff-calculation model is justified for this purpose. We therefore agree with the Aurora submission to remove the additional requirement to disclose the detailed setting of prices by consumer group as part of disclosing its cost of supply model.

Chapter 8 Additional information on asset management

Purpose of this chapter

- 8.1 The purpose of this chapter is to explain our decisions to require Aurora to disclose additional information on how it is improving its processes and practices on asset management, project quality assurance, cost estimation, and data collection and data quality.
- 8.2 This information is required in addition to the asset management information Aurora already discloses in its asset management plan (AMP) under our existing EDB ID requirements.

Structure of this chapter

- 8.3 In the following sections of this Chapter 8 we:
 - 8.3.1 summarise our existing EDB ID requirements under which Aurora must disclose information on how it is improving its asset management and related practices and processes;
 - 8.3.2 summarise our 31 March 2021 draft decisions on requiring Aurora to disclose additional information on how it is improving its asset management and related practices and processes;¹⁹⁵
 - 8.3.3 summarise views and submissions we received from consumers and other stakeholders on Aurora's information disclosure in the period leading up to our CPP decision and our 31 March 2021 draft decisions on information disclosure that helped inform our March 2021 draft decisions;¹⁹⁶
 - 8.3.4 summarise views and submissions we received in response to our March 2021 draft decisions; and
 - 8.3.5 set out our final decisions and reasons for requiring Aurora to disclose additional information on how it is improving its asset management and related practices and processes.

¹⁹⁵ [Commerce Commission "Aurora Energy's proposal to customise its prices and quality standards - Draft decision" \(12 November 2020\).](#)

¹⁹⁶ As noted in Chapter 3, in the period leading up to us making our Aurora CPP decision in March 2021 we received a number of submissions that helped inform our draft decisions on ID, and we have incorporated the relevant submissions in this section of this Reasons Paper.

- 8.4 We have laid out those sections by the four key topics of asset management practices and processes, project quality assurance processes, cost estimation practices, and data collection and data quality practices.

Background

Asset management overview

- 8.5 We consider Aurora is starting from a low level of systematised asset management maturity, and that in the past it has relied heavily on staff experience to drive asset management inputs, rather than having systems and processes in place where staff experience would refine the outputs. Aurora has been open that it is “on an asset management maturity journey starting from a comparatively low base.”¹⁹⁷
- 8.6 The AMP 2020-30 provides good detail with respect to Aurora Energy’s Asset Management framework.¹⁹⁸ The plan incorporates a typical ‘plan-do-check-act’ process, which is being progressively embedded into Aurora’s activities. We understand that Aurora uses this to monitor and control the effectiveness of its asset management activities.
- 8.7 We consider Aurora has sound policies on asset management, risk framework and safety at a corporate level. These policies demonstrate Aurora’s aspiration to industry best practice with respect to asset renewals. However, Aurora is still at an early stage of its asset management maturity journey.
- 8.8 Under our existing EDB ID requirements, Aurora must ensure that its AMP provides sufficient information for consumers and other stakeholders to assess whether:
- 8.8.1 assets are being managed for the long term;
 - 8.8.2 the required level of performance is being delivered; and
 - 8.8.3 costs are efficient and performance efficiencies are being achieved.¹⁹⁹
- 8.9 Our reasons for the existing EDB ID requirements covering information on network management are outlined in Chapter 5 of our final reasons paper for the EDB ID requirements which we determined in 2012.²⁰⁰

¹⁹⁷ Aurora Energy "Customised Price-Quality Path - Application" (12 June 2020), Section.4.1 p.42. available at https://comcom.govt.nz/_data/assets/pdf_file/0027/218592/Aurora-Energys-CPP-application-12-June-2020.pdf.

¹⁹⁸ <https://www.auroraenergy.co.nz/assets/publication-articles/Asset-Management-Plans/Aurora-Energy-AMP-2020-Final-12-June-2020.pdf> Asset Management Framework, Section 4.1.

¹⁹⁹ [*Electricity Distribution Information Disclosure Determination 2012*](#) (consolidated April 2018) [2012] NZCC 22, clause 2.6.2(1).

- 8.10 Aurora also discloses information to support the Report on Asset Management Maturity disclosure and assist consumers and other stakeholders to assess the maturity of asset management documentation, controls and review processes. We require information that supports the report on asset management maturity by:
- 8.10.1 communicating asset management strategies, objectives, policies and plans to stakeholders involved in the delivery of the asset management requirements, including contractors and consultants; and
 - 8.10.2 demonstrating staff engagement in the efficient and cost-effective delivery of the asset management requirements.²⁰¹
- 8.11 We also note the Asset Management Maturity Assessment Tool (AMMAT) is a useful tool that can be used to assess the maturity of asset management capability and practices of EDBs.²⁰²

Asset management practices and processes

- 8.12 Asset management practices and processes are used by an organisation to direct, co-ordinate and control asset management activities. They can provide improved risk control and give assurance that asset management objectives will be achieved on a consistent basis. Our view is that to achieve this consistency, Aurora needs an asset management development plan that takes on a greater role in the continuous improvement of asset management practices and processes. The development of those processes and systems are the focus of additional ID requirements discussed in this Chapter 8.

Project quality assurance

- 8.13 Project quality assurance is a key aspect of asset management, particularly when safety issues are identified and mitigated. Mature quality assurance processes:
- 8.13.1 help to ensure that assets are maintained and installed to meet industry standards and statutory requirements, including safety issues; and
 - 8.13.2 avoid the need to revisit work considered to be complete, which reduces overall costs.

²⁰⁰ [Commerce Commission Information Disclosure for Electricity Distribution Businesses and Gas Pipeline Businesses: Final Reasons Paper \(1 October 2012\)](#).

²⁰¹ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, clause 3.5.

²⁰² https://comcom.govt.nz/_data/assets/pdf_file/0019/61426/Asset-Management-Maturity-Assessment-Tool-Study-Report-27-September-2011.pdf.

- 8.14 Aurora's AMP 2020-2030 notes that it does not currently have a formal quality assurance or preventive maintenance auditing framework.²⁰³ It identified a need to create such frameworks to ensure both site-based assurance and data-based assurance are undertaken, to ensure it is getting the expected value from the preventive maintenance activities.
- 8.15 Aurora explained in its CPP application how it would maintain and improve its quality assurance processes for project and programme work delivery:
- 8.15.1 its investment in the Sentient Portfolio Programme Management (PPM) tool will allow visibility of project and programme delivery including resource forecasting, risks/issues, and project progress and reporting;
 - 8.15.2 works delivery managers will help ensure the successful delivery of all projects and ensure accurate reporting to the Aurora Board. There will be regular reviews of all project and programme work, with assurance processes around reporting, procurement, budget, scope and time control;
 - 8.15.3 a risk management review process has been implemented across all network projects and programmes; and
 - 8.15.4 a risk review is completed monthly on one or two randomly selected projects and/or programmes; and two quality assurance officers have been employed to randomly audit project and programme work to ensure the completed work meets Aurora's standards, electricity safety rules, regulations, and statutory requirements.²⁰⁴

Cost estimation

- 8.16 Good quality cost estimation is an important tool that can be used to help achieve cost efficiency. Accurate cost estimation drives cost efficiency and better asset management decisions by ensuring that the timing of projects and budgeting decisions use reliable forecasted cost information. Under the existing EDB ID requirements, Aurora must ensure that its AMP provides sufficient information for consumers and other stakeholders to assess whether costs are efficient and that performance efficiencies are being achieved.²⁰⁵

²⁰³ <https://www.auroraenergy.co.nz/assets/publication-articles/Asset-Management-Plans/Aurora-Energy-AMP-2020-Final-12-June-2020.pdf> Preventive Maintenance Initiatives, clause 7.3.3.

²⁰⁴ https://comcom.govt.nz/_data/assets/pdf_file/0017/228023/Draft-decision-Aurora-Energy27s-proposal-to-customise-its-prices-and-quality-standards-12-November-2020.pdf Attachment D Proposed allowance for capex, para D102.

²⁰⁵ [*Electricity Distribution Information Disclosure Determination 2012*](#) (consolidated April 2018) [2012] NZCC 22, clauses 2.6.1(1)(b) and 2.6.2(1)(c).

8.17 Our existing EDB ID requirements set out requirements regarding information that EDBs must include in their AMP that relate to practices and processes that drive cost efficiency (and which include cost estimation practices):

8.17.1 the AMP must, in relation to network development plans, provide a description of any strategies or processes used by Aurora that promote cost efficiency;²⁰⁶ and

8.17.2 the AMP must provide an overview of Aurora's asset management strategy and delivery.²⁰⁷ As part of this, the AMP should identify processes that ensure costs, risks and system performance will be effectively controlled when the AMP is implemented.²⁰⁸

Data collection and data quality

8.18 Improving processes for collecting and sharing data is important for quality decision making that ensures the timing and amount of spend to maintain, renew and replace Aurora's assets are appropriate. Under the existing EDB ID requirements, Aurora must ensure that its AMP provides sufficient information for consumers and other stakeholders to assess the standard of systems and information management data.

8.19 Our existing EDB ID requirements set out requirements regarding information EDBs (including Aurora) must include in their AMPs that relate to data collection and data quality. To support the Report on Asset Management Maturity disclosure and assist consumers and other stakeholders to assess the maturity of systems and information management, the AMP should describe the following:

8.19.1 the processes used to identify asset management data requirements that cover the whole of life cycle of the assets;

8.19.2 the systems used to manage asset data and where the data is used, including an overview of the systems to record asset conditions and operation capacity and to monitor the performance of assets;

8.19.3 the systems and controls to ensure the quality and accuracy of asset management information;

²⁰⁶ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, Attachment A, clause 11.3.

²⁰⁷ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, Attachment A, clause 3.10.

²⁰⁸ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, Attachment A, guidance note provided at clause 3.10.

8.19.4 the extent to which these systems, processes and controls are integrated; and
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8.19.5 a statement covering any limitations in the availability or completeness of asset management data, and disclose any initiatives intended to improve the quality of this data.²¹⁰

What we heard from submitters

Feedback received prior to our draft decisions

8.20 We heard that submitters did not have a high degree of confidence that Aurora's asset management practices and processes are helping to achieve cost efficiencies. For example, Trevor Tinworth reflected on an area of the Verification Report that identifies Aurora's cost models as "problematic" and raises concern that Aurora's asset management practices and processes are not well designed to ensure project costs are independently assessed:²¹¹

If Auroras costing are based off "problematic" cost models how accurate is its cost analysis. This report highlights that there needs to be a more rigorous independent review to ensure accuracy.

Have projects been sufficiently independently reviewed to ensure there is no price gouging by contractors and consumers are going to get value and quality for money. There is concern Aurora is being taken advantage of by its contractors charging them a premium to do the work as they know Aurora is desperate to get the work done.

8.21 Richard Healey also submitted that Aurora's asset management practices are not cost-effective or well targeted. Using a comparison of vegetation spend and outage data as an example, his submission questioned why there is no improvement in outage outcomes resulting from an increase in vegetation spend.²¹²

8.22 A key theme of submissions was Aurora's lack of quality assurance processes for managing contractors and efficiency of spend. For example, Richard Healey submitted that Aurora does not have reliable processes to test and verify whether project spend is value for money:

²⁰⁹ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, Attachment A, clause 11.3.

²¹⁰ [Electricity Distribution Information Disclosure Determination 2012](#) (consolidated April 2018) [2012] NZCC 22, Attachment A, guidance note provided at clause 3.11.

²¹¹ [Farrier Swier Consulting Pty Ltd and GHD Pty Ltd "Verification report - Aurora Energy CPP application" \(8 June 2020\)](#) Section 6.5.

²¹² [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020.](#)

Aurora have provided the Commission or its agents with a raft of figures that purport to illustrate that its contractors are efficient and build costs within industry norms. That information is entirely unverified and unaudited. Forty years of experience tells me that those figures, the figures that the Commission have relied on for their determination, are largely a fiction.²¹³

- 8.23 We also heard through submissions a concern about transparency relating to Aurora's cost estimation and efficiency of spend. For example, Richard Healey again submitted that:

For any meaningful analysis of the spend to be undertaken consumers must have enough information available so that they can determine just how closely — or not — build costs follow the claims made by Aurora in their application. This is a critical factor in restoring consumer confidence. Enough information must be disclosed to allow for a meaningful and accurate comparison to be made between Aurora's claimed cost of build for any given asset and what it actually achieves.²¹⁴

- 8.24 We heard, broadly, that submitters did not have a high degree of confidence that they can rely on Aurora's data. For example, Trevor Tinworth, in his submission on our CPP issues paper in August 2020, drew reference to Aurora's inability to accurately predict the duration of planned outages as evidence of poor network state data:

An increasing number of planned outages are exceeding their expected outage periods as the jobs are probably more involved than originally planned/scoped. Which raises the following questions: An increasing number of planned outages are exceeding their expected outage periods as the jobs are probably more involved than originally planned/scoped. Which raises the following questions:

How accurate is Auroras network asset state data and its relationship to the CPP application?²¹⁵

- 8.25 While this suggests there are concerns with the underlying processes for collecting and sharing quality data, the processes were not identified as specific concerns.

Aurora's submission on our draft decisions

Aurora's submission on our draft decision on asset management and its related decisions

- 8.26 In its submission on our draft decision Aurora submitted that the asset management and associated topics proposed for inclusion in the AMP and for inclusion in its development plan should be consolidated into the development plan, with a summary of the development plan included by cross-reference each year in the AMP:

²¹³ [Richard Healey – Submission on draft decision for Aurora's CPP – 17 December 2020.](#)

²¹⁴ Ibid

²¹⁵ https://comcom.govt.nz/_data/assets/pdf_file/0019/224524/Trevor-Tinworth-Submission-on-Aurora-Energys-CPP-Issues-paper-20-August-2020.pdf

The additional requirements in the AMP that "Aurora must describe in its AMP its plan to develop and improve" a range of aspects duplicates the requirement to publish a set of development plans and to report on these in the ADR. These requirements should be consolidated into the development plans with a summary provided in the AMP²¹⁶

8.27 Aurora commented:

The requirement for information on plans to develop and improve these areas duplicates the information required in the development plans. These requirements should be consolidated into the development plans with a summary provided in the AMP.²¹⁷

8.28 It observed:

We note that there is duplication between the proposed AMP requirements (discussed above) and the development plans. These include:

- asset data collection and asset data quality practices;
- asset management practices;
- cost estimation practices; and
- quality assurance practices and processes.

We infer that the Commission's intent is to have the development plan contain the detailed planning for the above elements, and that the AMP disclosure requirements, under clause 17 of Attachment A, are intended to be presented in a more summarised form. As discussed above, improvement related reporting requirements should be consolidated into the development plans with (at most) a summary provided in the AMP.²¹⁸

Our final decisions on asset management disclosures and our reasons

8.29 This section sets out our decisions for additional information Aurora is required to disclose regarding how it is improving its ongoing asset management practices and processes, including related topics comprising of project quality assurance processes, cost estimation practices, and asset data collection and asset data quality practices, and it explains our reasons for those decisions.

Asset management practices and processes

8.30 Our decision on asset management practices and processes disclosures is that:

8.30.1 by 31 March 2022, Aurora is required to publicly disclose a development plan for developing and improving its practices and processes for asset management (as set out in Table 8.1);

²¹⁶ [Aurora Energy - Submission on Aurora Energy's ID draft decision - 10 May 2021](#), para 59

²¹⁷ Ibid, at Table 3

²¹⁸ Ibid, at para 62 and 63

- 8.30.2 Aurora is required to publicly disclose in its AMP (starting with the AMP due by 31 March 2022), a summary of its development plan to develop and improve its asset management practices and processes;
 - 8.30.3 for the year ending 31 March 2023 and later disclosure years, Aurora is required to provide an update in its ADR on its progress in developing those asset management practices and processes and must disclose a self-assessment rating on its progress;
 - 8.30.4 by 1 March 2024, Aurora must procure and publicly disclose a mid-period expert report which will provide opinions on Aurora's progress against its development plan for improving asset management practices and processes and provide recommendations for further improvements it could make; and
 - 8.30.5 Aurora is required to disclose in the ADR for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report, eg, an update of its development plan.
- 8.31 To implement the decision, we have set additional ID requirements. Table 8.1 below sets out the scope of the additional information requirements, our supporting reasoning and the desired outcomes from disclosing that information.

Project quality assurance processes

- 8.32 Our decision on project quality assurance processes disclosures is that:
- 8.32.1 by 31 March 2022, Aurora is required to publicly disclose a development plan for developing and improving its practices for project quality assurance (as set out in Table 8.1);
 - 8.32.2 Aurora is required to publicly disclose in its AMP (starting with the AMP due by 31 March 2022), a summary of its development plan to develop and improve its practices for project quality assurance;
 - 8.32.3 for the year ending 31 March 2023 and every subsequent year, Aurora is required to provide an update in its ADR on how it is progressing on the development of those quality assurance practices and processes and must disclose a self-assessment rating on its progress; and
 - 8.32.4 Aurora is required to disclose in the ADR, for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report, eg, an update of its development plan.
- 8.33 To implement this decision, we have set additional ID requirements. Table 8.1 below sets out the scope of the additional information requirements, our supporting reasoning and the desired outcomes of disclosing that information.

Cost estimation practices

8.34 Our decision on cost estimation disclosures is that:

8.34.1 By 31 March 2022, Aurora is required to publicly disclose a development plan for developing and improving its practices for estimating the costs of capex and opex projects and programmes (as set out in Table 8.1);

8.34.2 Aurora is required to publicly disclose in its AMP (starting with the AMP due by 31 March 2022), a summary of its development plan to develop and improve its practices for estimating the costs of capex and opex projects and programmes;

8.34.3 For the year ending 31 March 2023 and every subsequent year, Aurora is required to provide an update in its ADR on how it is progressing on the development of those cost estimation practices and processes and must disclose a self-assessment rating on its progress; and

8.34.4 Aurora is required to disclose in the ADR for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report. For example, an update of its development plan.

8.35 To implement this decision, we have set additional ID requirements. Table 8.1 below sets out the scope of the additional information requirements, our supporting reasoning and the desired outcomes of disclosing that information.

Asset data collection and asset data quality practices

8.36 Our decision on asset data collection and asset data quality practices disclosures is that:

8.36.1 By 31 March 2022, Aurora is required to publicly disclose a development plan for developing and improving its practices for asset data collection and asset data quality (as set out in Table 8.1);

8.36.2 Aurora is required to publicly disclose in its AMP (starting with the AMP due by 31 March 2022), a summary of its development plan to develop and improve its practices for asset data collection and asset data quality;

8.36.3 For the year ended 31 March 2023 and every subsequent year, Aurora is required to provide an update in its ADR on how it is progressing on the development of those asset data collection and asset data quality practices and processes, and must disclose a self-assessment rating on its progress; and

8.36.4 Aurora is required to disclose in the ADR for Years 4 and 5, a summary of any actions Aurora has taken as a result of any recommendations from the mid-period expert report. For example, an update of its development plan.

- 8.37 To implement this decision, we have set additional ID requirements. Table 8.1 below sets out the scope of the additional information requirements, our supporting reasoning and the desired outcomes of disclosing that information.

Table 8.1 Additional ID requirements on asset management development and improvement in the development plan

Applicable element of Asset Management in the Development Plan	Scope of additional information Aurora is required to disclose in the development plan	Rationale for additional information disclosure	Desired outcomes of additional disclosure
Asset management practices and processes	Aurora's plan to, where appropriate, develop and improve Aurora's asset health models so that they are informed by network asset condition data	<p>Asset health models are key to ensuring that asset replacements can be made in a timely manner and that expenditure forecasts are more robust. In some cases, age-based volumetric models, informed by asset outage rates may be more appropriate but where asset health models can be reasonably developed, they should be.</p> <p>This is consistent with ISO 55002 section 6.2 and key recommendations made by the Aurora CPP Verifier.</p>	Consumers and other stakeholders better understand what Aurora's plan is regarding the development and improvement of its asset health models.
Asset management practices and processes	Aurora's plan to, where appropriate, develop and improve Aurora's understanding of asset criticality so that it informs Aurora's strategies for asset replacement and renewal	<p>Understanding asset criticality and the impact that asset has on supply reliability if it fails is a key input into intervention prioritisation.</p> <p>This is consistent with ISO 55002 Section 6.2.2.3 and 6.2.2.4</p>	Consumers and other stakeholders better understand what Aurora's plan is regarding the development and improvement of asset criticality, and how this relates to its strategies for asset replacement and renewal.
Asset management practices and processes	Aurora's plan to improve its asset risk framework so that Aurora can make risk-based decisions, including where appropriate, risk-based decisions based on reliability risk, environmental risk, high-impact low-probability event risk, and safety risk	<p>The risk spectrum includes a wide range of risk considerations such as expected event risk, due to asset reliability events, through to unexpected HILP events that may involve multi-asset long duration outages for events such as earthquakes or floods. Safety risk involves asset failures in the proximity of staff or the public, and environmental risk may involve asset failure that has an environmental impact. A comprehensive risk framework will provide a platform for these risk considerations to inform risk mitigation strategies and expenditure decisions.</p> <p>This is consistent with ISO 55002 Section 6.2.2.3 and 6.2.2.4</p>	Consumers and other stakeholders better understand Aurora's development of its asset risk framework.

Applicable element of Asset Management in the Development Plan	Scope of additional information Aurora is required to disclose in the development plan	Rationale for additional information disclosure	Desired outcomes of additional disclosure
Asset management practices and processes	<p>Aurora's plan to develop and improve its practices for identifying and mitigating safety risks, including by using frameworks to prioritise identified safety issues and to justify investments to mitigate those issues</p> <p>(for more details on safety information disclosure requirements, see also Chapter 5: <i>Information to demonstrate Aurora's accountability for its CPP outcomes: Annual Delivery Report</i>)</p>	<p>Aurora has stated in its Risk Control and Management Standard AE-HS02-S that it plans to use the ALARP framework to provide regular reports to its Board that "describe the current level of business risk and actions that have been taken to control/mitigate risk within acceptable limits (as low as reasonably practicable)".</p> <p>Under a risk framework, risk calculations related to safety risk should be sufficiently explicit for decision makers to understand relative asset and network related safety risks, risk prioritisation, and the economic decision-making surrounding mitigations if these are to provide risk controls above levels required by GEIP network design standards and statutory requirements.</p> <p>ISO 55002 Section 6.2.2.3 and 6.2.2.4 and clause 22 of the Health and Safety at Work Act 2015</p>	<p>Consumers and other stakeholders better understand how Aurora plans to develop and improve its safety risk practices.</p>
Project quality assurance processes	<p>How Aurora ensures capital expenditure and operational expenditure projects and programmes are efficiently delivered and implemented to meet applicable industry standards</p>	<p>Aurora has developed its own internal quality assurance guideline to provide a framework to ensure "all works done within its scope are performed according to Aurora Energy's Health and Safety requirements and comply with Aurora Energy's asset lifecycle requirements". Robust quality assurance practices result in better asset management and drive efficiencies.</p> <p>See Aurora's QA guideline AE-DW06-G24 - Quality Assurance Guideline</p>	<p>Consumers and other stakeholders better understand the quality assurance processes and practices Aurora has regarding delivery of its projects and programmes</p>

Applicable element of Asset Management in the Development Plan	Scope of additional information Aurora is required to disclose in the development plan	Rationale for additional information disclosure	Desired outcomes of additional disclosure
Cost estimation practices	How Aurora plans to routinely audit, update, and manage its models for estimating costs	<p>Project and programme costs estimation is a key component of robust asset and project investment decision making. The Aurora CPP Verifier identified a number of areas that could be improved in Aurora's cost estimation practices such as more clearly defined building blocks models, how these were reviewed and that a single point of control mechanism for unit rate cost updates needed to be implemented.</p> <p>See the Aurora CPP Independent Verifier report, Sections 6.5.1 and 6.5.3</p>	Consumers and other stakeholders better understand how Aurora plans to manage on an ongoing basis its models for estimating costs.
Cost estimation practices	How Aurora uses actual costs of completed capital expenditure and operational expenditure projects and programmes to improve future cost estimates	Using actual project and programme costs to review estimates will help ensure that future forecasts are likely to be more accurate and drive efficiencies. See the Aurora CPP Independent Verifier report, Sections 6.5.1 and 6.5.3	Consumers and other stakeholders better understand how Aurora uses actual programme and project costs to improve future cost estimates.
Asset data collection and asset data quality practices	Systematise processes for collecting and collating network asset data, including data supplied by contractors and other third parties	<p>Section 7.5 of ISO 55000 sets out some of the considerations relating to 'Information requirements' that are critical to the developing information management systems and processes. Asset data collection needs to be systematised, so it is collected and archived in a consistent manner across the network, including data collection from third party providers who may be engaged in maintenance activities.</p> <p>This is consistent with ISO 55002 section 7.5</p>	Consumers and other stakeholders understand whether Aurora has put in place processes to ensure that asset condition information is being captured in its systems in a consistent way so that when the data is extracted, it is meaningful and reliable.
Asset data collection and asset data quality practices	For the purpose of informing Aurora's expenditure decisions, improve knowledge of network asset condition so that assets are replaced in a timely manner	<p>Asset replacement decision-making should be a key asset management objective and it should be informed by asset condition data to ensure assets are not replaced too late or too early. Asset condition-based decision making also supports expenditure forecasts and reliable asset management plans</p> <p>This is consistent with ISO 55000 section 6.2</p>	Consumers and other stakeholders better understand Aurora's asset replacement decision making.

Applicable element of Asset Management in the Development Plan	Scope of additional information Aurora is required to disclose in the development plan	Rationale for additional information disclosure	Desired outcomes of additional disclosure
Asset data collection and asset data quality practices	Ensure Aurora has an audited and regularly-maintained platform for sharing network asset data with internal and external stakeholders	Ensuring that asset and network data is verifiably accurate and enabling platforms for accessing that data made available to internal staff and third-party providers will improve asset management outcomes. This is consistent with ISO 55002 section 2.5 and 8.3.2 (e)	Consumers and other stakeholders better understand how Aurora shares network asset data with stakeholders.
Asset data collection and asset data quality practices	Evaluate whether Aurora is achieving its asset management policies and objectives. Identify ways to improve the performance of Aurora's network.	An asset management system should use monitored and measured data to obtain information regarding asset and network performance. This should be used to evaluate whether the asset management policies and objectives are being met and will identify corrective actions and areas for improvement. This is consistent with ISO 55002 section 9.1	Consumers and other stakeholders understand whether Aurora has put in place processes to ensure that asset condition information is being captured in its systems in a consistent way so that when the data is extracted, it is meaningful and reliable.
Asset data collection and asset data quality practices	Ensure that there is a clear line-of-sight between Aurora's network asset condition data and Aurora's expenditure forecasts and financial reporting	Systematised asset management systems should ensure that there is consistency and traceability of technical asset information and condition data, through to the financial systems. This will support robust expenditure forecasting and decision making. This is consistent with ISO 55002 section 9.1	Consumers and other stakeholders better understand how Aurora's network asset condition data informs its expenditure forecasts and financial reporting.

Reasons for our decisions

- 8.38 Our view is that requiring Aurora to disclose additional asset management information will enable consumers and other stakeholders to assess whether Aurora's network assets are inspected, repaired and renewed at the right time in an effective and cost-efficient manner.

Asset management practices and processes

- 8.39 We consider consumers and other stakeholders require information that allows them to determine whether they might be paying too much, too soon or too late for work carried out over time on Aurora's network, due to ineffective or inefficient asset management practices and processes.
- 8.40 Our decision therefore requires Aurora to be transparent about its improvements in its asset management practices and processes by disclosing additional information in its development plan and in a summary in its AMP, and to disclose its performance against the development plan in its ADRs. The required transparency will promote network investment decisions that are based on a well-adjusted risk framework embedded in Aurora's governance structure.
- 8.41 We understand that improving its asset management approach towards good industry practices that are consistent with ISO 55000 framework is already a key focus for Aurora. Our view is that the information we require Aurora to prepare under our additional ID requirements set out in Table 8.1 is similar to the information Aurora will likely need to prepare as part of its efforts towards achieving ISO 55000.
- 8.42 As discussed in Chapter 5, asset management is one of several disclosure topic areas which is complex, and where Aurora's performance will be challenging for us and other stakeholders, including consumers, to assess.
- 8.43 To assist us and other stakeholders, including consumers, to assess Aurora's performance on asset management, we consider it of value to require Aurora to engage an independent expert in Year 3 of the CPP period to provide an expert review on Aurora's progress against its asset management practices and processes in the development plan, and to provide recommendations on further improvements Aurora could make in Years 4 and 5.
- 8.44 The asset management information will provide benefits to us and other stakeholders, including consumers, in assessing whether the purpose of Part 4 has been met. It will also provide a way to draw to the surface any issues or areas of concern to consumers and other stakeholders. It will provide an opportunity and necessary information, so consumers and other stakeholders can provide constructive forward-looking feedback to Aurora.

Project quality assurance processes

8.45 We consider Aurora's consumers and other stakeholders need additional information that allows them to understand whether Aurora has processes in place to support quality assurance of its various projects, and thus the efficiency of its projects. Project quality assurance is a key element in giving effect to the overall asset management process.

8.46 Requiring Aurora to disclose how it is improving project quality processes is also consistent with the stated importance of assurance in the ISO 55000 framework:

The need for assurance arises from the need to effectively govern an organization. Assurance applies to assets, asset management and the asset management system. This includes:

- developing and implementing processes that connect the required purposes and performance of the assets to the organizational objectives;
- implementing processes for assurance of capability across all life cycle stages;
- implementing processes for monitoring and continual improvement;
- providing the necessary resources and competent personnel for demonstration of assurance, by undertaking asset management activities and operating the asset management system.²¹⁹

8.47 Developing quality assurance processes for its projects should facilitate Aurora to manage the delivery of its significant network works and will go some way to alleviating submitter concerns about works delivery inefficiencies.

8.48 We agree with Aurora's stated approach to develop and improve project quality assurance processes, so we have set the additional ID requirements described in this Chapter 8 to help consumers and other stakeholders assess Aurora's progress against these plans and also whether they are paying too much due to poor project quality assurance processes.

Cost estimation practices

8.49 We consider Aurora's consumers and other stakeholders require additional information that allows them to determine whether or not consumers are paying too much for the delivery of work on Aurora's network due to poor cost estimation practices. Having good cost estimation practices is another key element in giving effect to the overall asset management process. For example, the aim of improvements in cost estimation should be to improve cost estimation accuracy of projects and programmes, that will in turn support better assessments of options to network needs.

²¹⁹ BS ISO 5500 Asset Management, Paragraph 2.4.2 (d) Assurance.

- 8.50 Our view is that requiring the additional disclosure of a plan to improve cost estimation practices, and disclosure of performance against that plan, will allow consumers and other stakeholders to make this assessment. We consider requiring Aurora to disclose information as set out in Table 8.1 will provide the right level of transparency on Aurora's cost estimation practices and should assist in making the assessment by consumers and other stakeholders more meaningful.
- 8.51 Our decision requiring additional disclosure relating to improving Aurora's processes for cost estimation should also facilitate an underlying improvement in Aurora's cost estimation, as the process of addressing the disclosure requirements will bring more focus and attention to this topic.

Data collection and data quality processes

- 8.52 We consider Aurora's consumers and other stakeholders require additional information that allows them to determine whether or not consumers are paying too much for the delivery of work on Aurora's network due to poor data collection and data quality processes. As for cost estimation, having good processes for data collection and consistent processes for ensuring good quality of data is a further key element in giving effect to the overall asset management process. For example, the aim should be to improve the accuracy, usefulness and timeliness of data relied upon in each of the other aspects of the asset management decisions (ie asset management processes, project quality assurance, and cost estimation).
- 8.53 The additional information relating to processes for appropriate testing of assets will result in better information regarding the condition of the assets. If this asset condition data is captured in a consistent way, it can be relied on to feed into models which predict how long these assets are likely to last. If this is combined with a good understanding of which assets are critical and what happens if they fail, we consider it will help Aurora decide when they should be replaced. Future investment plans will also be better justified as these will be based on better quality asset management data.
- 8.54 We consider requiring Aurora to disclose the additional information, as set out in Table 8.1, provides the right level of transparency for how Aurora is improving data collection and data quality processes and will assist in making the assessment by consumers and other stakeholders more meaningful.
- 8.55 The disclosure of additional information should also facilitate an overall improvement in Aurora's cost efficiency, as the process of addressing the disclosure requirements will bring more focus and attention to the area, and improvements in data quality will improve cost efficiency as discussed above.