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Ben Woodham  
Electricity Distribution Manager  
Commerce Commission  
Te Komihana Tauhokohoko  
PO Box 2351  
Wellington 6140  
[infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz)

Tēnā koe Ben

## **UNISON NETWORKS LIMITED DPP3 CATASTROPHIC EVENT REOPENER APPLICATION**

1. Unison Networks Limited (**Unison**) applies to reopen its Default Price-Quality Path 2020-2025 (**DPP3**). This application is made under Subpart 5, Clause 4.5.1 relating to a Catastrophic event, as defined by the Electricity Distribution Services Input Methodologies Determination 2012 (**IM Determination**). This is Unison's third application to reopen DPP3.
2. The application consists
  - Introduction
  - Catastrophic event – Cyclone Gabrielle
  - Unison response
  - Catastrophic event allowance
  - Insurance entitlements
  - Threshold test
  - Interpretations and other
  - Attachment A: Reopener criteria
  - Attachment B: Photographs of the network damage
  - Attachment C: Feedback – non confidential and provided separately
  - Attachment D: Cyclone Gabrielle costs - **confidential** and provided separately

### **Introduction**

3. In February 2023, New Zealand was hit by one of the worst storms in living history. The storm had a catastrophic impact on the Hawke's Bay region, including on Unison's network.
4. Unison responded to the emergency supported by our services providers and working alongside other lifeline utilities and civil defence agencies (including the National Emergency Management Agency). The response initially focused on the immediate restoration of urban power supply and then rural supply. In many cases, poles and wires were replaced efficiently and permanently. For some material damage to larger assets, temporary solutions were

required to restore and maintain service. The permanent solutions of three damaged substations are being designed for construction in DPP4.

5. This application sets out the additional costs incurred in response to the event from the date of the event to 31 March 2024. The value of the application is required to be the net additional cost, which is net of insurance entitlements and the Incremental Rolling Incentive Scheme (IRIS).
6. As discussed with the Commission prior to application, the claims have not been settled so the final value of insurance entitlements cannot yet be determined. The application is therefore based on the value of insurance entitlements that are virtually certain as at 31 March 2024. We have used our most recent publicly reported and audited value of insurance entitlements. The value of insurance entitlements will change as more certainty is achieved.

### **Catastrophic event – Cyclone Gabrielle**

7. MetService Head of Weather Communications Lisa Murray

*“Gabrielle is one of the worst storms to hit Aotearoa New Zealand in living history. Like Cyclone Bola in 1988, Giselle that caused the Wahine disaster in 1968 and the unnamed cyclone of 1936, Gabrielle caused shocking impacts to the North Island.”*

8. Between the 12th and 14th of February, parts of Aotearoa New Zealand recorded rainfall amounts of 300-400mm, wind gusts of 130-140km/h and waves were recorded as high as 11 metres along some of our coasts. In the Hawke’s Bay region, Glengarry received nearly 540mm, and Pukeorapa received over 400mm of rain. Napier Airport recorded 203.8 mm and Hastings recorded 143.8 mm. Wind gusts were recorded up to 90 km/h with exposed stations near the coast reaching higher such as Cape Kidnappers (131 km/h).<sup>1</sup>
9. A national state of emergency was declared on February 14 and lifted on March 14.
10. The impact on the Unison network and the flow on affect to customers was significant and included:
  - 500 pole structures damaged
  - 2 fibre links damaged
  - 3 substations flooded and out of service
  - 25k customers without power immediately following cyclone
  - 75k customers without power following loss of transmission supply to Hawkes Bay.
11. Attachment B provides photographic evidence of the network damage.

### **Unison response**

12. Responding during a major weather event is a challenge but something Unison had planned for. Our objectives were to keep people and communities safe, maintain supply to critical infrastructure and manage the impact for customers.

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<sup>1</sup> [Metservie, Tropical Cyclone Gabrielle – Event summary February 2023](#)

**Figure 1: Objectives**



13. Our response consisted of four phases. Restore power to Hastings, restore power to Napier, rural restoration and rebuild.

**Figure 2: Response phases**



14. It is a multi-year response occurring over multiple regulatory periods. This application relates to the additional expenditure during FY23 and FY24, being expenditure incurred and realised between the event and 31 March 2024.

15. Unison's Regulatory Asset Management Plan 2025 – 2035 (available on our website on 31 March 2025), details three projects to permanently repair or rebuild the three substations materially damaged in the Cyclone.<sup>2</sup> These costs are not included in the application as they fall outside the application period.

16. The catastrophic event allowance does not include costs covered by insurance entitlements. Paragraphs 31-40 provide further explanation on how insurance entitlements are recognised in the application.

17. Table 1 sets out the value of costs incurred in responding to the event. The costs included in this table include costs that covered by insurance entitlements.

<sup>2</sup> Unison Networks Limited, Regulatory Asset Management Plan, Figure 1-7: Ten Year Capital Expenditure by Driver provides a 10-year breakdown of Network CAPEX vs Customer CAPEX, pg 14, and FY26-2, pg 15: section 1-10, 1.10.1 Major Defined Renewal Projects, [2025-ramp-website.pdf](#)

**Table 1: DPP3 catastrophic event costs**

DPP3 Catastrophic event costs (\$m)	FY23	FY24
Operating expenditure excluding insurance entitlements	3.11	2.22
Capital expenditure excluding insurance entitlements	6.93	4.66

18. The response to the catastrophic event was managed by our in-house team including our notionally consolidated contractor Unison Contracting Services Limited. Given the scale of damage, we were grateful for the quick response of several other contractors who travelled to Hawke's Bay. There were many challenges involved for our service providers due to washed away access roads and bridges, unclear or delayed emergency response decisions, slippage and contaminated silt, as well as limited accommodation and welfare services during the response phase. Unison is confident that its service providers acted as promptly and cost effectively as possible within the challenging circumstances of the emergency response. Often, this was dictated by the capability and rules of the civil defence response or resource constraints.
19. The extremely positive feedback we received from customers during the Cyclone reflected that our service providers went above and beyond to respond and get the power back on, despite impacts to their own homes and personal lives. Our gratitude is to our business partners and the individuals that shared our commitment to restore power to our communities.

*Prudently incurred expenditure*

20. The definition of catastrophic event allowance references the requirement for costs to be prudently incurred. With the intensity of an emergency response, we acknowledge the Commission's concern that costs are less than efficient.
21. Unison has reflected on this risk and has determined the likelihood of any material adverse outcome for consumers is low. This conclusion has been reached because:
- Unison predominately relied on trusted suppliers already known to us with a previous and continued relationship;
  - costs were predominately incurred using pre-agreed labour and plant rates (agreed pursuant to contracts and rate cards);
  - the Incident Management response included (as per pre-set process) twice daily meetings that has senior risk and assurance, legal, procurement and finance representatives;
  - Unison's procurement policy was applied;
  - expenditure was approved consistent with our Incident Management Response delegated authority;
  - Unison's conflict of interest policy remained in place;
  - the financial years in which the expenditure was incurred have been audited by Audit NZ and included assurances that the financial statements are free from material misstatement, whether due to fraud or error;

- the annual regulatory information disclosures, in which the expenditure was incurred, have been audited by Audit NZ and include specific assurance that related party transactions are valued at a value not greater than arm's-length;
- engineers' and financial reviews have been undertaken to support insurance claim values with no concerns raised as to legitimacy or efficiency of expenditure; and
- feedback from the community consistently reflected the hard work and commitment of service providers.

22. No matters were identified during the performance of the above controls that suggested expenditure was not prudent and efficient. This is consistent with Unison's experience with our trusted service providers. Unsurprisingly, there were circumstances where increased costs and overtime were required due to supply and demand issues, volume of work required, and access and other constraints. Given the active media and civil defence information Unison was privy to, the constraints in supply were known to be legitimate before agreeing to any higher than usual costs.

23. Given the outcome of the control procedures noted above, against the final value anticipated to be sought under this application, in our view commissioning an independent engineer's report like Firstlight's<sup>3</sup> will incur an expense that is not:

- of net benefit to consumers; and
- would not be consistent with the Commission's proportionate scrutiny approach.<sup>4</sup>

We welcome early engagement to discuss this further. Unison's preference is to avoid further costs.

#### *Feedback on our response*

24. We received frequent positive feedback during the response. Attachment C includes a summary of newspaper headlines and social media comments made during the Cyclone response.

#### **Catastrophic event allowance**

25. Table 2 sets out the Catastrophic event allowance Unison is applying for. The allowance will allow Unison to recover the cost of responding to the event. The net cost reflects the cost net of any benefits received by Unison, including insurance entitlements and the sharing of cost through regulatory mechanisms (IRIS impact). The components of the allowance are detailed in the paragraphs following the table and the Interpretations and other section sets out how components are calculated.

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<sup>3</sup> Firstlight submitted a Catastrophic event reopener application in July 2024.

<sup>4</sup> Commerce Commission, "Default price quality paths for electricity distribution businesses from 1 April 2025 Issues paper", (2 November 2023), paragraph B42.

**Table 2: Catastrophic event allowance**

Catastrophic event allowance (\$m)	Reference	FY23	FY24	Total
Operational expenditure (net of insurance proceeds)	ID definition	3.11	2.22	5.32
Capital expenditure (net of insurance proceeds)	ID definition	5.83	3.93	9.76
IRIS impact adjustment		(6.84)	(4.70)	(11.54)
<b>Additional net cost</b>	Catastrophic event allowance definition (a)	<b>2.10</b>	<b>1.44</b>	<b>3.54</b>
Non-recovered pass-through and recoverable costs	(b)	-	-	-
Quality incentive adjustment	(c)	0.05		0.05
<b>Total catastrophic allowance - year costs incurred</b>		<b>2.15</b>	<b>1.44</b>	<b>3.60</b>
Time value of money		0.19	0.06	0.25
<b>Total catastrophic event allowance (recognised in FY25)</b>				<b>3.84</b>

26. Operational and capital expenditure is the additional costs incurred in response to the event during FY23 and FY24, net of associated insurance entitlements.

27. The IRIS impact adjustment adjusts the additional net costs to reflect that the regulation already allows for the sharing of some costs between Unison and its customers. Paragraphs 5252-53 outline how it has been determined.

28. Additional net cost is a defined term and represents the net cost to Unison after IRIS incentives.

29. Quality incentive adjustment represents the increase in the regulatory Quality incentive attributable to the event. Paragraphs 57-59 outline how it is determined.

30. The time value of money adjustments reflects that costs are not forecast to be recovered until FY25.

## Insurance entitlements

31. While the outcomes of a high impact low probability (HILP) events cannot be fully mitigated, Unison does have measures in place in the unlikely scenario of a HILP event occurs. Along with operational contingency plans Unison also holds sophisticated insurance policies to mitigate the cost of responding to such events.
32. Unison seeks to insure its assets for material damage and business interruption cover, where cover is available and economically viable. It employs two policies to achieve this. The MD and BI Policy, placed in the retail market, covers all ground-mounted distribution equipment, substation buildings and substation equipment as well as all corporate buildings and non-network assets. Total sum insured for the policy is \$780m (for 2022/2023) which includes a \$59m component for business interruption cover. The deductible is \$10,000 with a \$100,000 deductible applying for ground mounted assets.
33. Because no retail cover is available for Unisons "T&D" assets (poles and wires, pole mounted equipment and underground cables) Unison owns a captive insurance company, Unison Insurance Limited (UIL), which at the time of the Cyclone was, to the value of \$17.5m. This figure included \$3.5m of business interruption cover shared across gross revenue, additional expenditure and claim preparation costs. The policy is reviewed annually, along with any changes to the retails "T&D" market and carried a deductible of \$7.5m.<sup>5</sup> The cost of damage to T&D assets in the Cyclone did not exceed the deductible of \$7.5m.
34. The threshold included in the Catastrophic event criteria<sup>6</sup> refers to the cost of remediation net of any insurance or compensatory entitlements and the definition of Catastrophic event allowance<sup>7</sup> refers to additional net costs. This application is therefore net of insurance entitlements.
35. The value of insurance entitlements has been determined consistent with Unison's latest application of the generally accepted accounting practice (GAAP) insurance entitlements recognition standard.<sup>8</sup> The standard was last applied in Unison's annual information disclosure (2024 disclosure) which was approved for publication by Directors and included an assurance statement from Audit New Zealand.<sup>9</sup>
36. Consistent with the 2024 disclosure, insurance income is recognised when it is virtually certain that they will be received under Unison's insurance contracts and the amounts can be reliably measured or estimated. Cash progress payments of \$15m were received during the year ended 31 March 2024 relating to the Cyclone Gabrielle Insurance Claim. \$4.1m recognised, \$4m is regulated income (\$0.1m relating to Unison's former fibre subsidiary Unison Fibre Limited). The balance of \$10.9m is included within deferred income in the Statement of Financial Position in the Financial Statements.
37. There have been developments since the publication of the 2024 disclosure that would likely impact the value of what is now virtual certain. This application uses the value of insurance proceeds as at 31 March 2024 as it is the latest numbers that have been approved by

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<sup>5</sup> [Unison Networks Limited, EDB information disclosure, year ended 31 March 2023, 30 August 2023](#)

<sup>6</sup> IM Determination, clause 4.5.1(d)(iv)

<sup>7</sup> IM Determination, clause 1.1.4(2)

<sup>8</sup> [New Zealand Equivalent to International Financial Reporting Standard 17 Insurance Contracts \(NZ IFRS 17\)](#)

<sup>9</sup> [Unison Networks Limited, EDB information disclosure, year ended 31 March 2024, 16 February 2024.](#)

Unison's Directors and audited by Audit New Zealand. Disclosure of any refined numbers may also impact Unison's commercial negotiation with its insurer.

38. We intend keeping the Commission informed of the status of insurance entitlements and acknowledge the need for the application to be updated to reflect new information as it becomes available, subject to confidentiality where required to protect Unison's consumers from an adverse insurance outcome.
39. Table 3 sets out the value of regulated costs that relate to this application, the value of insurance entitlements that are netted off against costs to reflect regulatory expenditure and insurance entitlements that are not netted off regulatory costs.
40. Insurance entitlements not netted off against costs but relating to regulated costs include opex that was recognised as other regulated income in FY24 because the IM Determination applicable to the FY24 year did not allow insurance entitlements to be netted off against opex.

**Table 3: DPP3 catastrophic event insurance entitlements**

DPP3 catastrophic event insurance entitlements (\$m)	Cost	Insurance entitlements included in regulatory expenditure	Regulated expenditure	Other insurance entitlements	Threshold test net cost
Operational expenditure	5.32	-	5.32	2.03	3.29
Capital expenditure	11.59	1.84	9.76	-	9.76

### Threshold test

41. The definition of a Catastrophic event, as set out in clause 4.5.1(d)(iv) of the IM determination, requires that:

*the cost of remediation net of any insurance or compensatory entitlements has had or will have an impact on the price path over the disclosure years of the DPP remaining on and after the first date at which a remediation cost is proposed to be or has been incurred, by an amount equivalent to at least 1% of the aggregated forecast net allowable revenue for the disclosure years of the DPP in which the cost was or will be incurred.*

42. Table 4 sets out how the impact of the catastrophic event on the price path is greater than the 1% threshold.



**Table 4: Threshold test**

DPP3 catastrophic event threshold test (\$m)	FY23	FY24	Total
FNAR	104.30	106.39	210.69
1% of FNAR			2.11
Impact on FNAR			4.27
Threshold met			<b>Yes</b>

43. The impact on the price path is determined by adding the cost of remediation (being operational expenditure and capital expenditure less insurance entitlements) to the most recent DPP3 financial model.<sup>10</sup> Consistent with the Commission’s advice the calculation considers the FNAR for the period application costs were incurred (FY23 and FY24) and compares that to the impact on the price path for the remainder of the period (FY23-25).
44. The impact on FNAR has been determined by adding the Cost of remediation net of insurance entitlements from Table 1 to the financial model used to determine the DPP price path.<sup>11</sup>
45. Unison believes there are better alternative interpretations to the threshold test but has not included these in the application as it does not currently impact the outcome. Unison reserves the right to present better alternative interpretations if, for whatever reason, it does become relevant to the threshold test. For example, following any clarification provided in the Commission’s decisions on the Vector and Firstlight’s applications or changes to the value of insurance entitlements.
46. The threshold calculation applies cost of remediation net of insurance entitlements. Consistent with advice from Commission staff, it does not include an IRIS impact as IRIS does not impact the current pricing period.

### Interpretations and other

47. This application is made consistent with clause 4.5.1 and the definition of Catastrophic event allowance set out in clause 1.1.4 of the IM Determination. The Commission is required to make its decision consistent with clause 4.5.6 of the IM Determination.
48. While Firstlight<sup>12</sup> and Vector<sup>13</sup> have made Catastrophic event applications, there has not been a Catastrophic events reopener decision made in accordance with the requirements. Accordingly, there is limited precedent on how the requirements will be interpreted which creates uncertainty.
49. Unison has had formal and informal engagement with the Commission on how the requirements are likely to be interpreted. Communications from the Commission set out

<sup>10</sup> On verbal advice from Commission staff, the threshold calculation uses capital expenditure to assess the impact.

<sup>11</sup> [Commerce Commission, Financial model - EDB DPP3 final determination, 27 November 2019.](#)

<sup>12</sup> [Firstlight Network, Application for Catastrophic Event Reopener and Allowance, 30 July 2024.](#)

<sup>13</sup> [Vector Limited, Catastrophic event allowance application for Cyclone Gabrielle, 15 November 2024.](#)

Commission staff's views noting that final interpretations will be provided in response to applications. Formal communication from the Commission includes:

- [Catastrophic event reopener letter responding to queries relating to cyclone Gabrielle](#)  
– 20 October 2023

50. This application has been prepared consistent with the interpretation provided in the above communications. Unison reserves the right to present better alternative interpretations and a revised application if, for whatever reason, alternative interpretations are deemed more appropriate.

51. The remaining paragraph in this section outlines interpretations Unison has taken in preparing the application that will likely be of interest to the Commission.

#### *Additional net costs*

52. The definition of Catastrophic event allowance from the IM determination defines additional net costs as:

costs (over and above those provided for in a DPP determination or CPP determination) prudently incurred by an EDB in responding to a catastrophic event, other than costs that are foregone revenue;

53. Additional net costs are the costs net of insurance entitlements and IRIS incentives. It is calculated by multiplying operating expenditure and capital expenditure (which is net of insurance) by the DPP3 IRIS retention factor of 23.5%. Use of the retention factor to determine the net cost simplifies the calculation which would need to consider cashflows and time use of money adjustments from various IRIS incentives for which the IRIS adjustment is a part of.

#### *Change in insurance entitlements treatment*

54. Insurance entitlements have been or are forecast to be netted off against costs to the full extent available in the IM Determination.

55. Insurance entitlement relating to opex were recognised as other regulated income in FY24 and netted off against costs in preceding years. The change in approach is due to a change in the regulatory requirements. The reason for the change is set out in the Commission's decision paper.<sup>14</sup>

#### *Notional consolidation and value of insurance entitlements*

56. Unison applies a notional consolidation of its contracting arm Unison Contracting Services Limited when disclosing regulated costs. As set out in Schedule 15 Box 1 of the FY24 Disclosure, the 'approach combines the accounting figures of the regulated supplier and related parties and eliminates intercompany margins.'

Insurance entitlements included in this application have been accounted for in the same manner, whereby insurance entitlements exclude entitlements that are associated with the margin that is excluded from the regulated costs being applied for.

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<sup>14</sup> [Commerce Commission. Final decision reasons paper - IM Amendments \(treatment of insurance entitlements\). 11 December 2024](#)

### *Quality incentive adjustment*

57. The Catastrophic event allowance provides for the recovery of costs incurred by an EDB under the quality incentive that relates to the event.
58. Unison has allowed for \$52k of quality incentive cost recovery. This is the Normalised unplanned SAIDI impact of Cyclone Gabrielle (12 Feb-15 Feb)<sup>15</sup> of 3.22 multiplied by Unison's incentive rate of \$16,185.<sup>16</sup>
59. The above approach provides for SAIDI impacts during the 3 days noted above. There would have also been other SAIDI impacts outside of this window for permanent repairs and restoring abnormal configurations. It is not clear how the Commission intends allowing for these additional costs. Unison intends resubmitting the value of quality incentive adjustments if alternative approaches are allowed under other Catastrophic event decisions.

### *Catastrophic event allowance recognition*

60. The calculation of the Catastrophic event allowance assumes the allowance will be recognised as a recoverable cost in FY25.
61. A discount factor of 4.23% has been applied to allow for the time use of money. The discount factor applied is the 67th percentile estimate of the post-tax WACC applied in DPP3 and is applied consistently with other regulatory procedures.

### *Expenditure deferral*

62. The Commission has requested the Catastrophic event reopener application include information to allow an assessment of whether any DPP3 approved expenditure has been deferred because of the event.
63. Unison has not deferred DPP3 expenditure beyond DPP3 to accommodate the catastrophic event response other than what is normal reprioritisation within a regulatory period.
64. This is reflected in expenditure during DPP3 exceeding regulatory allowances. Operational expenditure is forecast to be 8% higher than DPP3 allowances and assets commissioned is forecast to be 25% higher than approved reopener allowances.

### **Final comments**

65. As the Commission is aware, Unison has made this application today to comply with the Input Methodologies Determination and end of DPP3. Insurance negotiations will continue in 2025. Appendix D is submitted confidentially because disclosing the information may prejudice Unison's commercial negotiations for insurance cover for related expenditure. It is in Unison's shareholder and consumers' interests to ensure this application does not undermine the insurance cover its consumers have paid for. If any requests for disclosure

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<sup>15</sup> [Unison Networks Limited, Default price-quality path annual compliance statement 2022-23, page 11.](#)

<sup>16</sup> [Commerce Commission, Electricity distribution services default price-quality path determination 2020, \[2019\] NZCC21, 27 November 2019, table 4.3](#)

are made under the Official Information Act, we recommend that Appendix D is withheld under s 9(2)(b)(ii).

66. Unison appreciates the opportunity to apply for a Catastrophic event allowance and welcomes further engagement with the Commission on how the regulatory requirements are best applied.

67. Responding to Catastrophic events is a significant undertaking. As a lifeline utility EDBs are required to make decisions under urgency that are in the best interest of their customers. We welcome the opportunity to work with the Commission to ensure the cost of our response is appropriately compensated for.

Nāku noa, nā



Jason Larkin  
**GM Commercial and Regulatory**

**ATTACHMENT A: REOPENER CRITERIA**

IM Determination Criteria	Assessment	Supporting evidence
<b>4.5.1 Catastrophic event</b>		
Catastrophic event means an event- (a) beyond the reasonable control of the EDB;	Cyclone Gabrielle was a natural disaster which incurred significant damage. While Unison had emergency response and contingency plans in place to help mitigate the impact on consumers of HILP events, the extent of damage incurred was beyond Unison's reasonable control.	<ul style="list-style-type: none"> <li>- <a href="#">Tropical Cyclone Gabrielle – Event summary February 2023   MetService Blog</a></li> <li>- <a href="#">Unison-regulatory-asset-management-plan-2018 section 7</a></li> </ul>
(b) in relation to which expenditure is not explicitly or implicitly provided for in the DPP;	Expenditure associated with a HILP event comparable to the Cyclone Gabrielle was not included in the base, step, trend opex forecast used to set DPP3 or in Unison's 2019 AMP.	<ul style="list-style-type: none"> <li>- <a href="#">Commerce Commission, Default price-quality paths for electricity distribution businesses from 1 April 2020 – Final decision, Reasons Paper (27 November 2019) Attachments A and B</a></li> <li>- <a href="#">Unison-regulatory-asset-management-plan-update-2019</a></li> </ul>
(c) that could not have been reasonably foreseen at the time the DPP was determined; and	The unprecedented nature of Cyclone Gabrielle could not have reasonably been foreseen at the time of the DPP was determined. MetService has noted that ten days ahead of its impacts MetService's tropical cyclone specialists first raised the potential of a tropical cyclone developing.	<ul style="list-style-type: none"> <li>- <a href="#">Tropical Cyclone Gabrielle – Event summary February 2023   MetService Blog</a></li> </ul>
(d) in respect of which- (i) action required to rectify its adverse consequences cannot be delayed until a future regulatory period without quality standards being breached;	Action required could not be delayed.	<ul style="list-style-type: none"> <li>- The natural disaster occurred in February 2023, over 2 years before the start of the next DPP.</li> <li>- The action was required to restore power to impacted ICPs</li> <li>- In some instances Unison has implemented temporary differences with permanent solutions deferred until the next period – refer paragraph 15.</li> </ul>
(ii) remediation requires either or both of capital expenditure or operating expenditure during the regulatory period;	Remediation required both operational and capital expenditure.	<ul style="list-style-type: none"> <li>- Table 1: DPP3 catastrophic event cost, identifies the value of capital and operational expenditure required to rectify its adverse consequences</li> </ul>
(iii) the full remediation costs are not provided for in the DPP; and	Expenditure associated with a HILP comparable to the Cyclone Gabrielle was not included in the base, step, trend opex forecast used to set DPP3 or in Unison's 2019 AMP.	<ul style="list-style-type: none"> <li>- <a href="#">Commerce Commission, Default price-quality paths for electricity distribution businesses from 1 April 2020 – Final decision, Reasons Paper (27 November 2019) Attachments A and B</a></li> <li>- <a href="#">Unison-regulatory-asset-management-plan-update-2019</a></li> </ul>

IM Determination Criteria	Assessment	Supporting evidence
<p>(iv) in respect of an EDB subject to a DPP, the cost of remediation net of any insurance or compensatory entitlements has had or will have an impact on the price path over the disclosure years of the DPP remaining on and after the first date at which a remediation cost is proposed to be or has been incurred, by an amount equivalent to at least 1% of the aggregated forecast net allowable revenue for the disclosure years of the DPP in which the cost was or will be incurred.</p>	<p>The cost of remediation net of virtually certain insurance or compensation exceeds 1% of FNAR in the FY23, FY24 and FY25 years.</p> <p>The threshold assessment will need to be updated once final insurance entitlements are confirmed.</p>	<p>- Refer paragraphs 41-46</p>
<b>Definition of Catastrophic event allowance<sup>17</sup></b>		
<p>means the amount determined by the Commission for–</p> <p>(a) additional net costs (over and above those provided for in a DPP determination or CPP determination) prudently incurred by an EDB in responding to a catastrophic event, other than costs that are foregone revenue;</p>	<p>Unison has prudently incurred costs to respond to the unprecedented impact of Cyclone Gabrielle. Costs are over and above those provided for in DPP3</p>	<p>- Refer table 1</p> <p>- Refer paragraphs 12-24 and 62-64.</p>
<p>(b) recoverable costs and pass-through costs the EDB was permitted to recover under the applicable DPP determination or CPP determination through prices, but did not recover due to a catastrophic event; and</p>	<p>n/a</p>	<p>n/a</p>
<p>(c) the impact of a catastrophic event on any quality incentive adjustment, incurred in or relating to the period between a catastrophic event and the effective date of an amendment to the DPP or CPP following reconsideration of the price-quality path under clause 4.5.6(1)(a)(i) or clause 5.6.7(2)(a);</p>	<p>The catastrophic event increased the quality incentive cost Unison incurred in FY23.</p>	<p>- Refer paragraphs 57-59.</p>
<b>4.5.6 When price-quality paths may be reconsidered</b>		
<p>(1) A DPP may be reconsidered by the Commission if-</p> <p>(a) the Commission considers, or the EDB applies to the Commission and satisfies the Commission, that-</p> <p>(i) subject to subclause (2), a catastrophic event has occurred;</p> <p>....</p>	<p>Unison has applied for a Catastrophic event through this application.</p>	<p>The above assessment against clause 4.5.1 sets out how the catastrophic event criteria has been satisfied.</p>

<sup>17</sup> IM Determination, clause 1.1.4(2)

IM Determination Criteria	Assessment	Supporting evidence
<p>(2) For the purpose of subclause (1)(a)(i), where the costs to rectify the adverse consequences of the catastrophic event are fully covered by –</p> <ul style="list-style-type: none"> <li>(a) the DPP (e.g. through an operational expenditure allowance for self insurance); or</li> <li>(b) commercial insurance held by the EDB,</li> </ul> <p>the Commission will only reconsider the quality standards of the DPP.</p>	<p>The costs to rectify the adverse consequences of the catastrophic event are not covered by the DPP and only partially covered by insurance held by Unison.</p>	<ul style="list-style-type: none"> <li>- <a href="#">Commerce Commission, Default price-quality paths for electricity distribution businesses from 1 April 2020 – Final decision, Reasons Paper (27 November 2019) Attachments A and B</a></li> <li>- <a href="#">Unison-regulatory-asset-management-plan-update-2019</a></li> <li>- Refer paragraphs 12-24, 31-40 and 62-64</li> </ul>

ATTACHMENT B: PHOTOGRAPHS OF THE NETWORK DAMAGE

REDCLYFFE SUBSTATION



AWATOTO SUBSTATION





## ESK SUBSTATION



## TUTIRA SUBSTATION





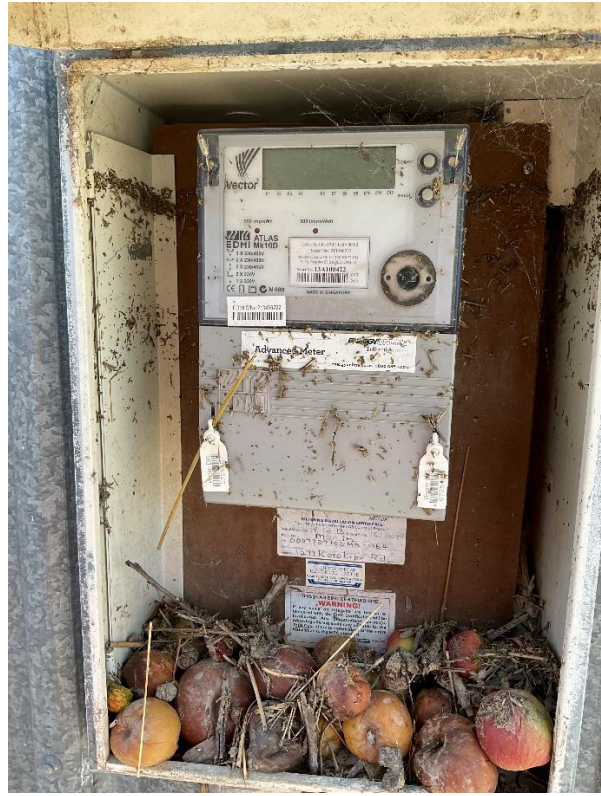
  
**TEMPORARY  
ESK  
SUBSTATION**



  
**TEMPORARY  
AWATOTO  
SUBSTATION**







**ATTACHMENT C: FEEDBACK – NON CONFIDENTIAL AND PROVIDED SEPARATELY**



Unison Cyclone Response Coverage 2023 (EMPA).pdf



# CYCLONE COVERAGE

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*August 2023*



***unison***



# Newspaper Headlines

HAWKES BAY TODAY

## 'Driving force for me': Tireless electricity workers help flood-stricken communities

By Gary Hamilton-Irvine

27 Feb, 2023 05:17 PM 3 mins to read

Save Share



Unison faultman Dan Johansen working on power lines near Rissington. Photo / Warren Buckland

## About 11,000 still without power in Hawke's Bay and Gisborne

Tom Pullar-Strecker - 14:35, Feb 20 2023

Facebook Twitter Instagram LinkedIn



Unison crews work to get power back to Napier on Friday.

## End in sight for most power outages in Hawke's Bay and Gisborne

Tom Pullar-Strecker - 17:41, Feb 17 2023

Facebook Twitter Instagram

## Power now restored to about 62,000 homes in Hawke's Bay and Gisborne

Tom Pullar-Strecker - 16:59, Feb 15 2023

Facebook Twitter Instagram

## FAULTLESS FAULTMEN



Dan Johansen (pictured) whose own Puketapu village was slammed by Cyclone Gabrielle, is among dozens of unsung electricity workers restoring power to tens of thousands of people.

GARY HAMILTON-IRVINE REPORTS, P2

LOCALLY OWNED LIQUID LAUNDROMATS ARE HERE TO HELP HAWKE'S BAY COMMUNITIES WITH HALF PRICE DRYING MONDAY 27TH FEBRUARY - SUNDAY 5TH MARCH

AVAILABLE AT 12 SITES AROUND THE HAWKE'S BAY REGION  
www.liquidlaundromats.com/locations



NEW ZEALAND

## Cyclone Gabrielle: Linesman describes 'awesome feeling' getting power back on for Hawke's Bay

RNZ

By Lauren Crimp

20 Feb, 2023 03:58 PM 4 mins to read

Save Share



Electrical crews working to repair broken or damaged lines at the Taradale Rd switching yard. Photo / Lauren Crimp, RNZ

## Cyclone Gabrielle: Clean-up continues in Rotorua as weather improves after battering

By Marzana Garcia

19 Feb, 2023 06:36 AM 4 mins to read

Save Share



Fallen trees were cleared off streets and power was restored to the majority of affected households as the clean-up efforts after Cyclone Gabrielle continued in Rotorua

## Power restored to 90,000 homes, but 40,800 in Hawke's Bay still cut off

Tom Pullar-Strecker - 10:02, Feb 16 2023

Facebook Twitter Instagram

HAWKES BAY TODAY

## Cyclone Gabrielle: The challenge to get power to 2400 properties near Napier

By Gary Hamilton-Irvine

26 Feb, 2023 04:29 PM 3 mins to read

Save Share



A power line damaged near Puketapu following the cyclone. Rural communities are among the last to receive power near Napier. Photo / Warren Buckland

Electricity company Unison says it will not reconnect power to homes badly damaged by Cyclone Gabrielle until they are assessed one by one, as about 2400 properties remain

HAWKES BAY TODAY

## Fewer than 200 occupied homes remain without power in Hastings and Napier area

Hawkes Bay Today

15 Mar, 2023 09:39 AM 2 mins to read

Save Share



A Unison faultman working on power lines in Hawke's Bay following the cyclone. Photo / Warren Buckland

## Power outage by Cyclone Gabrielle the largest since Cyclone Bola

Justin Wong and Tom Pullar-Strecker - 05:00, Feb 15 2023

Facebook Twitter Instagram



# Social Media - Facebook



Unison  
Published by Sprout Social · February 19 ·

Severe weather warnings remain in place across the regions, with higher winds and rainfall expected overnight.

We have extra crews on stand-by in preparation for any power outages, but we are urging our customers to ensure they are prepared for potentially long periods without power.

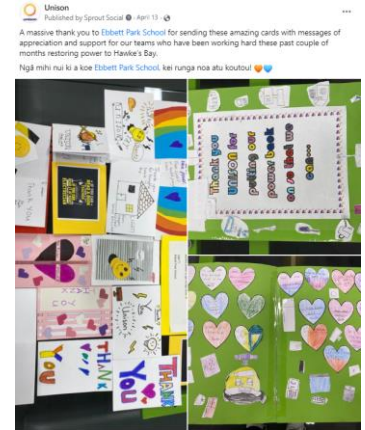
As part of your household emergency kit, make sure you have a battery-operated radio, a torch and a full gas bottle for cooking on your BBQ.

We are also mindful of our customers who are medic... See more

Unison  
Published by Sprout Social · March 3 ·

Yesterday we were very pleased to welcome Energy Minister Dr Megan Woods to Hawke's Bay to see and learn more about the damage caused to the region's network by #CycloneGabrielle. Unison's restoration efforts, and the challenges faced in getting communities reconnected.

Following Cyclone Gabrielle, Unison and Transpower NZ have worked together to deliver emergency solutions, develop a proactive recovery plan to get power back into the region, and reconfigure the grid to bring... See more



Unison  
February 20 ·

Hawke's Bay, you are awesome! Our team has really been feeling the love over the last few days with all the support you have been giving. We've had multiple drops off of food, drinks and supplies to our two depots in Napier and Hastings, and even to the guys out on the streets - we're so grateful for everything!

We've snapped a few heroes in action, and we'd like to do a community shoutout to show how thankful we are for the following stars:

- ★ Frances and the **Waihatu Mare** whānau for bringing in kai to our Omaha Depot.
- ★ Greg from **Ruahine Electrical** for supplying 100 family pies for our team.
- ★ Two children who brought home baking to our UCSSL team at the depot in Hastings.
- ★ **Gannets Bar & Grill** for the 'best steak sandwiches ever' delivered to the crew at our Marewa substation.
- ★ Annalise for baking banana choc chip muffins for the Faraday depot team and her husband Cable Joiner, Maddison and the crew at Marewa.
- ★ **CrossFit Napier** for dropping off a collection of awesome supplies to our Faraday depot.
- ★ Richard and Lynleigh for offering their Sunday afternoon to help make lunches for the crews to take out the next day.
- ★ Sugar on Top for supplying 72 amazing cupcakes for our Napier based crews.

We know there are others that we haven't been able to recognise here but we would just like to say a massive thank you from the entire team for you all your support, everything helps us in trying to restore power to our communities as quickly and safely as possible.

Thanks for your patience, take care and continue to look out for each other! ❤️

#CycloneGabrielle #AppreciationPost #ThankYou #Recovery #PowerOutages



Unison  
Published by Sprout Social · March 21 ·

Kia ora Hawke's Bay! A big shout out to our communities and customers for their continued support as we continue power restoration efforts across our region.

As of today, approximately 250 are residential properties are still without power, sadly a large number of these are flood damaged properties that have been stickered. Our total number of connections without power is less than 520, and we are providing generation to 332 households that are unable to reconnect to the ne... See more



Unison  
Published by Sprout Social · March 14 ·

Check out this animation which shows the progress of power restoration across Hawke's Bay from a peak of 75,000 customers without power to less than 700 today, one month on from Cyclone Gabrielle. The job is not done, and we will not rest until we have restored power to every single customer on our network! 🙌

As of today, less than 700 customers remain without power across Hawke's Bay, of which less than 200 are occupied residential households.

We have firm plans in pla... See more



Unison  
Published by Sprout Social · March 5 ·


Thanks so much Hawke's Bay! Our teams are very grateful to be still receiving so much support from our communities across the bay. The koha to our depots in Hastings and Napier continue to be made, and our crews out on the frontline are feeling the love particularly from those rural isolated communities they're venturing out to.

It's also amazing to share that most of our kind donors are choosing not to be recognised, and this shows that everyone is just doing this out of... See more



# Social Media - Instagram

unisonnetworks



1/3

[View Insights](#) [Boost post](#)

Liked by haw [redacted] and 34 others

unisonnetworks Good evening, our crews have been out all day across our regions working in tough conditions as they strive to restore power where it is safe to do so. Here... more

View 1 comment

15 February

unisonnetworks



[View Insights](#) [Boost post](#)

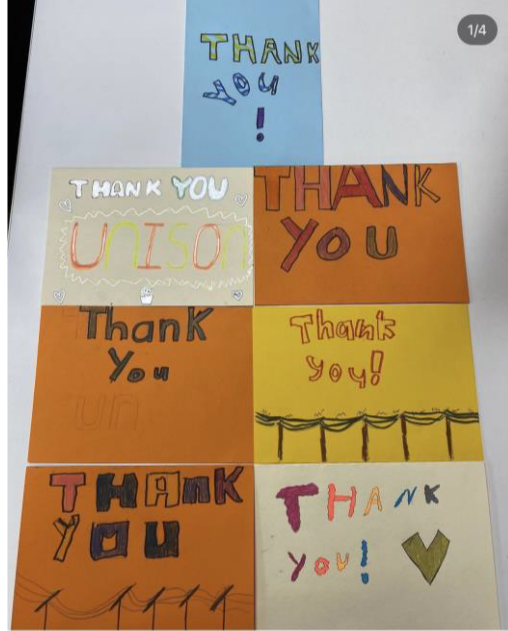
Liked by [redacted] and 6 others

unisonnetworks IMPORTANT NOTICE HAWKE'S BAY

Occasional outages possible for several weeks... more

23 February

unisonnetworks




1/4

[View Insights](#) [Boost post](#)

Liked by [redacted] and 17 others

unisonnetworks A big shout out to the awesome tamariki at Te Mata School for creating these wonderful cards for us! You guys are superheroes! 🦸‍♂️🦸‍♀️ more

unisonnetworks Hawke's Bay, New Zealand



1/4

[View Insights](#) [Boost post](#)

Liked by [redacted] and 33 others

unisonnetworks Our crews, contractors and teams continue to throw everything at this mammoth repair, no matter how big or small the job, to restore power as... more

3 March

# Social Media - LinkedIn

 **Unison Networks Ltd**  
3,933 followers  
6mo · 🌐

...

Damage to our network across Hawke's Bay, Taupō and Rotorua was significant following the ...see more



🌐 275

13 comments · 2 reposts

 **Unison Networks Ltd**  
3,933 followers  
5mo · Edited · 🌐

...

He aha te mea nui o te ao? He tāngata, he tāngata, he tāngata. ...see more



🌐 42

 **Unison Networks Ltd**  
3,933 followers  
5mo · 🌐

...

Restoring power to the Awatoto area is a key priority for our teams at the moment, following ...see more



🌐 47

1 comment

 **Unison Networks Ltd**  
3,933 followers  
1mo · Edited · 🌐

...

As the clean up in Hawke's Bay continues, we're reminding all contractors, farmers, ...see more

**TREAT ALL  
LINES AS LIVE,  
TO STAY ALIVE**

Stay safe around  
electricity





VISIT: UNISON.CO.NZ

🌐 [redacted] and 15 others

# Social Media – Comments (Facebook)

1.4K 181 comments 83 shares

Like Comment Share

Most relevant

Write a comment...

Thank you Unison crew, amazing work!  
Like Reply Hide 25w

We have just got power! Thanks to the lovely young man who firstly removed the shoes off the powerline & then actually came in to check it was back on... you rock!!! You guys are doing an amazing job 😊  
Like Reply Hide 25w

Thank you for all that you do. I'm in the small pocket of Bluff Hill that hasn't got power yet. We know it's coming, just not when  
Like Reply Hide 25w

Alas not marewa yet but thank you for your great efforts. It brings a sense of normality & safety for our communities 🙏  
Like Reply Hide 25w

Awesome job guys. Hopefully you all will get a well deserve rest and time with your famiy after getting the power restored. I know you guys have a long road ahead to fix up everything properly. You are truly our heros  
Like Reply Hide 25w Edited

You are doing an amazing job... while we are still without power here in Bayview... hearing about and seeing power go on elsewhere in our beautiful city is fantastic, raising cheers all round. Thank you 🙏  
Like Reply Hide 25w

You guys are absolutely legends!! Thank you so much for all your hard work and time away from your own families!! Much love and respect to you all.  
Like Reply Hide 25w

and 1K others 110 comments 23 shares

Like Comment Share

Most relevant

Write a comment...

your community will be happy to see you out there Unison. We are thinking of you and all our North Island whānau, stay safe while you are doing the hard mahi. Kia kaha  
Like Reply 25w

Thank you!!!! You guys are heroes!  
Like Reply 25w

Well done all of you working so hard. I'm so grateful to have power restored but we are using very sparingly! Thank you so very much. ❤️❤️❤️  
Like Reply 25w

You are legends guys, keep up the great work but please push back if it ain't safe. We are our brothers keepers.  
Like Reply 25w

Excellent work you guys are doing. Thank you 🙏  
Like Reply 25w

Thank you, amazing team  
Like Reply 25w

Keep up good work guys, g  
Like Reply 25w

Chur boys, thanks for all the hard Mahi you're doing.  
Like Reply 25w

2.1K 109 comments 77 shares

Like Comment Share

Most relevant

Write a comment...

I'd like to thank you unison for doing such hard work to get our power back on, I can honestly say that a world without power really sucks! So again THANK YOU.  
Like Reply Hide 25w

Stay Strong you are amazing as a gathering of people to work together. Too hard for us to give anything from a distance but virtual Hugs, lots of good positive vibes. ❤️  
Like Reply Hide 25w

We would love to have some power in our little corner. 6 houses some with young families relocated because of the storm but to houses with no power. Everyone around seems to have power but us last 6 houses.  
Like Reply Hide 25w Edited

Beautiful Community, Beautiful People, Beautiful New Zealand.  
Like Reply Hide 25w

To all those working at Unison and those supporting them, including their family, thank you so, so much for all the work you are doing and giving it all for the community. It is super appreciated. ❤️  
Like Reply Hide 25w

Thanks for bringing a shining LIGHT to our household last night - was a boost to have the place lit up again!  
Like Reply Hide 25w

# Social Media – Comments (LinkedIn)

123 3 comments · 2 reposts

Like Comment Repost

Comment as Unison Networks Ltd...

Most relevant ▾

**[Redacted]**  
Analyst extraordinaire  
Great to see all hands on deck to help recover from the cyclone, you guys are doing a great job! My heart has really been with you in Hawkes Bay over the last few days imagining all the destruction, stay safe!  
Like · 3 | Reply

**[Redacted]**  
Franchisor & Founder at FISBO®, Startup - Proptech/Fintech  
All of you guys and gals are heroes!  
Like · 2 | Reply

**[Redacted]**  
Electrician at ZETDC  
Great Teamwork spirit 🙌  
Like · 2 | Reply

Video views: 1,741 total Show stats ▾

275 13 comments · 2 reposts

Like Comment Repost

Comment as Unison Networks Ltd...

Most relevant ▾

**[Redacted]** · 2nd  
Electrical Inspector at Kinetic Electrical  
Well done team. We have been working with [Unison Networks Ltd](#) staff during this event, whilst getting sites isolated and reconnected. The guys have been extremely helpful and professional, even though I know they have been putting in long hours. Keep up the good work. Hope everyone gets a break soon.  
Like · 4 | Reply

**[Redacted]** · 3rd+  
M.I.DSL Appointed UK-Reseller by ACD Gruppe at M.I.Data Solutions Ltd  
My daughter and her partner were in NZ to attend a family wedding and were staying in an Airbnb in Napier the night Cyclone Gabrielle hit and they had to evacuate their accommodation at 4:00am as trees were falling around them. They (and we) are enormously grateful to their hosts who took them in and looked after them. They were ab ...see more  
Like · 2 | Reply

**[Redacted]** · 3rd+  
Head of Grid Operation at BKW Energie AG  
I am very impressed by the dedication you guys are putting into the restoration of your grid. By writing and sending this around the globe I like to emphasize on two things: Climate will become harsher and critical infrastructure needs to be more protected. Connected to this, we need to decarbonize our planet step by step. Doing so we need all ...see more  
Like · 4 | Reply

128 5 comments

Like Comment Repost

Comment as Unison Networks Ltd...

Most relevant ▾

**[Redacted]** · 2nd  
Project Manager - Strategic at Hastings District Council  
These guys and gals at [Unison Networks Ltd](#) and [Transpower New Zealand](#) all deserve medals!!  
Like · 5 | Reply

**[Redacted]**  
Retired  
Great work you guys...  
Like · 2 | Reply

**[Redacted]** · 2nd  
Principal Electrical Engineer ('Per Hydrogenii Ad Astra')  
With such devastating impact to electricity infrastructure, the exceptionally rapid restoration of the Unison system must be attributed to the determination and skill of field teams who have worked in atrocious conditions. They are the often unseen electrical industry heroes.  
Like · 3 | Reply

**[Redacted]**  
Franchisor & Founder at FISBO®, Startup - Proptech/Fintech  
Your team rocks!  
Like · 1 | Reply

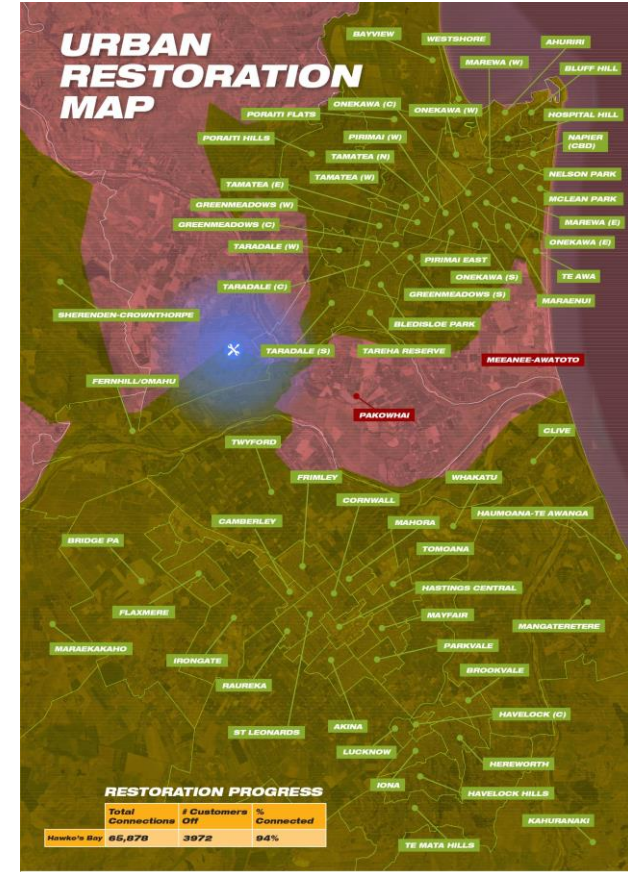
# Restoration Maps - Urban



Tuesday 16 February 2023



Sunday 18 February 2023



Wednesday 22 February 2023

# Restoration Maps - Rural



RURAL RESTORATION MAP AS AT 3.00PM MON 27 FEB

- Currently Generated
- Planned Generation & Progressive Restoration
- Network Repair (Estimated next 48 hours)
- Flood Damaged Network

Monday 27 February 2023



RURAL RESTORATION MAP AS AT 8AM THU 02 MAR

- Currently Generated
- Planned Generation & Progressive Restoration
- Network Repair (Estimated next 48 hours)
- Flood Damaged Network

Thursday 02 March 2023



RURAL RESTORATION MAP AS AT 2PM TUE 04 APR

- 90+ Restoration
- Restoration in progress
- Currently Generated
- Network Repair (Estimated next 48 hours)
- Flood Damaged Network

Tuesday 04 April 2023

# Radio – Stations





# Radio – Advertisements

*Click the speaker icons below to play clips:*



**Cyclone Update**  
February 17th 2023



**Cyclone Update**  
February 28th 2023



**Log a Fault**  
March 10th 2023



**Thank You Hawke's Bay**  
April 28th 2023

# Radio – RNZ Interviews

*Click the speaker icons below to play clips:*



**Danny Gough – Unison  
Network crews working  
to restore power in  
Hawke’s Bay  
February 15th 2023  
9:45am**



**Danny Gough – Unison  
update on power  
outages  
February 17th 2023  
5:18pm**

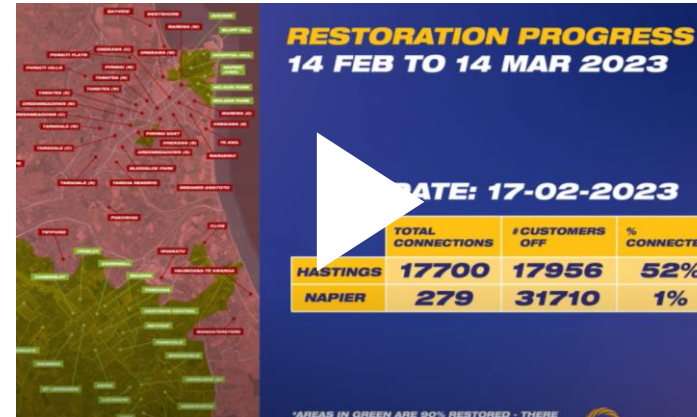


**Jason Larkin – Several  
communities still  
without power after  
Cyclone Gabrielle  
February 28th 2023  
7:36am**

# Video Content – *click to play videos*



Jason Larkin – Redclyffe Bypass



Restoration Animation



Jason Larkin & Mark Cozens -  
Building a more resilient network



Mayor of Hastings – Thank you Unison