

Reopener guidance for electricity distribution businesses (DPP)

Draft for feedback

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Introduction

1. The Commission sets default price-quality paths (DPPs) for non-exempt electricity distribution businesses (EDBs) once every four to five years. The DPP consists of total allowable revenue that an EDB can recover each year and minimum quality standards that must be met. The DPP applies to the majority of EDBs in New Zealand that are 'non-exempt' from price-quality regulation because they do not meet statutory criteria of being 'consumer owned'.
2. DPPs are set in a relatively low-cost way and are not intended to meet all circumstances that EDBs may face, especially if these circumstances justify significant scrutiny of costs and/or quality targets of a particular EDB.
3. For various changed circumstances impacting on the DPP in the regulatory period, an EDB can ask us to consider a change to its DPP (ie, a 'reopener') or alternatively apply to replace the DPP with a customised price-quality path (CPP).
4. Reopeners and CPPs are mechanisms in the regime that enable uncertain, or large step increases in expenditure to be scrutinised appropriately. Reopeners typically involve less scrutiny than a CPP and are likely to be more appropriate for a specific, rather than a general issue.
5. Reopeners are available for EDBs who are on a CPP or DPP. The focus of this guidance is on EDB DPP reopeners; however, it may also be a helpful resource for CPP reopeners.

Purpose of this guidance

6. This guidance is intended to assist stakeholders, including EDBs considering reopeners, to:
 - understand the reopener process;
 - consider whether to apply;
 - prepare a reopener application; and
 - understand how we will assess the application.
7. We have leveraged feedback received to date from the DPP4 reset process, DPP4 Input Methodologies (IM) Amendments and lessons learned from past reopener applications, to prepare this document.

Scope of this guidance document

8. This guidance is not a substitute for legal advice and should be read alongside the relevant IMs. To the extent there is any inconsistency between the guidance and the IMs, the IMs prevail. For easy reference we have listed the relevant sections and clauses from the IMs that are applicable to DPP, and for completeness CPP, reopeners in Appendix 2.
9. There are a range of reopeners that an EDB can apply for, each of which has a specific definition and criteria. This document is focused on IM clauses that are more relevant to the reopeners that EDBs are most likely to use, i.e. catastrophic events, foreseeable

and unforeseeable large projects, risk events, and proposals to change a quality standard.

10. Reopener applications will need to be consistent with how the requirements relate to the specific event which an EDB is applying for and make a clear and compelling case on how adjusting the price path and/or quality standards is in the long-term benefit of consumers. There is flexibility in the information which can be provided to meet the IM requirements.
11. In preparing this guidance we were mindful that EDBs have different business processes and that some considerations may be relevant for some reopeners and less relevant for others. We have therefore not provided a checklist of information required for specific reopener types, nor stated specific documents which are required to be provided to meet the requirements.
12. In addition to this document, our website contains other reopener-related material (past price-quality path and IM Review Reasons Papers, FAQs) and past reopener applications for insight.

Structure of this document

13. We have structured the guidance under the following sections:
 - **steps in the reopener application process:** The process for reopening (reconsidering) the DPP as set out in the IMs,¹ including how confidential information is treated in the process;²
 - **how we make our reopener decision:** How we determine if an applicable reopener event has occurred,³ whether it is appropriate to amend the price-quality path, which mechanism to use and the size of the adjustment, in response to the event; and⁴
 - **information that could be included in a reopener application:** Examples of supporting information that an EDB could provide with its reopener application to show how it complies with relevant reopener requirements as set out in the IMs.

Steps in the reopener process

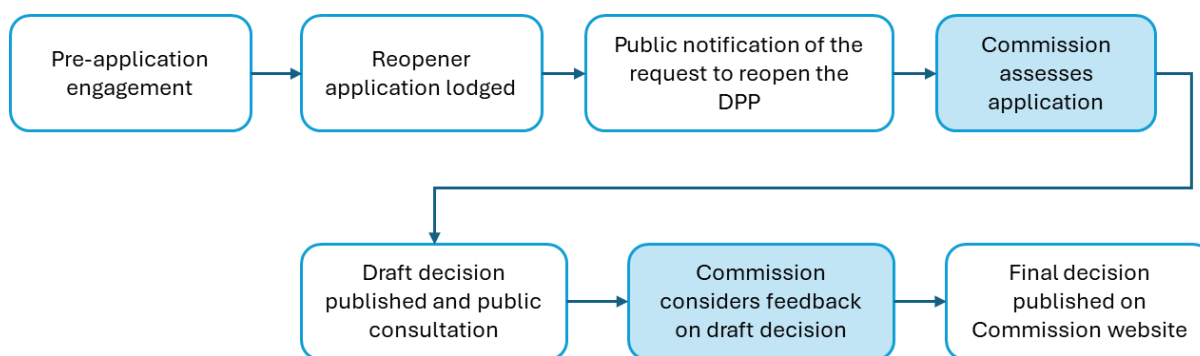
14. The steps in the reopener process are explained in this section and summarised in the diagram below. The diagram represents our general process and we may deviate from this where necessary. The highlighted boxes show steps in the process where we may request additional information to inform our decision.

¹ [Commerce Commission "Electricity Distribution Services Input Methodologies \(Reopeners and Other Matters\) Amendment Determination 2025 \[2025\] NZCC 5" \(27 March 2025\)](#), clause 4.5.2.

² EDB IMs clause 4.5.3.

³ EDB IMs Section 2: Events that may be reopener events.

⁴ EDB IMs Section 3: Commission consideration of whether and how to amend the DPP/CPP.

Figure 1: Steps in the reopener process

Pre-application engagement

15. Pre-application engagement is not required but is recommended, especially if an EDB's application is large and/or complex.
16. Early engagement with us will help to ensure we are appropriately resourced to consider an EDB's application when it is submitted, e.g. appropriate legal, engineering and modelling resources to assess complex components of an application. This also provides an opportunity for the EDB to discuss with us whether confidential information is needed to support their application and/or our initial views on whether information is confidential before they submit their application, given our process is to publish an EDB's reopener application once it has been submitted.
17. We also encourage EDBs to engage with relevant third parties and consumers to gauge support before approaching us.
18. See '*Public notification of the request to reopen the DPP*' step below for more information on our obligation to publish or release reopener applications and supporting information.

Tips for getting the most out of the pre-application engagement:

- *Let us know as soon as you are reasonably certain that you will apply for a reopener.*
- *Do a self-assessment against the IM clauses as part of deciding to apply and use it to inform pre-engagement conversations with us.*
- *Highlight any IM clauses which you consider to be challenging for your application, so that we can determine if additional resources are needed to assess this when your application is submitted.*
- *Consider whether any potentially confidential information may be required to support your application and discuss with us how this information may be handled before submitting it in an application.*



Reopener application lodged

19. The onus is on the applicant to provide sufficient information of a nature and detail to allow the Commission to assess the application against the relevant IMs. We note that the type of information and level of detail needed will depend on the type of reopener and the specific circumstances of the event. This is discussed in more detail in the '*Information that could be included in a reopener application*' section.

20. Reopener applications and supporting information should be sent electronically to:
- Attn - Electricity Distribution Manager
 c/o infrastructure.regulation@comcom.govt.nz
 Subject: Reopener application (Name of EDB)
21. We prefer the application in both a format suitable for word processing (such as a Microsoft Word document) as well as a 'locked' format (such as a PDF) for publication on our website.

Public notification of the request to reopen the DPP⁵

22. We will publish a notice on our website once a reopener application is received and we have determined it is complete.⁶ The notice will include a copy of the reopener application. Note stakeholders who are subscribed to our Infrastructure Regulation email distribution list will be notified when we publish.⁷
23. We recommend that EDBs avoid including confidential information, unless it adds significant value to the application. Confidential information must be clearly marked and included in an appendix.⁸
24. The Commission is subject to the Official Information Act (OIA) and any information provided to us that has not been published as part of our decision-making process can be requested under the OIA. We must release requested material unless good reason exists under the OIA to withhold it. Should we receive a request for an applicant's information under the OIA, we will consult with them on what is proposed to be disclosed before release. It is ultimately for the Commission to apply the OIA and determine whether to release the requested information.

Assess the application against reopener requirements set out in the IMs

25. When a reopener application is received, we are required to assess it against the relevant reopener clauses in the IMs. This is why we advise EDBs to structure their application around the clauses and to check that they have included sufficient information to demonstrate compliance with those clauses.
26. In summary the IMs require us to:
- consider whether a reopener event has occurred;⁹
 - decide whether the price-quality path should be amended;¹⁰ and
 - decide how the price-quality path should be amended.¹¹

⁵ EDB IMs clause 4.5.2(5).

⁶ We regard an application as complete when an EDB first provides the information referenced in clause 4.5.2(3) of the EDB IMs, even if we subsequently request further information. At the same time, we would likely reject an application if it is materially incomplete in terms of the driver, quantum, and supporting reasoning for a reopener.

⁷ Email us (infrastructure.regulation@comcom.govt.nz) to be added to this distribution list.

⁸ EDB IMs clause 4.5.3.

⁹ EDB IMs clauses 4.5.1(1)(a); 4.5.4 - 4.5.12.

¹⁰ EDB IMs clauses 4.5.13 and 4.5.14.

¹¹ EDB IMs clause 4.5.15.

27. Ultimately, in assessing an application, we must consider whether the proposed amendment promotes the long-term benefit of consumers. See '*How we make our reopener decision*' section for more information.
28. We take a proportionate scrutiny approach when reviewing applications to focus on areas that add the most value for consumers. If an application is likely to lead to material increases in prices and/or a material change in the quality of service, it will likely attract greater scrutiny.
29. Factors that we may consider when determining the appropriate level of scrutiny include:
 - past trend of underspends against allowances or forecasts which could indicate forecasting accuracy or deliverability challenges;
 - whether the reopener event could or should have been reasonably foreseen;
 - extent of and outcomes from any engagement undertaken by the EDB or external parties such as councils, government agencies on the proposed change or investment;
 - extent of uncertainty associated with the reopener event;
 - extent, clarity and quality of the supporting information provided;
 - uniqueness of the application or proposed solution; and
 - the number and type of consumers impacted.
30. During our assessment we may contact the applicant to request additional information or to ask clarification questions.

Tips for a timely assessment:

- *Structure your application around the relevant IM clauses and/or include a table showing where to find the information to assess each requirement.*
- *Check that you have included sufficient information to demonstrate compliance with the relevant IM reopener requirements. This will help us to process your application efficiently.*
- *Consider providing independent review for complex situations and information about any consultation with affected consumers.*
- *Clearly identify any content that is confidential and include this as a separate attachment.*



Publish draft decision and public consultation

31. Once we have formed a provisional view regarding the reopener application, we will publish a draft decision on our website for public consultation. Our draft decision consists of:
 - a draft reasons paper;
 - a draft amendment to the DPP determination, if our draft decision is to amend the DPP; and
 - supporting models, where appropriate.

32. Submissions are published on our website after the consultation has closed. The process will not normally include cross submissions.
33. If there are significant changes to the draft decision, then an additional consultation may be undertaken.

Publish final decision

34. We will consider the submissions received in coming to a final decision. The final decision will be published on our website, along with any models we have used, and any final amendments to the DPP determination. The final determination will outline how the decision will take effect.
35. The time needed to reach a final decision depends on several factors, such as:
 - the number of reopener applications we have to consider in parallel;
 - the novelty and complexity of the reopener applications;
 - the extent and quality of information in the reopener applications;
 - any requests for further information from applicants and the time taken by applicants to respond to those; and
 - the extent of submissions on reopener draft decisions.

How we make our reopener decision

36. DPP reopeners promote the long-term interest of consumers by providing for some material changes in circumstances during a regulatory period through an appropriate level of scrutiny.
37. The IMs establish the requirements we apply when deciding whether a reopener event has occurred, whether to amend the DPP, and if so by how much.¹² These are discussed below.

Whether a reopener event has occurred

38. When we receive a reopener application, we must first determine whether a reopener event has occurred as set out in the IMs. Each reopener type has specific requirements that must be met, which includes minimum materiality thresholds (apart from the false or misleading information reopener), expenditure that can be considered, information required, and specific tests which must be met.¹³
39. A reopener event has occurred if:
 - it is a single event, or a series of related events that occurred¹⁴ within the eligible period, that begins on the date that is 18 months before the start of the DPP regulatory period and ends at the end of the DPP regulatory period;¹⁵ or
 - the event meets the criteria for consideration outside of the eligible period;¹⁶ and
 - the nominated reopener event meets the criteria set out in the IM for that event.
40. Reopener events fall into three categories:¹⁷
 - **Responsive reopener events** respond to an identifiable event that has already occurred (eg natural disasters, legislative or regulatory changes). A risk event reopener is also considered a responsive reopener.
 - **Prospective reopener events** relate to anticipated or forecast events, where a supplier will have some notice or foresight for a need to invest – such as via enquiries from connecting parties or via demand triggers being met.
 - **Reopener events outside these categories.** There are a small number of events that fall outside of the above categories, as they have their own distinct processes.
41. The types of reopener events are set out in the table below. There may be further reopener types that apply to specific CPPs.

¹² EDB IMs clause 4.5.1(1)

¹³ Appendix 3 provides a description for each type of reopener event, where specific requirements for that event in the IMs are located, and the materiality thresholds where they apply.

¹⁴ The event date depends on the type of reopener and the scenario in question.

¹⁵ EDB IMs clause 4.5.1(2).

¹⁶ EDB IMs clause 4.5.1(2A).

¹⁷ EDB IMs clause 4.5.1(3).

Table 1: Types of reopener events

Responsive reopener events	Prospective reopener events	Reopener events outside these categories
<ul style="list-style-type: none"> • Catastrophic event • Change event • Error event • False or misleading information • Major transaction event • Risk event (DPP only) 	<ul style="list-style-type: none"> • Unforeseeable large project (DPP only) • Foreseeable large project (DPP only) • Contingent project (CPP only) • Unforeseen project (CPP only) 	<ul style="list-style-type: none"> • Quality standard variation proposal (DPP only) • WACC change event (CPP only)

42. An EDB can nominate any DPP reopener event. It can also nominate any CPP reopener event other than a WACC change event. The Commission can only nominate responsive reopener events and a WACC change event (CPP only).

Should the price-quality path be amended?¹⁸

43. Once we are satisfied that a reopener event has occurred, we must then determine if it is in the long-term interests of consumers to amend the price-quality path. We may determine that:
- although a reopener event has occurred, we consider it is not in the long-term interests of consumers to amend the price-quality path, having regard to the relevant factors in the IMs; or
 - a CPP proposal is more appropriate; or
 - it is appropriate to amend the price-quality path.
44. The IMs set out a range of factors that we may consider when deciding whether to reopen the price-quality path.¹⁸ We will have regard to the factors in clause 4.5.13 of the IMs, to the extent we consider relevant for the specific reopener event application.
45. Most of the factors are straightforward to interpret and apply. There are three factors that are more challenging to interpret and apply and involve some judgement. Two of these factors relate to determining if the changed circumstances can be accommodated within the existing DPP settings and the third factor is about whether a CPP is a better mechanism for considering the changed circumstance.
46. This section explains how we intend to approach our assessment of these three factors.

The extent to which the DPP provides explicitly or implicitly for the reopener event and whether the EDB's planned capex and opex for the remainder of the regulatory period has been appropriately reviewed and reprioritised¹⁹

47. A DPP determination provides a revenue allowance, but not a cap on what can be spent. It also does not specifically allocate allowances to particular categories of

¹⁸ EDB IMs clause 4.5.13.

¹⁹ EDB IMs clauses 4.5.13(1)(b) and (1)(c)(iii).

expenditure, projects or programmes. EDBs have the flexibility to substitute between opex and capex and between projects, programmes and categories of expenditure.

48. It is up to an EDB how it reconciles its DPP revenue allowances with the forecast expenditure it had outlined in its forecasts prior to the DPP being set. At the start of the regulatory period an EDB with expenditure that exceeds its DPP allowance would need to prioritise, i.e. decide which expenditure in their forecasts is fully funded, partially funded and not funded.
49. When we assess a reopener application, we need to be satisfied that the additional expenditure requested is for the long-term benefit of consumers. As part of our assessment, we consider:
 - if the additional expenditure has been explicitly or implicitly provided for in the DPP;^{20 21} and
 - whether the EDB's planned capex and opex for the remainder of the regulatory period has been appropriately reviewed and reprioritised.²²
50. EDBs should be prepared to include sufficient information in their reopener application to enable us to make this assessment. We expect that this material will be readily available given that EDBs have told us that they regularly review and reprioritise their expenditure plans.
51. We note that with respect to prospective reopeners, the DPP4 revenue allowances provided for up to 25% real uplifts on historical capex and did not base capex allowances on specific categories of expenditure. We are also aware that customer-driven works can be highly variable, and EDBs do not necessarily have visibility of specific large projects, especially those that might arise later in the regulatory period. However, EDBs often make financial provisions in their asset management plans for unknown future projects based on historical experiences and averages.
52. In that context, in making reopener applications, EDBs that have underspent relative to DPP allowances would need to explain within any application, why it is necessary to provide additional capex and revenue allowances. For example, an EDB could provide evidence of capex that has been deferred from early in the period, but will be delivered later, supported by evidence of additional recruitment for those with internal works delivery teams or contracts with external providers. The case for reopeners is likely to be more straightforward for those that have actual expenditure levels in line with their DPP4 capex allowances.
53. We provide further guidance on the type of information that EDBs could provide with their reopener application to assist our assessment of these requirements in the *'Information that could be included in a reopener application'* section.

²⁰ EDB IMs clause 4.5.13(1)(b).

²¹ The term "explicitly" is not relevant for the current DPP period given revenue allowances have not been allocated to particular categories of expenditure, projects or programmes.

²² EDB IMs clause 4.5.13(1)(c)(iii).

We may determine that a CPP proposal is more appropriate than amending the DPP

54. Reopeners are not intended to be used as an alternative to CPPs. We want to ensure that the additional expenditure required is appropriately scrutinised through the right tool to ensure good outcomes for consumers. In some circumstances, we may deny a reopener on the basis that a CPP proposal would be more appropriate. We do not have the discretion to decline a reopener application on the basis that a CPP proposal would be more appropriate for error event, major transaction event and false and misleading information reopeners.²³
55. The IMs set out factors we may have regard to when deciding whether a CPP proposal would be more appropriate than a reopener.²⁴ The table below summarises the circumstances where a reopener or CPP may be appropriate.

²³ EDB IMs clause 4.5.13(2).

²⁴ EDB IMs clause 4.5.14.

Table 2: Characteristics of reopeners and CPPs

Reopener	CPP
<p>Reopener applications are more appropriate in circumstances that:²⁵</p> <ul style="list-style-type: none"> • are separately identifiable or discrete • are targeted to address a specific, rather than a general issue • have less interdependence with the rest of the supplier's network • are likely to affect a smaller number of consumers • are unlikely to require wide consultation with consumers and other stakeholders. 	<p>A CPP may be more appropriate for circumstances:²⁶</p> <ul style="list-style-type: none"> • where the reopener event has an impact on a wide range of costs specific to the EDB • where the price or quality impact on consumers is significant • that affect a large number or proportion of consumers rather than a smaller subset • that require wide engagement with consumers and stakeholders • which have upstream or downstream effects on the supplier's wider network; and • where the scale of investment required to respond to demand for connections, system growth, a combination of connection and system growth, asset relocation is sufficiently large (eg, exceeds \$30 million in a single regulatory year) that it warrants a higher level of scrutiny. <p>Note, for changed circumstances after a CPP is set, a range of CPP reopeners are available to suppliers.</p>

56. An EDB must provide, at the time the reopener application is submitted, sufficient information to enable us to assess their application against the test of whether a CPP proposal would be more appropriate.²⁷ This information should be readily available given EDBs actively consider their funding requirements over the regulatory period. This consideration should also include the potential need for, and value of, a CPP especially if the extent of expenditure is significantly beyond DPP allowances.

How should the price-quality path be amended?

57. Once we are satisfied that the price-quality path should be amended, we decide how it should be amended - which includes:
- The choice of amending the price path, quality standards, quality incentive measures or a combination of those.²⁸
 - Through which mechanism(s) it should be amended:

²⁵ [Commerce Commission "CPP and in-period adjustment mechanisms topic paper: Part 4 Input Methodologies Review 2023 – Final decision" \(13 December 2023\)](#), para 3.28.

²⁶ EDB IMs, clause 4.5.14(1).

²⁷ EDB IMs clause 4.5.2(3).

²⁸ EDB IMs clause 4.5.15(1).

- revenue amendment (adjusting the forecast net allowable revenue and actual net allowable revenue as a result of the incremental cost impacts of the reopener);
 - amendments to forecast opex and forecast commissioned assets in the DPP/PPP determination for incentive purposes;
 - reopener event allowance (REA) recoverable cost; and
 - quality standard amendment.
- By how much the price-quality path should be amended.
58. Revenue recovery by way of an amendment to the DPP price path is our preferred mechanism for both prospective and responsive reopeners because it more simply integrates with other aspects of the price-quality regime (IRIS incentives, wash-up mechanisms) compared to an REA.
59. For prospective reopeners, revenue recovery is available for opex incurred or assets commissioned after the application date (the date we first receive a complete reopener application).²⁹ For prospective reopeners, this means that capex incurred prior to the application date is eligible provided that the asset has not been commissioned prior to the application date.
60. For responsive reopeners, we can consider opex incurred or assets commissioned after the event date³⁰ when considering how much to amend the price path. Where it is not feasible or appropriate to amend the price path, e.g. due to timing, we can instead allow cost recovery via a REA.³¹ The REA is only available for responsive reopeners.

Amendments to the price path should promote the long-term benefit of consumers

61. Amendments to the price-quality path should promote the long-term benefit of consumers, guided by the specific factors at clauses 4.5.15(5)-(8).

Only expenditure that fits within the provisions of the IMs can be the subject of a reopener

62. The type of costs that we will consider when amending the price path is dependent on the type of reopener. The criteria for some individual reopener events in the IM includes a definition of the costs that are relevant for the reopener event. For example, for catastrophic events the relevant costs are remediation costs (opex and capex) before the recognition of any insurance, third-party liability and compensatory entitlements.³²

Changes to the quality standards or quality incentive measures should be reasonable³³

63. In the case of a quality standard variation, changes should accurately reflect the Commission's decision on the variation. In any other case the change to the quality standards or quality incentive measures should be set at a level that mitigates the effect of the reopener event on quality. For proposals to vary a quality standard we will

²⁹ EDB IMs clause 4.5.15(3).

³⁰ EDB IMs clause 4.5.15(4).

³¹ EDB IMs clause 1.1.4(2) definition of reopener event allowance and clause 3.1.3(1)(i).

³² EDB IMs clause 4.5.4(1)(c)(iii).

³³ EDB IMs clause 4.5.15(10).

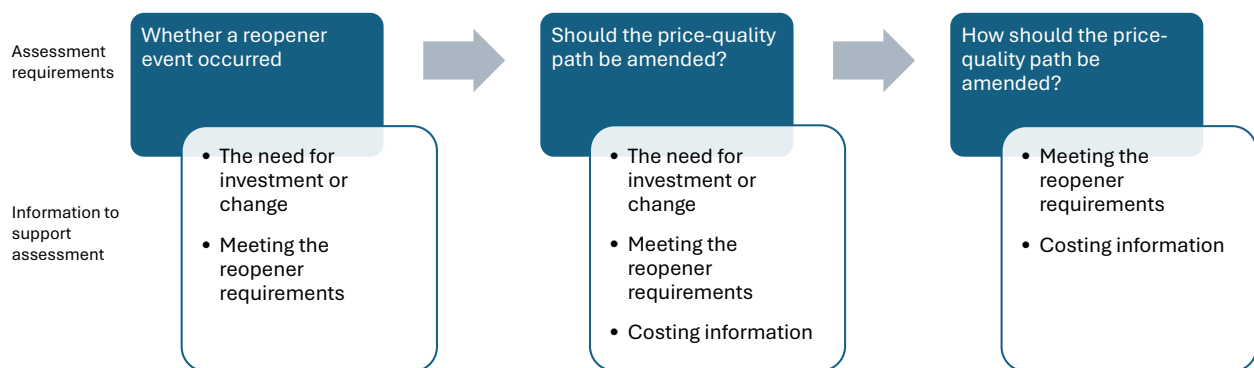
consider whether the proposed standard better reflects the realistically achievable performance of the EDB, and the level of support from, and engagement with, consumers.³⁴

³⁴ EDB IMs clause 4.5.12(3).

Information that could be included in a reopener application

64. The onus is on the applicant to provide sufficient information, at the time the application is submitted, to enable us to assess the application against the relevant reopener clauses.^{35,36} The type of information including the level of detail will vary from application to application depending on the reopener event.
65. This section provides guidance about the type of information applicants could provide to support their reopener application for three areas that are relevant for most reopeners:
- the need for investment or change;
 - meeting the reopener requirements; and
 - costing information.
66. The focus of the discussion in this section does not indicate clauses that we consider to be more important than others. Applicants will need to ensure that their applications contain sufficient information to address all the reopener clauses that are relevant.
67. The diagram below summarises the content in this section and where it will be used in the assessment process.

Figure 2: How the information in this section supports the assessment process



68. As noted earlier in this document, there is flexibility in the information that can be provided to meet the IM requirements. Our expectation is that the evidence to support reopener applications should not require applicants to create significant new material. The information that can be provided should largely be readily available as the applicant is likely to have used it as part of its business-as-usual practices to inform and justify its own investment decisions. We will ask for further information if we need it.

³⁵ See Appendix 2 for an outline of the relevant reopener clauses.

³⁶ EDB IMs clause 4.5.2(3).

69. We have provided examples of the information or supplementary evidence that could be included in the callout boxes in each area. These examples may be relevant, depending on the applicant's reopener event.

Curate your content with our assessment team in mind

It is useful to remember, when thinking about what information to provide, that your application will be assessed by us from a regulatory, engineering and financial perspective. We are likely to rely on similar information that you would, to make an investment decision:

- *What evidence would your engineers require to confirm that the project or expenditure is the best option?*
- *What would you give your Board or senior leadership team confidence in the preferred solution, the costings and need for the project?*
- *What would you provide to your legal lead to enable them to review and confirm that the reopener application complies with the IMs?*



The need for investment or change

70. The application should include a clear statement as to the need for the proposed expenditure or the problem the applicant is trying to address. This information will enable us to get a better understanding for why the reopener has been requested and how it promotes the long-term benefit of consumers.
71. There are a range of factors which we may consider when forming our view about whether the proposed investment or change is needed.³⁷ Some reopeners have specific requirements; for example, risk event and large project reopeners that have connection or asset relocation capex as the main driver are required to include a letter of support (addressed to the Commission) that shows that the connecting or relocation party supports the investment.³⁸

³⁷ EDB IMs clause 4.5.13.

³⁸ EDB IMs clauses 4.5.9 (1)(j), (l), (m)(i); 4.5.10(1)(j), (l), (m)(i).

Examples of supporting information that could be useful to include (depending on the nature of the reopener being applied for):

- *Demand forecasts*
- *Engagement with consumers and letters of support or commitment from affected consumers*
- *Pictures or evidence of the event and its impact on the EDB's network or service provision*
- *Options analysis undertaken to reach a preferred solution*
- *External advice sought eg. external engineering consultant's view on technical solutions and options analysis*
- *Existing business case or project summary that shows the costing assumptions, how the preferred option was selected, trade-offs and need for the project*
- *Map showing location of assets/investment or technical drawings showing the proposed investment.*



Meeting the reopener requirements

72. Each reopener has specific requirements under the IMs³⁹ which will require judgement when considering what information to provide to show that a reopener meets the IM criteria. It is useful for the applicant to structure their application around the relevant IM clauses and/or include a table that directs us to where the relevant information is located for each requirement.⁴⁰
73. The content in this section relates to information that applicants could include, to meet reopener requirements for changing the price path and quality standard. The content is not exhaustive, and targets reopener requirements that we consider may be less straightforward for applicants to interpret and apply.

Information to support meeting the reopener requirements for a change to the price path

74. We noted in the '*Should the price-quality path be amended*' section that, given the way we set the DPP, it is difficult to determine what projects were provided for in the DPP. This means that the onus is on the EDB to provide us with sufficient information to enable us to assess whether:
- the additional expenditure has been explicitly or implicitly provided for in the DPP;⁴¹ and
 - the EDB's planned capex and opex for the remainder of the regulatory period has been appropriately reviewed and reprioritised.⁴²
75. Supporting information that could assist us to assess that requested expenditure was not provided for in the DPP could include:

³⁹ See Appendix 3 for a description of each reopener event, the thresholds that apply and the specific IM clause for that reopener.

⁴⁰ See Appendix 4: Information in the reopener application template for an example of a blank template and an example of a completed table from a past reopener application.

⁴¹ EDB IMs clause 4.5.13(1)(b).

⁴² EDB IMs clause 4.5.13(1)(c)(iii).

- comparison of DPP allowances to the expenditure incurred to date and the forecast expenditure to the end of the period; and
 - expenditure plans that show the allocation of forecast capex and opex across expenditure categories and to projects and programmes, documentation of the drivers for changes to the forecasts, planned projects or programmes not funded or not fully funded.
76. Supporting information that could assist us to assess whether an EDB has appropriately reviewed and reprioritised expenditure for the remainder of the regulatory period, could include:
- An overview of an applicant's internal prioritisation policies or processes.
 - Information showing the outcomes of those prioritisation policies or processes being applied to show that the reopener is required, which could include:
 - internal papers showing how expenditure plans have changed over time because of prioritisation being applied;
 - internal papers identifying efficiency savings that EDBs may have made that they wish to retain;
 - internal papers identifying provisions that have been made for projects that are highly variable (for eg, customer-driven work) that need to be maintained through the regulatory period and the appropriateness of these;
 - external advice sought, eg, an external review of the EDB's expenditure plan; and
 - metrics derived from annual forecast and historical information disclosures.
 - Information demonstrating that deliverability of the proposed forward work programme has been considered which could include, for example, evidence of additional recruitment for EDBs with internal work delivery teams or contracts with external providers.

Information to support meeting the reopener requirements for a change to a quality standard

77. We can amend quality standards or quality incentive measures under all reopeners.⁴³ EDBs who request changes to quality standards or quality incentive measures as part of their reopener applications would need to provide information which outlines:
- the proposed change;
 - the parameters for the proposed change;
 - the reason for the proposed change; and
 - the effect of that change ie, how it compares with the existing quality standards.
78. EDBs wanting a more material change to quality standards not directly tied to a reopener event can consider a variation to a quality standard as a standalone reopener application (proposal of a quality standard variation reopener).⁴⁴ EDBs proposing a

⁴³ EDB IMs clause 4.5.15(1)(b)-(c) and 4.5.15(9).

⁴⁴ EDB IMs clause 4.5.12.

quality standard variation reopener will need to provide the following additional information:

- An engineer's report on the extent to which the quality standard variation better reflects the realistically achievable performance of the EDB over the DPP regulatory period, based on either or both of statistical analysis of past SAIDI and SAIFI performance and/or the level of investment provided for in the forecast allowable revenue in the DPP determination.⁴⁵
- Any consumer consultation undertaken by the EDB in respect of the proposed quality standard variation, and the results of that consultation.⁴⁶

Costing information

79. Where a price path amendment is sought, the applicant should include information about the cost of the project or reopener event.
80. The onus is on the applicant to provide sufficient information about the proposed additional costs for us to establish whether these costs are prudent and efficient and that they comply with the reopener requirements. The type of reopener will guide which of the following information to include:
- A summary of costs - which could include separately identifying key components of opex and capex, by disclosure year, in real and nominal terms and by regulatory AMP expenditure categories, and when resulting assets are commissioned.
 - In the case of large project reopeners that include system growth expenditure with an opex solution, the applicant must also include the forecast total lifetime solution costs plus any consequential capex.⁴⁷
 - To what extent capital contributions, insurance or other compensation will be received to offset the proposed costs, including:
 - whether proposed capital contributions are consistent with the applicant's policies; and
 - whether insurance or other compensation relates to assets or operations.
 - The calculations and assumptions that underpin the expenditure sought in the reopener application and an explanation about how the costs / forecasts were developed. This could include the level of technical scoping, or any market testing undertaken.

Examples of supporting information that could be included:

- *Related external advice sought*
- *Evidence showing testing with the market*
- *Costings from other similar projects*
- *Spreadsheet or financial model used to complete the costing.*



⁴⁵ EDB IMs clause 4.5.12(2)(c).

⁴⁶ EDB IMs clause 4.5.12(2)(e).

⁴⁷ EDB IMs clauses 4.5.9(2)(a) and 4.5.10(2)(a).

Appendix 1: Glossary of terms

Abbreviation	Definition
AMP	Asset Management Plan
CPP	Customised Price-quality Path
Capex	Capital Expenditure
DPP	Default Price-quality Path
EDB	Electricity Distribution Business
EDB IMs	Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025
GAAP	Generally Accepted Accounting Practice
IM	Input Methodologies
IRIS	Incremental Rolling Incentive Scheme
OIA	Official Information Act 1982
Opex	Operational Expenditure
RAB	Regulated Asset Base
REA	Reopener Event Allowance
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
WACC	Weighted Average Cost of Capital

Appendix 2: Outline of relevant reopener sections and clauses from the EDB input methodologies

IM clause	IMs for DPPs	IMs for CPPs
Part 1 General Provisions		
1.1.4 Interpretation	Definitions for terms used in the IMs	
Part 3 Subpart 3 Incremental rolling incentive scheme		
Section 4	3.3.13 Calculating alternative incentive adjustments following price-quality path transitions	
Price-quality path amendments and other events	3.3.14 Calculating incentive adjustments for other events	
Part 4 Subpart 5 Reconsideration of the default price-quality path		Part 5 Subpart 6 Reconsideration of the customised price-quality path
Section 1	4.5.1 When a DPP may be amended	5.6.1 When a CPP may be amended
When Commission can reconsider the DPP/CPP	4.5.2 Process for the reconsideration of the DPP	5.6.2 Process for the reconsideration of the CPP
	4.5.3 Confidential information	5.6.3 Confidential information
Section 2	4.5.4 Catastrophic event	5.6.4 Catastrophic event
Events that may be reopener events	4.5.5 Change event	5.6.5 Change event
	4.5.6 Error event	5.6.6 WACC change event
	4.5.7 False or misleading information	5.6.7 Error event
	4.5.8 Major transaction event	5.6.8 False or misleading information
	4.5.9 Unforeseeable large project	5.6.9 Major transaction event
	4.5.10 Foreseeable large project	5.6.10 Contingent project
	4.5.11 Risk event	5.6.11 Unforeseen project
	4.5.12 Proposal of a quality standard variation	
Section 3	4.5.13 Commission consideration of whether to amend the DPP	5.6.12 Commission consideration of whether to amend the CPP
Commission consideration of whether and how to amend the DPP/CPP	4.5.14 Commission may determine CPP proposal more appropriate	5.6.13 Amending CPP after reconsideration
	4.5.15 Amending DPP after reconsideration	

Appendix 3: Types of reopeners

Reopener	IM clause	Description	Threshold
Responsive reopener events			
Catastrophic event	4.5.4	For events beyond the reasonable control of suppliers that could not have been reasonably foreseen and requires remediation.	<p><u>Financial threshold:</u> The costs of remediation before the recognition of any insurance, third-party liability entitlements, and or compensatory entitlements is greater than:</p> <ul style="list-style-type: none"> • 1% of the EDB's forecast net allowable revenue for the DPP regulatory period; and • \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other EDB. <p><u>Quality threshold:</u></p> <ul style="list-style-type: none"> • 120 SAIDI minutes of all unplanned interruptions that start during any 24-hour period (starting on the hour or half-past the hour); and • 6 million customer interruption minutes resulting from all unplanned interruptions that start during any 24-hour period (starting on the hour or half-past the hour).
Change event	4.5.5	Change in, or new legislative or regulatory requirement applying to a supplier or a change in a requirement under GAAP.	<p><u>Financial threshold:</u> The costs that the EDB will incur and/or the revenue that the EDB can recover exceeds:</p> <ul style="list-style-type: none"> • 1% of the EDB's forecast net allowable revenue for the DPP regulatory period; and • \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other EDB. <p><u>Quality threshold:</u> Will have a net positive or negative effect on the quality of supply by the EDB that is 5% or more of a limit set in respect of a quality standard in the DPP determination.</p>
Error event	4.5.6	Either incorrect data was used, or data was incorrectly applied to set the price-quality path.	<p><u>Financial threshold:</u> An error relating to the DPP has an impact on the aggregate amount of the forecast net allowable revenue for all disclosure years of the regulatory period that exceeds \$100,000.</p> <p><u>Quality threshold:</u> None specified.</p>
False or misleading information	4.5.7	Where we relied on false or misleading information provided in setting the DPP or CPP.	No thresholds.

Reopener	IM clause	Description	Threshold
Major transaction event	4.5.8	For situations where consumers are acquired or no longer supplied, and this results in assets used to serve consumers being acquired or sold.	<u>Financial threshold:</u> Value of acquisition, disposal, or rights or interests obtained, or obligations incurred is greater than 10% of the EDB's opening RAB in disclosure year of acquisition.
Risk event	4.5.11	Asset deterioration impacting quality standards or safety that either could not reasonably have been foreseen or was foreseeable but not sufficiently certain as to timing or not provided for in the DPP.	<u>Financial threshold:</u> Relevant opex and capex, net of capital contributions and any amounts included in the DPP exceeds: <ul style="list-style-type: none"> 1% of the EDB's forecast net allowable revenue for the DPP regulatory period; and \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other EDB. <u>Quality threshold:</u> None specified.
Prospective reopener events			
Unforeseeable large project	4.5.9	Unforeseeable project or programme for connection, system growth, combination of connection capex and system growth, asset relocation or resilience.	<u>Financial threshold:</u> Relevant opex and capex, net of contributions and any amounts included in the DPP exceeds: <ul style="list-style-type: none"> 1% of the EDB's forecast net allowable revenue for the DPP regulatory period; and \$5 million for Vector Limited or Powerco Limited, or \$2.5 million for any other EDB. <u>Quality threshold:</u> None specified.
Foreseeable large project	4.5.10	Foreseeable but under forecasted or underfunded project or programme for connection, system growth, combination of connection and system growth, asset relocation or resilience.	
Other types of DPP reopener events			
Quality standard variation proposal	4.5.12	Proposal to vary quality standards to better reflect the realistically achievable reliability performance of an EDB.	No threshold.

Appendix 4: Information included in reopener application template

Blank template

IM requirement <i>(Include the relevant IM clauses for the specific reopener application)</i>	Assessment <i>(Brief description of how your application meets the IM requirements)</i>	Location of supporting evidence <i>(Be specific about where the supporting information is located, e.g. page numbers, sections or paragraph numbers where available.)</i>

Example of a completed template, more examples can be found on the Reopener webpage



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Appendix One – reopener criteria

The table below summarises the re-opener criteria, our assessment of why each criterion is met, and the supporting evidence we rely on. It is also provided as appendix one in our application.

Ref	Criteria	Assessment	Supporting evidence
Clause 4.5.1 Catastrophic event			
(a)	Beyond the reasonable control of the EDB	The January floods and Cyclone Gabrielle were both historically unprecedented natural disasters, beyond Vector's control and ability to prevent or further mitigate. The floods had a significant impact on network performance in the Cyclone (e.g. due to already wet ground) which was outside Vector's control and ability to further mitigate	<ul style="list-style-type: none"> See paragraphs 36 to 45 of the application Vector, <i>Vector's unplanned interruptions reporting for the 2013 assessment period</i> (24 August 2023) https://niwa.co.nz/news/auckland-suffers-wettest-month-in-history https://niwa.co.nz/news/auckland-suffers-wettest-month-in-history https://blog.metservice.com/TropicalCycloneGabrielleSummary https://niwa.co.nz/sites/niwa.co.nz/files/Climate_Summary_February_2023_NIWA-web.pdf
(b)	In relation to which expenditure is not explicitly or implicitly provided for in the DPP	Expenditure associated with a low probability/high impact event comparable to the catastrophic event was not included in the base, step, trend opex forecast used to set DPP3 or in Vector's 2019 AMP.	<ul style="list-style-type: none"> See paragraphs 46 to 51 of the application Commerce Commission, <i>Default price-quality paths for electricity distribution businesses from 1 April 2020 – Final decision, Reasons Paper</i> (27 November 2019) Attachments A and B Vector, <i>Electricity Asset Management Plan 2024-2034</i>, section 15.3.1.
(c)	That could not have been reasonably foreseen at the time the DPP was determined	Given the historically unprecedented nature of the floods and Cyclone, the occurrence of this catastrophic event within the planning horizon of the DPP could not have been reasonably foreseen.	<ul style="list-style-type: none"> See paragraphs 36 to 45 and 52 to 53 of the application
(d)	In respect of which -		