

17 July 2025

Ben Woodham
Electricity Distribution Manager
Commerce Commission
Wellington 6140

By email to: infrastructure.regulation@comcom.govt.nz

Dear Ben,

Submission to the Commerce Commission (Commission) on *Reconsideration of DPP3 default price quality path for Vector Lines Limited – Cyclone Gabrielle catastrophic event draft decision*

Electricity Networks Aotearoa (ENA) appreciates the opportunity to make a submission to the Commission on its consultation paper on the *Reconsideration of DPP3 default price quality path for Vector Lines Limited – Cyclone Gabrielle catastrophic event draft decision*.

ENA is the industry membership body that represents the 29 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix A).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have spent or invested \$6.2 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

ENA submission on combining proximate events under Input Methodology reopener provisions

ENA wishes to comment on one aspect of the Commission's draft decision, which we believe has broader implications for the sector and risks setting an unhelpful precedent in the interpretation of Input Methodologies (IMs). Specifically, we refer to the Commission's statement that it is "*not satisfied that combining multiple events into one is consistent with the relevant IMs or better promotes the long-term benefit of consumers under s 52A of the Act.*"¹

ENA submits that combining proximate or interrelated catastrophic events is both consistent with the IMs and supports the long-term benefit of consumers, in terms of:

- s 52A(1)(a) – by maintaining incentives to invest, and
- s 52A(1)(b) – by enabling efficient service delivery and restoration at a level that meets consumer expectations for resilience and reliability.

¹ Commerce Commission, [Draft-Decision-reasons-paper-Reconsideration-of-DPP3-default-price-quality-path-for-Vector-Lines-Limited-Cyclone-Gabrielle-catastrophic-event-3-July-2025.pdf](#), 3 July 2025, page 6, paras 21.1-21.2

We see nothing in the wording of the IMs that precludes the interpretation that closely linked or compounding events may be treated as a single qualifying event for the purpose of a reopener.

It is important to recognise that in such circumstances, the impacts of the events may not be independent. Where two catastrophic events occur in close succession, their effects — and the associated costs — often interact in ways that make attribution and separation artificial or impractical. For example:

- The first event may initiate or accelerate degradation of critical network assets, leaving them in a compromised state.
- A subsequent event — even if less severe — may then cause failure or service interruption as a direct result of the earlier damage.
- Costs incurred may span both events in a way that makes it difficult to allocate them cleanly to either, without distorting the true drivers of remediation activity.

In the case of Vector, the first event (flooding) may not have reached the \$5 million reopener threshold before the second event (Cyclone Gabrielle) occurred. If the events are treated separately, the flooding-related costs effectively fall outside the recoverable scope — even though the two events form part of a single operational recovery period. This outcome is not aligned with the purpose of the reopener, nor does it reflect efficient or risk-informed regulatory practice.

Moreover, if each event must be considered in isolation, networks may face a perverse incentive to delay necessary remediation in case a subsequent qualifying event occurs, or is forecast. This would run counter to good asset stewardship and timely service restoration, and may reduce the overall resilience of the network to compounding or continuous extreme weather events.

International regulatory, insurance and policy practice increasingly recognises the reality of pooled risk and cascading or compounding disasters. There is growing support for frameworks that treat back-to-back or interrelated events collectively, rather than as isolated occurrences, to better support recovery, investment certainty and climate resilience.

For these reasons, ENA recommends that the Commission reconsider its interpretation of the IMs in this area. Specifically, we propose that:

- Proximate, interrelated, or cascading catastrophic events, as well as continuous states of emergency, should be eligible to be treated as a single qualifying event under the reopener provisions.
- This interpretation would better reflect the operational and physical realities of disaster response and promote outcomes consistent with s 52A of the Act.

If you have any questions about ENA's submission please contact Gemma Pascall, Regulatory Manager ().

Yours sincerely

Gemma Pascall
Regulatory Manager

Appendix A: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- Electra
- EA Networks
- Firstlight Network
- Horizon Networks
- Mainpower
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower