



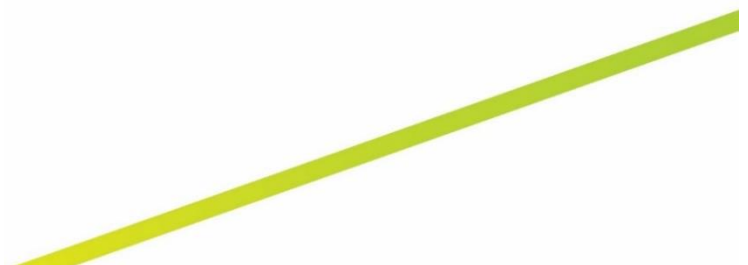
Orion New Zealand Limited

Electricity Distribution Services
Default Price-Quality Path Determination 2020

Annual compliance statement

For the year ending 31 March 2024

Issued 07 August 2024.



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INTRODUCTION

Orion New Zealand Limited (Orion) is subject to price-quality regulation under Part 4 of the Commerce Act 1986. The Commerce Commission has set a Default Price-Quality Path (DPP) that Orion is subject to for five years, 1 April 2020 to 31 March 2025 (the DPP regulatory period).

This annual compliance statement is published per clause 11.4 of the Electricity Distribution Services Default Price-Quality Path Determination 2020 (the Determination). This statement applies to the fourth assessment period, commencing 01 April 2023 and ending 31 March 2024.

This statement confirms that Orion:

- complies with the requirements to calculate the wash-up amount for the assessment period (Section 3);
- complies with the quality standards for the assessment period (Section 4); and
- has not entered into any agreements with another electricity distribution business (EDB) or Transpower for an amalgamation, merger, major transaction, or non-reopener transaction in the assessment period (Section 5).

Date Prepared

This annual compliance statement was prepared on 07 August 2024. A copy is available at Orion's office at 565 Wairakei Road, Burnside, Christchurch. The annual compliance statement is published on Orion's group website at www.oriongroup.co.nz and additional copies can be provided on request.

COMPLIANCE STATEMENTS

3. WASH-UP AMOUNT CALCULATION STATEMENT

As required by clause 8.6 of the Determination, Orion must calculate a wash-up amount for each assessment period using the methodology specified in Schedule 1.6 of the Determination.

The wash-up amount calculated for this assessment period will be used in determining the forecast allowable revenue for the first assessment period, beginning 1 April 2025, as part of the opening wash-up account balance.

As demonstrated in Table 1 below, and consistent with clause 8.6 of the Determination, Orion has complied with the requirement to calculate the wash-up amount for the fourth assessment period.

Wash up amount		
Term	Description	Value (\$000)
Actual allowable revenue (AAR)	Actual net allowable revenue + actual pass-through costs and actual recoverable costs	254,172.1
Actual revenue (AR)	Actual revenue from prices + other regulated income	241,945.3
Revenue foregone (RV)	Actual net allowable revenue x (RRP -20%) when Revenue Reduction Percentage is greater than 20%, otherwise nil	Nil
Wash-up amount	AAR-AR-RV	12,226.8

Table 1: Wash-up amount calculation

This wash-up amount calculated for this assessment period will increase the forecast allowable revenue for the first assessment period starting 1 April 2025. The main reasons for the wash-up of this assessment period are:

- The actual net allowable revenue (\$187,813.4k) exceeded the forecast net allowable revenue (\$168,158.0k) by \$19,655.4k. The CPI adjustments for the year were much higher than forecasted which increased the actual net allowable revenue.
- The actual revenue from prices (\$238,059.0k) were \$1,497.5k higher than the forecast revenue from prices (\$236,561.5k). The demand for the year was higher than forecasted due to a dry and hot summer in Mid Canterbury, resulting in actual variable revenue being higher than forecasted variable revenue.

The variable resulting in these differences (i.e., CPI and weather patterns) could not have been demonstrably forecasted as at 31 March 2023, when the prices for this assessment period were set.

3.1 ACTUAL ALLOWABLE REVENUE

Actual allowable revenue includes actual pass-through and recoverable costs excluding any recoverable cost that is a revenue wash-up draw down amount.

Table 2 below shows the actual allowable revenue for the fourth assessment period is consistent with Schedule 1.6 of the Determination.

Actual allowable revenue		
Term	Description	Value (\$000)
Actual net allowable revenue (ANAR)	Amount calculated in accordance with Schedule 1.6 of the Determination	187,813.4
Actual pass-through costs	Sum of all pass-through costs that were incurred or approved by the Commission in the assessment period	6,545.8
Actual recoverable costs	Sum of all recoverable costs that were incurred or approved by the Commission in the assessment period	57,720.3
Revenue wash-up draw down amount	Opening wash-up account balance of the assessment period which is the closing wash-up account balance of the previous assessment	2,092.5
Total actual allowable revenue (AAR)	Actual net allowable revenue + actual pass-through costs and actual recoverable costs	254,172.1

Table 2: Actual allowable revenue calculation

Further information supporting actual pass-through costs and actual recoverable costs are included in Appendix A.

3.2 ACTUAL REVENUE

The Determination defines actual revenue as the sum of actual revenue from prices and other regulated income.

Table 3 below shows actual revenue for the assessment period consistent with clause 4.2 of the Determination.

Actual revenue		
Term	Description	Value (\$000)
Actual revenue from prices	Actual prices between 1 April 2023 and 31 March 2024 multiplied by actual quantities for the assessment period	238,059.0
Other regulated income	Other income associated with supply of electricity distribution services	3,886.3
Total actual revenue (AR)	Sum of actual revenue from prices + other regulated income	241,945.3

Table 3: Actual revenue calculation

Further information supporting actual revenue from prices is included in Appendix B.

3.3 REVENUE FOREGONE

Per clause 4.2 of the Determination, revenue foregone is the actual net allowable revenue multiplied by (the revenue reduction percentage – 20%). Where the revenue reduction percentage is not greater than 20%, the revenue forgone is nil.

Table 4 below shows that Orion's revenue foregone was not greater than 20% for the fourth assessment period and is nil.

Revenue foregone		
Term	Description	Value
Actual net allowable revenue (ANAR)	Actual net allowable revenue for the fourth assessment period	\$187,813.4k
Revenue reduction percentage (RRP)	1 – (actual revenue from prices ÷ forecast revenue from prices)	-0.6%
Revenue foregone (RV)		Nil

Table 4: Revenue foregone calculation

4. QUALITY STANDARD STATEMENT

Orion must comply with the quality standards specified in the Determination. This section of the Annual Compliance Statement demonstrates Orion’s compliance with the quality standards.

4.1 STATEMENT OF COMPLIANCE WITH PLANNED INTERRUPTIONS QUALITY STANDARDS

Planned interruptions consists of all Class B interruptions on the Orion network measured as System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI).

Clause 9.2 of the Determination specifies that to comply with the planned interruption’s reliability assessment cap, the sum of planned SAIDI and SAIFI assessed values for all five assessment periods of the DPP regulatory period (i.e., the five years 1 April 2020 to 31 March 2025) must not exceed the planned accumulated SAIDI and SAIFI limits as specified in Schedule 3.1 of the Determination.

Table 5 and Table 6 below show the planned accumulated SAIDI and SAIFI limits for Orion for the DPP regulatory period and the planned SAIDI and SAIFI assessed values for the fourth assessment period and show that Orion has complied with planned interruption quality standards.

Orion has also compared the planned accumulated SAIDI assessed values for the regulatory period to date (i.e., the first four assessment periods) against the planned accumulated average limit at the end of the fourth assessment period.

Planned interruptions quality standard - SAIDI	
Planned accumulated SAIDI limit for the regulatory period	198.4
Planned SAIDI assessed value for the fourth assessment period	15.95
Planned accumulated SAIDI at the end of the fourth assessment period	89.74
Compliance result	Compliant

Table5: Planned SAIDI for the assessment period

Planned accumulated SAIFI limit for the regulatory period	0.7481
Planned SAIFI assessed value for the fourth assessment period	0.0775
Planned accumulated SAIFI at the end of the fourth assessment period	0.3183
Compliance result	Compliant

Table 6: Planned SAIFI for the assessment period

Further information supporting planned SAIDI assessed values are included in Section 4.1.1

4.1.1 Planned SAIDI assessed values

Orion has calculated the SAIDI assessed value in accordance with subclause 2 of Schedule 3.1

Table 7 below shows the calculations of Orion planned SAIDI assessed values for the assessment period.

Planned SAIDI assessed value		
Term	Description	Value
Class B non-notified interruptions	Class B interruptions excluding the Class B notified interruptions	3.82
Class B notified interruptions falling outside window	Class B notified interruptions occurred partially or wholly outside of their specified notified window or alternate day	0.85
SAIDI_B	Sum of Class B non-notified interruptions	4.67
Class B notified interruptions falling inside window	The SAIDI values of any Class B notified interruptions where the SAIDI value is the greater of that calculated based on: <ul style="list-style-type: none"> (i) The duration of minutes accumulated for each ICP that the Class B notified interruption occurred for; and (ii) The period of the notified interruption window minus two hours 	20.81
Class B intended interruptions cancelled without notice	The 'intended SAIDI values' of any intended interruption cancelled without notice is the greater of that calculated based on: <ul style="list-style-type: none"> (i) The duration of minutes accumulated for each ICP that the intended interruption occurred for, which will be nil; and (ii) The period of the notified interruption window minus two hours. 	1.75
Class B intended interruptions cancelled with notice	The 'intended SAIDI values' of any intended interruption cancelled with notice, where the 'intended SAIDI value' for each of those intended interruptions cancelled with notice is nil.	0
SAIDI_N	Sum of Class B notified interruptions	22.56
Planned SAIDI assessed value	SAIDI_B +(SAIDI_N / 2)	15.95

Table 7: Planned SAIDI assessed value calculation

4.2 STATEMENT OF COMPLIANCE WITH UNPLANNED INTERRUPTION QUALITY STANDARDS

Clause 9.8 of the Determination specifies that to comply with the annual unplanned interruption's reliability assessment Orion unplanned SAIDI and SAIFI assessed values must not exceed the SAIDI and SAIFI annual limits.

The unplanned SAIDI assessment value and the unplanned SAIFI assessment value are specified in Schedule 3.2 of the Determination.

Unplanned SAIDI is calculated by listing all unplanned Class C interruptions on the Orion network for the assessment period.

Unplanned SAIDI is normalised for major events (MEs). For any 24-hour period that starts on the hour or half past the hour, a SAIDI major event is triggered when the sum of SAIDI values over that 24-hour period for unplanned interruptions exceeds Orion’s SAIDI unplanned boundary value of 7.60, specified in Schedule 3.2 of the Determination.

Table 8 below shows that Orion has complied with the unplanned interruptions quality standard as Orion unplanned SAIDI assessed value is less than it’s unplanned SAIDI limit for the assessment period.

Unplanned interruptions quality standard - SAIDI		
Unplanned SAIDI Limit	Schedule 3.2 of the Determination	84.71
Unplanned SAIDI assessed value	Sum of the SAIDI values for Class C interruptions commencing within the assessment period, where the SAIDI value for each 30-minute period that starts on the hour or half past the hour within a SAIDI major event that exceeds 1/48 th of the SAIDI unplanned boundary value for that assessment period is replaced with the 1/48 th of the SAIDI unplanned boundary value for that assessment period.	39.57
Compliance result		Compliant

Table 8: Unplanned SAIDI for the assessment period

Unplanned SAIFI is calculated by listing all unplanned Class C interruptions on the Orion network for the assessment period.

Unplanned SAIFI is normalised for major events (MEs). For any 24-hour period that starts on the hour or half past the hour, a SAIFI major event is triggered when the sum of SAIFI values over that 24-hour period for unplanned interruptions exceeds Orion’s SAIFI unplanned boundary value of 0.0668, specified in Schedule 3.2 of the Determination.

Table 9 below shows that Orion has complied with the unplanned interruptions quality standard as Orion’s unplanned SAIFI assessed value is less than it’s unplanned SAIFI limit for the assessment period.

Unplanned interruptions quality standard - SAIFI		
Unplanned SAIFI limit	Schedule 3.2 of the Determination	1.0336
Unplanned SAIFI assessed value	Sum of the SAIFI values for Class C interruptions commencing within the assessment period, where the SAIFI value for each 30-minute period that starts on the hour or half past the hour within a SAIFI major event that exceeds 1/48 th of the SAIFI unplanned boundary value for that assessment period is replaced with the 1/48 th of the SAIFI unplanned boundary value for that assessment period	0.6303
Compliance result		Compliant

Table 9: Unplanned SAIFI for the assessment period.

Information about policies, procedures and calculations for measuring planned and unplanned interruptions during the assessment are included in Appendix C.

4.3 MAJOR EVENTS

For the assessment period, we identified one extended SAIDI major event as a result of a severe windstorm on 14 October 2023. There were no SAIFI major events identified during the assessment period.

We defined the SAIDI major event as an “extended major event” as it lasted longer than 24 hours. In accordance with the Commission’s final decision reasons paper, the Commission allows major events to last longer than 24 hours as long as the major event criteria is met¹. The SAIDI major event covers a 48-hour period from 13 October 2023 to 15 October 2023. Detailed Information relating to the extended SAIDI major event in accordance with clause 11.6(g) of the Determination and supporting information for normalising the half-hourly SAIDI values during the major event is included in Appendix D.

4.4 STATEMENT OF COMPLIANCE WITH EXTREME EVENT STANDARD

Clause 9.10 of the Determination specifies that, to comply with extreme event standards, Orion must not have an extreme event in the assessment period. The calculation of the unplanned interruptions excluded any unplanned interruption that is the result of major external factors. The extreme event standard limit is specified in paragraphs (1)(a) and (b) of Schedule 3.3 of the Determination.

Table 10 below shows that Orion has complied with the extreme event standard for the assessment period.

Extreme event standard	
Number of extreme events	Nil
Compliance result	Compliant

Table 10: Extreme event standard for the assessment period

4.5 QUALITY INCENTIVE ADJUSTMENT

The quality incentive adjustment is intended to provide an incentive for Orion to maintain or improve its quality of supply over the DPP regulatory period.

The method to calculate the quality incentive adjustment is specified in Schedule 4 of the Determination.

Table 11 below shows that Orion’s quality incentive adjustment for the assessment period is a reward of \$879k.

Quality Incentive Adjustment		
Term	Description	Value (\$)
SAIDI planned adjustment	$(\text{SAIDI}_{\text{planned, target}} - \text{SAIDI}_{\text{planned, assessed}}) \times 0.5 \times \text{IR}$	- 43,128
SAIDI unplanned adjustment	$\text{SAIDI}_{\text{unplanned, target}} - \text{SAIDI}_{\text{unplanned, assessed}} \times \text{IR}$	852,301

¹ https://comcom.govt.nz/_data/assets/pdf_file/0020/191810/Default-price-quality-paths-for-electricity-distribution-businesses-from-1-April2020-Final-decision-Reasons-paper-27-November-2019.PDF, Section K69-K72, p.391

Total uncapped adjustment	SAIDI planned adjustment + SAIDI unplanned adjustment	809,172
Revenue at risk	0.02*ANAR	\$3,756,268
Total reward		809,172
67 th percentile estimate of post-tax WACC		4.23%
Quality incentive adjustment		\$879,076

Table 11: Quality incentive adjustment calculation

The quality incentive adjustment will be applied as a recoverable cost when setting our prices two years after this assessment period, i.e., prices effective 1 April 2025.

Table 12 below show the inputs used to calculate Orion’s quality incentive adjustment for the assessment period.

Quality Incentive Adjustment Inputs					
Raw Inputs					
Term	Units	Value	Term	Units	Value
SAIDI planned interruption collar	minutes	0	SAIDI unplanned interruption collar	minutes	0
SAIDI planned interruption target	minutes	13.23	SAIDI unplanned interruption target	minutes	66.47
SAIDI planned interruption cap	minutes	39.68	SAIDI unplanned interruption cap	minutes	84.71
Planned SAIDI assessed value	minutes	15.95	Unplanned SAIDI assessed value	minutes	39.57
Incentive rate		\$31,686			
Actual net allowable revenue (ANAR)		\$187,813.4k			
Output Calculations					
SAIDI planned interruption target	minutes	13.23	SAIDI unplanned interruption target	minutes	66.47
Minimum of the planned SAIDI cap and assessed value	minutes	15.95	Minimum of the unplanned SAIDI cap and assessed value	minutes	39.68
Planned SAIDI subject to incentive	minutes	-2.72	Unplanned SAIDI subject to incentive	minutes	26.79
Weighted incentive rate (IR x 0.5)		\$15,843	Incentive rate (IR)		\$31,686
SAIDI planned adjustment	- \$43,128		SAIDI unplanned adjustment	\$852,301	

Table 12: Quality incentive adjustment calculation

5. TRANSACTIONS

Orion has not entered into any agreements with another EDB or Transpower for an amalgamation, merger, major transaction, or transfer in the assessment period.

6. DIRECTORS CERTIFICATION

A Directors' certificate in the form set out in Schedule 7 of the Determination is included in Appendix E.

7. ASSURANCE REPORT

An assurance report meeting the requirements of Schedule 8 of the Determination is included in Appendix F.

APPENDIX A – PASS-THROUGH AND RECOVERABLE COSTS

Pass-through costs

Table 13 below shows the actual pass-through costs for the fourth assessment period.

Actual pass-through costs	
Actual pass-through costs	Actual (\$000)
Rates on system fixed assets	5,053.5
Commerce Commission Levies	757.9
Electricity Authority levies	591.5
Utilities Disputes levies	142.9
Total actual pass-through cost	6,545.8

Table 13: Pass-through costs for the assessment period

Recoverable costs

Table 14 below shows the actual recoverable costs for the fourth assessment period

Actual recoverable costs	
Actual recoverable costs	Actual (\$000)
IRIS incentive adjustment	Nil
Transpower transmission charges	55,161.7
Transpower new Investment contract charges	730.2
Avoided transmission charges from asset transfers	309.9
System operator serviced charges	Nil
Distributed generation allowance	Nil
Catastrophic even allowance	Nil
Extended reserve allowance	Nil
Quality incentive adjustment	610.3
Capex wash-up adjustment	776.6
Revenue wash-up draw down amount	Nil
Fire and Emergency NZ levies	131.6
Innovation project allowance	Nil
Urgent project allowance	Nil
Total actual recoverable costs	57,720.3

Table 14: Recoverable costs for the assessment period

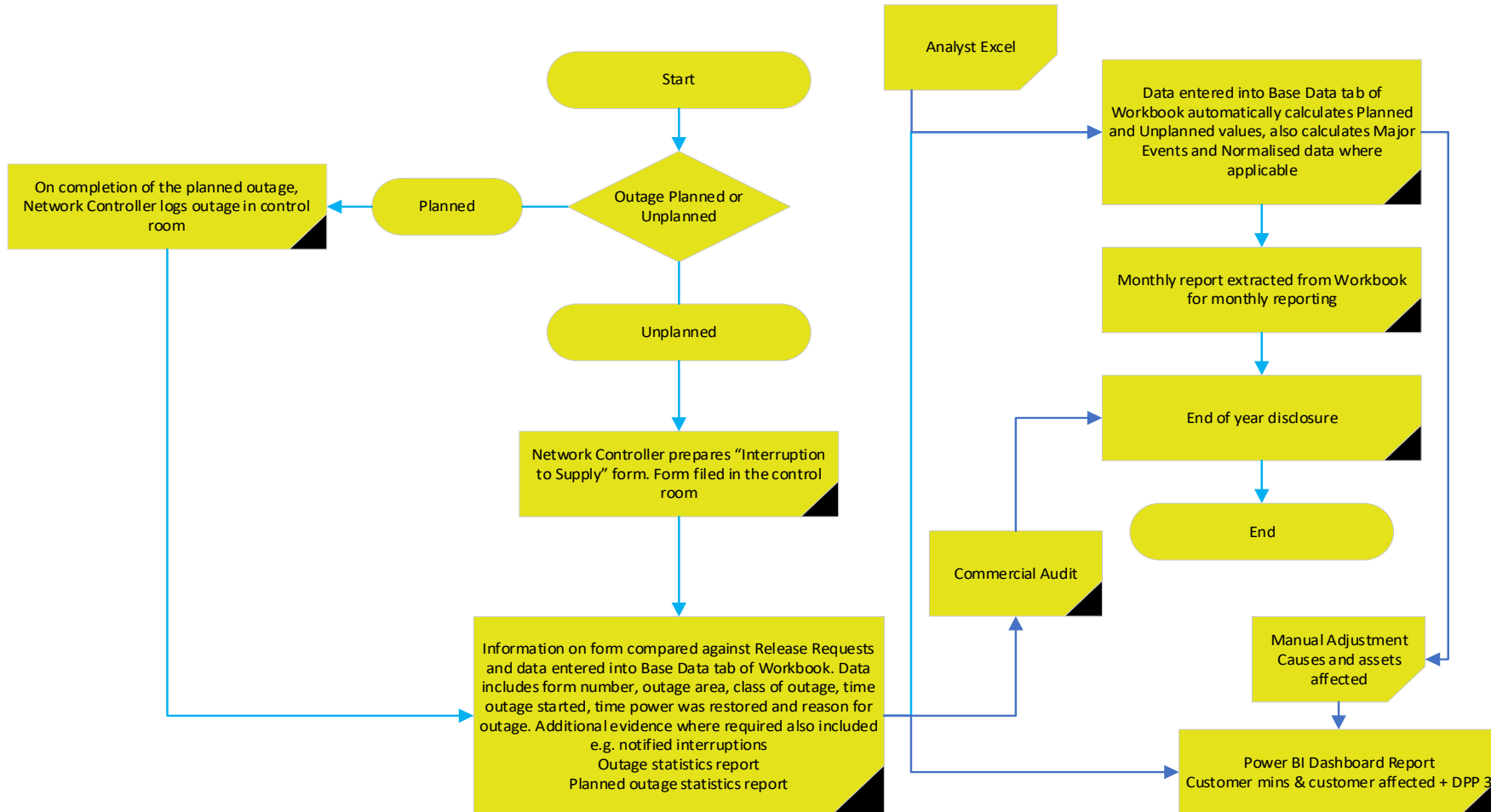
APPENDIX B – ACTUAL REVENUE FROM PRICES

The actual prices and quantities for actual revenue from prices for the fourth assessment period.

	FY2024 Delivery prices	FY2024 Actual quantities	Days applicable	Price x quantity (\$000)
Streetlighting, general and irrigation connections				
Streetlighting fixed charge	0.0970 \$/con/day	53,515 cons	366 days	1,899.9
General fixed charge	0.4500 \$/con/day	192,513 cons	366 days	31,707.0
Fixed charge - Small SME GC-1	0.6100 \$/con/day	10,581 cons	366 days	2,362.4
Fixed charge - Medium SME GC-2	0.9832 \$/con/day	11,498 cons	366 days	4,137.6
Fixed charge - Large SME GC- 3	1.1835 \$/con/day	4,164 cons	366 days	1,803.8
Streetlighting and general connections Peak charge (peak period demand)	0.0928 \$/kW/day	497,167 kW	366 days	16,886.2
Streetlighting, general and irrigation connections volume charge				
Weekdays (Mon to Fri, 7am - 9pm)	0.09414 \$/kWh	1,183,271 MWh		111,393.1
Nights & weekends (Sat & Sun)	0.01844 \$/kWh	1,383,313 MWh		25,508.3
General connections				
Low power factor charge	0.2000 \$/kVAr/day	0 kVAr	366 days	-
Irrigation connections				
Capacity charge	0.2933 \$/kW/day	76,812 kW	183 days	4,122.8
Power factor correction rebate	(0.1083) \$/kVAr/day	23,077 kVAr	183 days	(457.4)
Interruptibility rebate	(0.0271) \$/kW/day	49,217 kW	183 days	(244.1)
Major customer connections and embedded networks				
Fixed charge	15.0000 \$/con/day	413.4 cons	366 days	2,269.6
Fixed charge (additional connections)	10.0000 \$/con/day	116.6 cons	366 days	426.6
Extra switches	3.6700 \$/switch/day	112.6 switches	366 days	151.2
11k Metering equipment	5.0200 \$/con/day	47.8 cons	366 days	87.9
11kV Underground cabling	4.4000 \$/km/day	7.3 km	366 days	11.8
11kV Overhead lines	3.1800 \$/km/day	3.0 km	366 days	3.5
Transformer capacity	0.0122 \$/kVA/day	364,497.4 kVA	366 days	1,627.6
Peak charge (control period demand)	0.2949 \$/kVA/day	114,525.3 kVA	366 days	12,361.1
Nominated maximum demand	0.1073 \$/kVA/day	289,944.0 kVA	366 days	11,386.6
Metered maximum demand	0.0748 \$/kVA/day	237,999.3 kVA	366 days	6,515.7
Large capacity connections				
Synlait				
Distribution services				
Ops, maint & admin (dedicated assets)	14.240 \$/kVA/year	19,000.0 kVA	366 days	270.6
Ops, maint & admin (shared assets)	31.150 \$/kVA/year	18,900.0 kVA	366 days	588.7
Asset charge (dedicated assets)	10.250 \$/kVA/year	19,000.0 kVA	366 days	194.8
Asset charge (shared assets)	23.840 \$/kVA/year	18,900.0 kVA	366 days	450.6
Transmission services				
Interconnection charge (winter)	49.250 \$/kVA/year	5,523.2 kVA	366 days	272.0
Interconnection charge (summer)	40.670 \$/kVA/year	14,834.3 kVA	366 days	603.3
Connection charge	7.170 \$/kVA/year	14,834.3 kVA	366 days	106.4
Fonterra				
Distribution services				
Ops, maint & admin (dedicated assets)	9.480 \$/kVA/year	16,000.0 kVA	366 days	151.7
Ops, maint & admin (shared assets)	17.520 \$/kVA/year	13,192.2 kVA	366 days	231.1
Asset charge (dedicated assets)	14.950 \$/kVA/year	16,000.0 kVA	366 days	239.2
Asset charge (shared assets)	27.620 \$/kVA/year	13,192.2 kVA	366 days	364.4
Transmission services				
Interconnection charge (winter)	47.900 \$/kVA/year	2,996.4 kVA	366 days	143.5
Interconnection charge (summer)	39.670 \$/kVA/year	11,378.6 kVA	366 days	451.4
Connection charge	1.540 \$/kVA/year	11,378.6 kVA	366 days	17.5
Customer investment contract charge	0.000 \$/kVA/year	0.0 kVA	366 days	-
Export credits				
Real power component	(0.0625) \$/kW/day	472.4 kW	366 days	(10.8)
Reactive power component	(0.0205) \$/kVAr/day	129.7 kVAr	366 days	(1.0)
Miscellaneous				
Monthly invoice charge	49.00 \$/invoice	502 invoices		24.6
Failure to pay notice	123.00 \$/notice	0 invoices		-
Default and termination notice	100.00 \$/notice	0 invoices		-
Actual Revenue from Prices FY2024				238,059.0

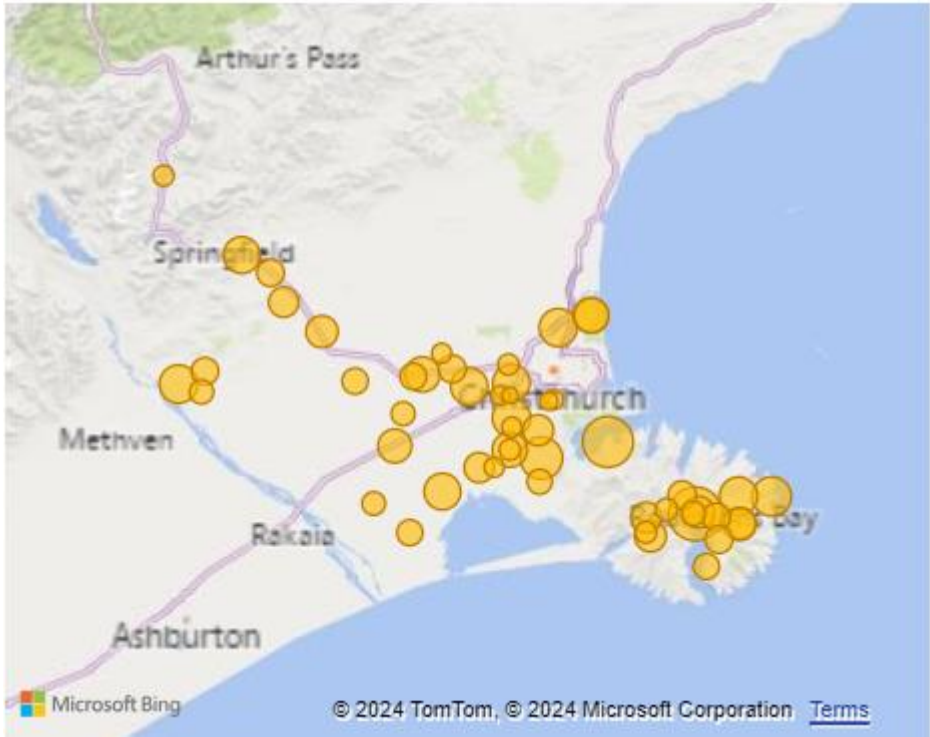
APPENDIX C – POLICIES AND PROCEDURES FOR MEASURING PLANNED AND UNPLANNED INTERRUPTIONS

POLICIES AND PROCUDURES FOR MEASURING PLANNED AND UNPLANNED INTERRUPTIONS



APPENDIX D – SAIDI MAJOR EVENT INFORMATION

Below is information relating to the extended SAIDI major event in accordance with clause 11.6(g) of the Determination.

Start date and time:	13/10/2023 01:00 pm	SAIDI value before replacements:	24.02
End date and time:	15/10/2023 01:00 pm	Replaced SADI value:	2.73
Location:	<p>Canterbury high country and Banks Peninsula were affected, as well as zones through to Springston, Lincoln and Rolleston.</p> <p>Below is a map showing where the interruptions occurred.</p> 		
Main equipment involved:	HV lines across the network		
Cause of the event:	Adverse weather - MET Service Red Warning - A major wind event with gusts reported 200kph+ causing trees, branches, and debris to impact on our network damaging lines and poles.		
Orion's response:	<p>High winds across Canterbury caused more than 78 major power outages across Orion's network and more than 13,500 customers were without power.</p> <p>As winds reached gale force levels, Orion withdrew its field crews from the area. After the high winds receded, and emergency services provided access, Orion despatched crews to assess the damage and undertake repairs to its damaged lines, working with emergency services and tree clearing specialists. Co-ordination of crews was</p>		

undertaken by Orion's Control Centre in conjunction with our subsidiary Connetics' Project Management Office and Customer Support teams.

The majority of crews deployed included Orion's own emergency response operators who are on standby to restore service after outages; crews from its subsidiary Connetics and additional contractors' crews who were brought in from other areas to assist. At the height of the repair effort, Orion estimates it had more than 77 crew members restoring power.

Trees falling on power lines were the main cause of the outages.

Orion took a triage approach to prioritising repairs:

1. Safety issues dealt with first
2. High voltage sub-transmission lines – 66kV & 33kV
3. Essential services dependent on power – water, waste, communication supplies
4. Townships with a significant number of residents

Mitigation factors that may have prevented or minimised the SAIDI major event, and proposed steps to mitigate the risk of future similar event:

This event caused over 82 major power outages and over 330 separate damage or outage events across the HV and LV networks. Most of these damage and outage events were the result of trees, flying branches or debris such as corrugated iron contacting overhead lines or structures.

Mitigation factors consist of preventative work to reduce the future risk, as well as proactive work to minimise the future impact if we accept that preventative work will not be wholly successful and similar outages will occur during extreme events.

Preventative work consists of an effective vegetation management programme, identifying strategically important lines and corridors and working with customers to ensure vegetation risk is minimised in these areas. It also requires identification and management of vegetation outside the regulated vegetation control zones which could be a risk in extreme events and working with these customers to manage at risk trees within falling distance of lines. Some outages were caused by light branches and gum bark which can be carried very long distances in high winds and mitigation of this is very difficult and expensive.

In addition to effective vegetation management, and accepting that the increase in extreme weather events will mean similar outage events will still occur at some level, we need to ensure we can rapidly identify where on the network the fault has occurred, and act to isolate this section and restore as many surrounding customers as possible.

Orion have installed a large number of remotely controllable switches in recent years, and in mid-2023 enabled an automated power restoration system across parts of the network. This system has the capacity to identify a fault location and automatically sectionalise the network and restore customers in a few seconds. At the time of this weather event only a small number of feeders were actively enabled with this system, and we have worked to increase the coverage since. This is the first system of its type in NZ, and it is reliant on visibility of the network, meaning we need to continue to invest in replacing old, manually operated switches with remotely controllable units that provide indication of the fault location.

We are currently working on an expanded version of this system, which leverages this technology to restore supply to a complete substation after loss of the sub-transmission circuit supply. This will rapidly restore thousands of customers during a similar event with regional impact.

SAIDI Major event normalisation

Supporting information for normalising the half-hourly SAIDI values for the extended SAIDI major event that took place during the assessment period:

SAIDI Unplanned Boundary	7.60
1/48 th of the SAIDI Boundary value	0.16

Start date and time:	13/10/2023 1:00 pm	SAIDI value before replacements:	24.02
End date and time:	15/10/2023 1:00 pm	Replaced SADI value:	2.73
No. of half-hours:	96	Normalisation:	21.29

Date and time (half-hour ending)	SAIDI (half-hour)	SAIDI Sum (rolling 24- hour)	SAIDI Major Event	SAIDI assessed value (half-hour)		Interruption locations
13/10/2023 13:30	0.00	14.03	Y	-		
13/10/2023 14:00	0.00	18.29	Y	-		
13/10/2023 14:30	0.00	18.89	Y	-		
13/10/2023 15:00	0.00	20.86	Y	-		
13/10/2023 15:30	0.00	21.69	Y	-		
13/10/2023 16:00	0.00	22.04	Y	-		
13/10/2023 16:30	0.00	22.43	Y	-		
13/10/2023 17:00	0.00	22.43	Y	-		
13/10/2023 17:30	0.00	22.46	Y	-		
13/10/2023 18:00	0.00	23.27	Y	-		
13/10/2023 18:30	0.00	23.32	Y	-		
13/10/2023 19:00	0.00	23.41	Y	-		
13/10/2023 19:30	0.00	23.41	Y	-		
13/10/2023 20:00	0.00	23.43	Y	-		
13/10/2023 20:30	0.00	23.67	Y	-		
13/10/2023 21:00	0.00	23.67	Y	-		
13/10/2023 21:30	0.00	23.67	Y	-		
13/10/2023 22:00	0.00	23.67	Y	-		
13/10/2023 22:30	0.00	23.67	Y	-		
13/10/2023 23:00	0.00	23.67	Y	-		
13/10/2023 23:30	0.00	23.67	Y	-		
14/10/2023 00:00	0.00	23.68	Y	-		
14/10/2023 00:30	0.00	23.68	Y	-		
14/10/2023 01:00	0.00	23.68	Y	-		
14/10/2023 01:30	0.00	23.68	Y	-		
14/10/2023 02:00	0.00	23.68	Y	-		
14/10/2023 02:30	0.00	23.68	Y	-		
14/10/2023 03:00	0.00	23.68	Y	-		
14/10/2023 03:30	0.00	23.68	Y	-		
14/10/2023 04:00	0.00	23.68	Y	-		
14/10/2023 04:30	0.00	23.68	Y	-		
14/10/2023 05:00	0.00	23.68	Y	-		
14/10/2023 05:30	0.00	23.69	Y	-		
14/10/2023 06:00	0.00	23.69	Y	-		
14/10/2023 06:30	0.00	23.69	Y	-		
14/10/2023 07:00	0.00	23.69	Y	-		
14/10/2023 07:30	0.00	23.69	Y	-		
14/10/2023 08:00	0.00	23.69	Y	-		
14/10/2023 08:30	0.00	23.69	Y	-		
14/10/2023 09:00	0.04	23.69	Y	0.04		West Coast Rd Castle Hill
14/10/2023 09:30	0.01	23.65	Y	0.01		Hoon Hay ZS
14/10/2023 10:00	0.26	23.65	Y	0.16	Normalised	Tancreds Rd , Haylocks Rd
14/10/2023 10:30	0.00	23.47	Y	-		
14/10/2023 11:00	0.52	23.49	Y	0.16	Normalised	Goodericks Rd , Wairewa Pa Rd
14/10/2023 11:30	1.04	22.97	Y	0.16	Normalised	Lincoln Tai Tapu Rd
14/10/2023 12:00	2.47	22.16	Y	0.16	Normalised	Duvauchelle ZS , Prebbleton ZS , Old Le Bons Track

14/10/2023 12:30	1.90	19.69	Y	0.16	Normalised	Long Bay Rd , Pipers Valley Rd , Turners Rd , Chch Akaroa Rd
14/10/2023 13:00	7.79	17.79	Y	0.16	Normalised	Moffett St ZS , Barrys Bay Valley Rd , Duvauchelle ZS , Downs Rd , Hororata ZS , Kimberley ZS , Diamond Harbour ZS , Lincoln Tai Tapu Rd , Hoon Hay ZS
14/10/2023 13:30	4.26	10.00	Y	0.16	Normalised	Duvauchelle ZS , Harmans Track , Lincoln Tai Tapu Rd , Brookside ZS , Neave Rd , Little River ZS , Annat ZS , Days Rd
14/10/2023 14:00	0.61	5.74	Y	0.16	Normalised	Factory Rd No.85 BS
14/10/2023 14:30	1.96	5.36	Y	0.16	Normalised	Hoskyns Rd , Annat ZS , Meadowlands Rd , Northwood Bd No.109 BS , Bealey Rd , Highfield ZS
14/10/2023 15:00	0.83	3.40	Y	0.16	Normalised	Annat ZS
14/10/2023 15:30	0.35	2.56	Y	0.16	Normalised	Darfield ZS , Hills Rd ZS
14/10/2023 16:00	0.39	2.21	Y	0.16	Normalised	Osterholts Rd
14/10/2023 16:30	0.00	1.82	Y	-		
14/10/2023 17:00	0.03	1.82	Y	0.03		Old West Coast Rd
14/10/2023 17:30	0.82	1.80	Y	0.16	Normalised	Newtons Rd , Birchs Rd
14/10/2023 18:00	0.05	0.99	Y	0.05		School Rd
14/10/2023 18:30	0.10	0.94	Y	0.10		Irwell Rakaia Rd
14/10/2023 19:00	0.00	0.85	Y	-		
14/10/2023 19:30	0.01	0.85	Y	0.01		Lincoln Tai Tapu Rd
14/10/2023 20:00	0.25	0.84	Y	0.16	Normalised	Algidus Rd
14/10/2023 20:30	0.00	0.60	Y	-		
14/10/2023 21:00	0.00	0.60	Y	-		
14/10/2023 21:30	0.00	0.60	Y	-		
14/10/2023 22:00	0.00	0.60	Y	-		
14/10/2023 22:30	0.00	0.60	Y	-		
14/10/2023 23:00	0.00	0.60	Y	-		
14/10/2023 23:30	0.01	0.60	Y	0.01		Hoskyns Rd
15/10/2023 00:00	0.00	0.59	Y	-		
15/10/2023 00:30	0.00	0.59	Y	-		
15/10/2023 01:00	0.00	0.59	Y	-		
15/10/2023 01:30	0.00	0.59	Y	-		
15/10/2023 02:00	0.00	0.59	Y	-		
15/10/2023 02:30	0.00	0.59	Y	-		
15/10/2023 03:00	0.00	0.92	Y	-		
15/10/2023 03:30	0.00	0.92	Y	-		
15/10/2023 04:00	0.00	0.92	Y	-		
15/10/2023 04:30	0.00	0.92	Y	-		
15/10/2023 05:00	0.01	0.92	Y	0.01		Wairiri Rd
15/10/2023 05:30	0.00	0.91	Y	-		
15/10/2023 06:00	0.00	0.91	Y	-		
15/10/2023 06:30	0.00	0.91	Y	-		
15/10/2023 07:00	0.00	0.91	Y	-		
15/10/2023 07:30	0.00	0.91	Y	-		
15/10/2023 08:00	0.00	0.91	Y	-		
15/10/2023 08:30	0.00	0.91	Y	-		
15/10/2023 09:00	0.00	0.91	Y	-		
15/10/2023 09:30	0.01	0.91	Y	0.01		Ivey Road
15/10/2023 10:00	0.08	0.90	Y	0.08		Main Rakaia Rd , Lagan St Kiosk
15/10/2023 10:30	0.02	0.83	Y	0.02		Drain Rd
15/10/2023 11:00	0.00	0.81	Y	-		
15/10/2023 11:30	0.22	0.81	Y	0.16	Normalised	Weedons ZS
15/10/2023 12:00	0.00	0.61	Y	-		
15/10/2023 12:30	0.00	0.61	Y	-		
15/10/2023 13:00	0.00	0.61	Y	-		
Total	24.02			2.73		

APPENDIX E: DIRECTORS' CERTIFICATE FOR ANNUAL COMPLIANCE STATEMENT

Schedule 7: Form of director's certificate for annual compliance statement

Clause 11.5(d)

We, Paul Jason Munro and Michael Earl Sang, being directors of Orion New Zealand Ltd certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached annual compliance statement of Orion New Zealand Limited, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all the relevant requirements.



Paul Jason Munro



Michael Earl Sang

07 August 2024

APPENDIX F – ASSURANCE REPORT

Independent Assurance Report

**To the directors of Orion New Zealand Limited and to
the Commerce Commission on the Annual Compliance Statement for the
assessment period ended 31 March 2024 as required by the
Electricity Distribution Services Default Price-Quality Path Determination 2020
(consolidated 20 May 2020)**

The Auditor-General is the auditor of Orion New Zealand Limited (the company). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to undertake a reasonable assurance engagement, on his behalf, on whether the Annual Compliance Statement on pages 3 to 12 for the assessment period ended on 31 March 2024 has been prepared, in all material respects, in compliance with the Electricity Distribution Services Default Price-Quality Path Determination 2020 (consolidated 20 May 2020) (the Determination).

Opinion

In our opinion, in all material respects:

- as far as appears from our examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the company's accounting and other records, sourced from its financial and non-financial systems; and
- the company has complied with clauses 11.5 and 11.6 of the Determination in preparing the Annual Compliance Statement for the assessment period ended 31 March 2024.

Basis for opinion

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised): *Compliance Engagements* ("SAE 3100 (Revised)"), issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE 3100 (Revised) requires that we also comply with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

We have obtained sufficient recorded evidence and explanations that we required to provide a basis for our opinion.

Directors' responsibilities

The directors of the company are responsible for the:

- preparation of the Annual Compliance Statement under clause 11.4 and in accordance with the requirements in clauses 11.5 and 11.6 of the Determination; and

- identification of risks that may threaten compliance with the clauses identified above and controls which will mitigate those risks and monitor ongoing compliance.

Auditor's responsibilities

Our responsibilities in terms of clause 11.5(e) and schedule 8(1)(b)(vi) and 8(1)(c) of the Determination, are to express an opinion on whether:

- as far as appears from our examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the company's accounting and other records, sourced from its financial and non-financial systems; and
- the Annual Compliance Statement, for the assessment period ended 31 March 2024, has been prepared, in all material respects, in accordance with the requirements in clauses 11.5 and 11.6 of the Determination.

To meet these responsibilities, we planned and performed procedures in accordance with SAE 3100 (Revised), to obtain reasonable assurance about whether the company has complied, in all material respects, with clauses 11.5 and 11.6 of the Determination.

In relation to the wash-up amount set out in clause 8.6 of the Determination, our procedures included recalculation of the wash-up amount in accordance with schedule 1.6 of the Determination and assessing it against the amounts and disclosures contained on pages 3 to 6 of the Annual Compliance Statement.

In relation to the quality standards in clause 9 of the Determination, our procedures included examination, on a test basis, of evidence relevant to the values and disclosures contained on pages 7 to 10 of the Annual Compliance Statement.

In relation to the quality incentive adjustment set out in schedule 4 of the Determination, our procedures included recalculation of the quality incentive adjustment in accordance with schedule 4 of the Determination and assessing it against the amounts and disclosures contained on page 10 of the Annual Compliance Statement.

An assurance engagement to report on the company's compliance with the Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements. The procedures selected depend on our judgement, including the identification and assessment of the risks of material non-compliance with the requirements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with clauses 11.5 and 11.6 of the Determination may occur and not be detected. A reasonable assurance engagement throughout the assessment period does not provide assurance on whether compliance with clauses 11.5 and 11.6 of the Determination will continue in the future.

Restricted use

This report has been prepared for use by the directors of the company and the Commerce Commission in accordance with clause 11.5(e) of the Determination and is provided solely for the purpose of establishing whether the compliance requirements have been met. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company and the Commerce Commission, or for any other purpose than that for which it was prepared.

Independence and quality control

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board; and
- quality management requirements, which incorporate Professional and Ethical Standard 3 Quality Management for Firms that perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Auditor-General, and his employees, and Audit New Zealand and its employees may deal with the company on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of trading activities of the company, this engagement, the assurance engagement on the Information Disclosures and the annual audit of the company's financial statements and performance information, we have no relationship with, or interests in, the company.



Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
7 August 2024