18 October 2019

Tim Hewitt

Chief Advisor

Commerce Commission

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By email: regulation.branch@comcom.govt.nz

Dear Tim

Submission on EDB DPP3 Recording of Successive Interruptions for SAIFI (the Paper)

Introduction

1. Orion welcomes the opportunity to submit on the default price-quality paths for electricity distribution businesses from 1 April 2020- recording of successive interruptions for SAIFI.

Summary

2. We agree with the Paper's preferred approach of adopting EDBs' current practices for recording successive interruptions.

3. We find the proposed definition of successive interruptions creates confusion, especially where an EDB has already and correctly been recording successive interruptions, or an EDB re-states historical data to record successive interruptions.

4. We have proposed an alternative definition for successive interruption.

Definition of SAIFI value

5. We agree with the Paper's preferred approach of adopting EDBs' current practices for recording successive interruptions.

6. We support the proposed broadening of the definition of SAIFI value to include that EDBs' can continue to record interruptions in the same manner they have prior to 31 March 2019.

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7. This approach should cover the various situations the Paper is attempting to address including;

   - an EDB who historically did not recognise a re-interruption as a separate SAIFI value

   - an EDB who does historically recognise a re-interruption as a separate SAIFI value

   - an EDB who re-states historical data to recognise a re-interruption as a separate SAIFI value

   New definition for successive interruption

8. Orion has been recording re-interruptions as separate SAIFI values, in line with what was intended by the Commission.

9. With this lens in mind, we are concerned that the proposed definition for successive interruption, does not reflect the three scenarios described in point 8 above. In particular, our circumstances are not reflected, we have been historically recording successive interruptions as an additional SAIFI value, and it's more correct to say 'does record' for us.

10. We submit that the definition should be broadened as proposed below (changes underlined);

   Successive interruption means

   (i)   *an interruption that follows an initial interruption but which, as at 31 March 2019, an EDB does not record as an additional SAIFI value because the interruption relates directly to the initial interruption or it occurs as part of the process of restoring supply following the initial interruption* <u>*Or*</u>

   (ii)   <u>*an interruption that follows an initial interruption but which, as at 31 March 2019, an EDB does record as an additional SAIFI value even though the interruption does relate directly to the initial interruption or it occurs as part of the process of restoring supply following the initial interruption.*</u>

11. We submit that broadening the definition to accommodate the two situations described will hold true for Orion moving forward, and for an EDB who elects to re-state their historical SAIFI data to recognise a re-interruption as a separate SAIFI value where they have the capacity to do this.

12. The Paper indicates that EDBs' will be required to document clearly their operational practices for recording successive interruptions.[1] An EDB can clearly state, in that document, which part either (i) or (ii) of the successive interruption definition, proposed in point 10 above, they are working to.

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[1] The Paper- point 34 and 35

Concluding remarks

Thank you for the opportunity to provide this submission. We do not consider that any part of this submission is confidential. If you have any questions please contact Dayle Parris (Regulatory Manager), DDI 03 363 9874, email dayle.parris@oriongroup.co.nz.

Yours sincerely

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