

3 June 2025

Electricity Distribution Manager
Commerce Commission
By email to infrastructure.regulation@comcom.govt.nz

To whom it may concern,

ENA feedback on the draft EDB Innovation and non-traditional solutions allowance guidance

Electricity Networks Aotearoa (ENA) appreciates the opportunity to give feedback on the draft guidance (the guidance) for the Innovation and Non-Traditional Solutions Allowance (INTSA).

ENA represents the 29 electricity distribution businesses (EDBs) in New Zealand (see Appendix A) which provide local and regional electricity networks. ENA members are excited about the opportunities that INTSA will create to support the development and trialling of new technologies, practices, and approaches that have the potential to deliver long-term benefits for electricity consumers. Innovation will play a critical role in enabling the sector to respond to emerging challenges and deliver a more efficient, reliable, and sustainable electricity system.

ENA is committed to supporting its members to ensure the sector derives maximum value from the INTSA framework. This includes helping to coordinate collaboration across EDBs, fostering knowledge-sharing, and promoting alignment with other relevant sector initiatives.

We understand that the Commission has intentionally left some aspects of the INTSA process open-ended at this stage to ensure that EDBs have the greatest possible opportunity to make use of the allowance without facing unnecessary regulatory barriers. In that context, we have provided some high-level feedback below that the Commission may wish to consider as it continues to refine the INTSA guidance and associated processes. Members have shared with ENA some specific feedback based on their early experiences engaging with the INTSA framework and draft guidance, which we have included for your consideration in a separate section of this letter.

Do not hesitate to get in touch with ENA if you'd like to discuss any of the points raised in our submission. Please contact Sophie Tulley (sophie@electricity.org.nz) in the first instance.

Yours sincerely,



Sophie Tulley
Policy & Innovation Advisor
Electricity Networks Aotearoa

1 High level feedback

1.1 Eligibility criteria

1.1.1 Sufficient uncertainty

We think it would be helpful for the Commission to consider expanding the guidance to clarify how uncertainty in benefits should be assessed. At present, there is no explanation of how detailed or quantified this uncertainty needs to be. The guidance could provide some example indicators that would be considered evidence of sufficient uncertainty—such as the use of unproven technologies, a lack of performance data, or the absence of regulatory precedent in a particular area. This would assist applicants in determining whether their project falls within the intended scope of the innovation allowance.

1.1.2 Price-quality exempt EDBs

It may also be useful for the Commission to provide additional clarification regarding the eligibility of exempt EDBs. While it is our understanding that exempt EDBs can participate in collaborative projects under INTSA, the current guidance does not clearly state that they cannot recover costs through INTSA. We recommend that the guidance clearly specify that INTSA is available only to price-quality regulated EDBs, and not EDBs in general, while also acknowledging that exempt EDBs already have mechanisms available to fund innovation projects independently.

1.2 FAQs and Related Process Guidance

We suggest that the Commission consider clarifying how phased projects will be assessed. The guidance notes that each phase of a project must meet the INTSA criteria, but it would be helpful to explicitly state that subsequent phases may be assessed with reference to the results or learnings from earlier phases. This would give applicants greater certainty about how to structure longer-term or multi-phase innovation initiatives.

Another area that may benefit from clarification is the relationship between INTSA projects and other regulatory instruments, such as Asset Management Plans (AMPs) and Information Disclosures (ID). If an INTSA project spans multiple default price-quality path (DPP) periods, should the applicant disclose the expected or actual impacts of the project on their AMP or ID statements? Including guidance on this point would help ensure alignment between innovation reporting and other regulatory obligations.

We also believe it would be valuable to include some guidance around the possibility of informal engagement with the Commission prior to submitting an INTSA application. Allowing EDBs to discuss potential applications with Commission staff before formally submitting them could support higher-quality applications and reduce the need for revisions later in the process.

In addition, we recommend that the Commission provide greater clarity on how INTSA operates when other funding sources are involved in a project. For example, if a project is also receiving funding from a third party such as EECA, it would be helpful to understand how this

affects the treatment of costs and eligibility for cost recovery under INTSA. Clear guidance in this area would help avoid duplication or over-recovery of funding.

Finally, we suggest that the Commission be more explicit about the requirements for the close-out report. While the guidance mentions the need for reporting at the end of a project, it would be helpful to emphasise that this report is mandatory, and that failure to submit it may result in the Commission seeking to recover the allocated funds. This would ensure that EDBs understand their obligations and the potential consequences of non-compliance.

2 Member feedback based on early engagement with INTSA

2.1 Eligibility criteria

2.1.1 Relates to electricity distribution services

The draft guidance refers applicants to separate guidance published in December 2021 regarding the section 54C definition of “electricity lines services.” If this earlier guidance—issued in response to Orion’s DPP3 application—is intended to be equally relevant to INTSA applications, it would be helpful for this content to be directly incorporated into the INTSA guidance itself. For example, the document titled *“Attachment: guidance on s54C definition of ‘electricity lines services’ under Part 4 of the Commerce Act”* could be appended to the INTSA guidance, so that applicants do not need to rely on external letters for key eligibility interpretations.

2.1.2 Promotes the purpose of Part 4

The guidance states that EDBs must show how their project promotes one or more of the Part 4 outcomes. To support this, it would be helpful for the Commission to include examples or describe the type of information expected in an application to meet this criterion. In particular, clearer direction on how to demonstrate consumer benefit—including what types of benefits and measurement approaches are considered appropriate—would provide greater confidence and consistency in submissions.

2.1.3 Unlikely to otherwise result in financial benefits

The explanation provided could be clearer in relation to cost recovery thresholds and how they influence the demonstration of financial disincentive. In particular, it would be helpful to clarify the differences between seeking 75% versus greater-than-75% cost recovery, and what type of financial impact evidence is required in each case. The guidance currently does not convey that a demonstration of financial impact is expected. Additionally, if an EDB seeks less than full recovery (e.g. 50%), the guidance should explain how to justify this and what supporting evidence would be appropriate.

2.1.4 Sufficient uncertainty

While the guidance refers to quantifying uncertainty in either financial or quality terms, it would be helpful to clarify the level of detail expected in this assessment. For instance, should applicants provide a business-case-style evaluation, or is a more narrative-based explanation acceptable? The guidance could benefit from being more explicit on this point, particularly in contrast to the previous criterion, where examples of evidence are more limited.

2.2 FAQs and Related Process Guidance

The FAQ section on distinguishing outputs from benefits is helpful and should be retained.

The Commission should consider adding comments on how the timing of approval and project completion affects cost allocation and cost recovery. This could help clarify how costs should be treated across DPP periods or financial years.

More direction is also needed on how subsequent project phases will be assessed when the earlier phase is incomplete or still in progress. For example, if Phase 1 has not yet reached the close-out report stage when an application for Phase 2 is submitted, what type of interim information is expected?

The guidance currently states that each applying EDB should provide a breakdown of forecast project costs across collaborating parties. However, in practice, one EDB may not have access to detailed cost breakdowns for others, as noted in the Powerco/Our Energy project. The guidance could clarify how this information may be estimated or shared and specify the purpose—whether to confirm cost-sharing arrangements or ensure equity among participants. Additionally, it would be useful to clarify the process if a project initially approved as non-collaborative becomes collaborative after approval.

Clearer expectations around the level of cost breakdown required would be helpful. This could include guidance based on project value (i.e., more detailed breakdowns for higher-value projects) and identify categories—such as staff time or consultancy fees—that should always be disaggregated regardless of scale.

The guidance notes that the Close-out Report should be “comprehensive,” but further clarity on what this means would be useful. For example, should the report quantify consumer benefits, summarise lessons learned, or detail project outcomes? For phased projects, guidance on whether each phase requires a separate close-out report or whether a final consolidated report is acceptable would also be beneficial.

2.2.1 Other suggested FAQ

The Commission could include clarification that INTSA projects are not required to be accounted for in AMPs prior to approval, to avoid any confusion about pre-existing project alignment.

It would also be useful to include a section that defines when a project is considered “complete”—for example, once all outputs identified in the original application are delivered.

The guidance does not clarify that receiving funding from other sources (e.g. Are Ake grants) does not preclude an INTSA application, but such funding must be disclosed and accounted

for in both the application and any drawdown proposal. The guidance should explain this in more detail.

2.2.2 Application template

The current application template is very basic. It would be helpful for the Commission to include additional examples in the guidance to support applicants. Additionally, making the template available as a Word document would increase its usability and help EDBs more easily prepare and submit applications.

2.2.3 Collaborative applications

Where a collaborative project is proposed, it would be more efficient for one application document to be prepared, with a separate 'templates' included as an appendix for each participating EDB. Similarly, a consolidated close-out report should be considered, with separate sections for each EDB's individual learnings (if different).

Appendix A

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 Energy Distribution
- MainPower NZ
- 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
- The Lines Company
- Top Energy
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity Lines
- Westpower