

6 May 2025

Ben Woodham
Electricity Distribution Manager
Commerce Commission
PO Box 2351
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Sent via email: infrastructure.regulation@comcom.govt.nz

Dear Ben

Reopener guidance for electricity distribution businesses

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on the Commerce Commission's (Commission) draft "*Reopener guidance for electricity distribution businesses (DPP)*"¹ published on 8 April 2025. This submission does not contain any confidential information and can be published on the Commission's website unaltered. Members may lodge separate submissions.

Support publication of guidance - use of reopeners must be well justified

2. MEUG supports the publication of guidelines to support Electricity Distribution Businesses (EDBs) considering and submitting reopener applications under the Default Price-Quality Path (DPP). From discussions with the Commission and stakeholders, we expect that EDBs will increasingly use reopeners during the next regulatory period (2025 to 2030, known as DPP4). We attribute this to the Commission's recent decisions for DPP4, where:
 - The Commission expect EDBs will "*have more flexibility to seek additional revenues via reopeners, where appropriate*,"² with several improvements made to price-quality path reopener provisions through the 2023 Input Methodologies review.³
 - EDBs are faced with increased uncertainty around the level of demand growth and the pace of electrification, with several regulated EDBs receiving expenditure allowances below that forecast in their Asset Management Plans (AMPs).
 - The Commission has also received a number of reopener applications from EDBs recently attributed to catastrophic events such as Cyclone Gabrielle.
3. Re-opener guidance will therefore be vital for assisting EDBs through this process and enabling the Commission to clearly set out the process and its expectations for applying for DPP reopeners.

¹ https://comcom.govt.nz/data/assets/pdf_file/0035/365678/Draft-Reopener-Guidance-for-electricity-distribution-businesses-DPP-8-April-2025.pdf

² Paragraph X56.6, page 28, [Default price-quality paths for electricity distribution businesses from 1 April 2025 – Final decision](#). Commerce Commission reasons paper, 20 November 2024.

³ [Context and summary of Final decisions: Part 4 Input Methodologies Review 2023](#), Commerce Commission, 13 December 2023.

4. In prior submissions, we have discussed our comfort with the introduction of more re-opener provisions, on the provision that the “*reopener process is well resourced, is robust and consumers get transparency of both the application and decision*”. We noted that a “*slightly longer timeframe would be preferred* [above the two-week consultation period set for recent reopeners], *particularly for any large or complex reopener applications*”⁴. Two weeks is insufficient for stakeholders such as MEUG to review the draft decisions, consult with impacted members and form an informed view – particularly if there has been limited (or no) customer consultation during the preparation of the reopener application.
5. MEUG shared our views directly with Commission staff last year, as they considered the first reopener applications received and were setting up internal processes. We explained that as consumers rely on Commission staff to undertake the assessment, we expect Commission staff to ask robust, probing questions to ascertain that all investment is justified with supporting evidence, and all avenues for funding work has been investigated. We are particularly cautious about the possible use of Unforeseeable large project or Foreseeable large project reopener applications. Costs relating to network investment for customer growth should primarily be funded via customer connections, using a beneficiary-pays approach.
6. We have reviewed the draft guidelines published by the Commission, and have the following comments and observations:
 - We support the call for EDBs to make a “*clear and compelling case*” for any reopeners, with a strong focus on how any changes are in the “*long-term benefit of consumers*.”⁵
 - We strongly support the recommendation that EDBs consult with relevant third parties and consumers, ahead of discussion with the Commission.⁶ Getting consumer input and feedback ensures that any changes in the revenue and quality paths best meet the actual (not assumed) needs of consumers, and consumers can understand the forecast increased costs, alongside benefits, that may result from a reopener being approved. The breakdown of consumer impact by the number and type of consumers impacted is a helpful step, particularly when costs are not equally allocated across consumer groups.
 - We welcome the use of “*proportionate scrutiny*” where the Commission intend to focus on areas “*that add the most value for consumers*.”⁷ This will assist both the Commission and EDBs with where to focus their time and limited resources.
 - We agree that requiring a “letter of support (addressed to the Commission) that shows that the connecting or relocation party supports the investment” is an important piece of evidence to support applications for large project reopeners (notwithstanding our caution about the use of the reopener provision noted above).⁸
 - We support the Commission advising EDBs that a CPP may be more appropriate, as the situation arises. We would be concerned if any EDBs sort numerous reopeners during a regulatory period, to circumvent using the more appropriate (but more detailed and time consuming) CPP process.
7. We recommend that the Commission monitor the level of reopeners applied for and successfully approved in the coming years, and update the guidance as needed. The provision of examples from successful / unsuccessful applications would also provide useful case studies for inclusion in the guidance.

⁴ [Electricity Distribution Businesses DPP4 – Draft decision](#), MEUG submission to Commerce Commission, 12 July 2024.

⁵ Paragraph 10 of the draft guidance.

⁶ Paragraph 17 of the draft guidance.

⁷ Paragraph 28 of the draft guidance.

⁸ Paragraph 71 of the draft guidance.

Next steps

8. If you have any questions regarding our comments, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Boyes', with a long horizontal flourish extending to the right.

Karen Boyes
Major Electricity Users' Group