Eastland Network

Default Price-Quality Path

Annual Compliance Statement

Assessment Period

1 April 2020 – 31 March 2021

19 August 2021

Contents

1. Introduction

Eastland Network 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) which applies to Eastland Network from 1 April 2020.

This annual compliance statement is published in accordance with clause 11.4 of the 2020 DPP Determination, and applies to the first assessment period, commencing 1 April 2020 and ending 31 March 2021.

2. Date prepared

This statement was prepared on 19 August 2021.

3. Wash-up amount

3.1 Statement of compliance

As demonstrated in Table 1 in Section 3.2, and consistent with clause 8.6 of the 2020 DPP Determination Eastland Network has complied with the wash-up amount calculation for the first assessment period.

3.2 Wash-up amount calculation

Table 1

Wash-up amount RY21		
Term	Description	Value ($000)
Actual allowable revenue (AAR)	*Sum of actual net allowable revenue, actual pass-through and recoverable costs, pass-through balance and revenue wash-up draw down amount*	28,797
Actual revenue (AR)	*Sum of actual revenue from prices plus other regulated income*	29,113
Revenue foregone (RV)	*Actual net allowable revenue x (revenue reduction percentage - 20%) when revenue reduction percentage is greater than 20%, otherwise nil*	-
Wash-up amount	*AAR - AR - RV*	**(317)**

Further information supporting actual allowable revenue is included in Section 3.2.1.

Further information supporting actual revenue is included in Section 3.2.2.

Further information supporting revenue foregone is included in Section 3.3.3.

3.2.1 Actual allowable revenue

Table 2 below shows the actual allowable revenue for the assessment period consistent with Schedule 1.6 of the 2020 DPP Determination.

Table 2

Actual allowable revenue RY21		
Term	Description	Value ($000)
Actual net allowable revenue (ANAR)	*Amount specified as forecast net allowable revenue for the first assessment period*	24,028
Actual pass-through costs	*Sum of all pass-through costs that were incurred or approved by the Commission in the assessment period*	400
Actual recoverable costs	*Sum of all recoverable costs that were incurred or approved by the Commission in the assessment period*	4,742
Pass-through balance	*The amount calculated for the assessment period ending 31 March 2020 under clause 8.6 of the 2015 DPP Determination*	358
Total actual allowable revenue (AAR)	*Actual net allowable revenue + actual pass-through costs and actual recoverable costs – (pass-through balance x (1 + 67th* percentile estimate of post-tax WACC))	**28,797**

Further information supporting actual pass-through costs, actual recoverable costs and the pass-through balance is included in Appendix A.

3.2.2 Actual revenue

Table 3 below shows actual revenue for the assessment period consistent with clause 4.2 of the 2020 DPP Determination.

Table 3

Actual revenue RY21		
Term	Description	Value ($000)
Actual revenue from prices	*Actual prices between 1 April 2020 and 31 March 2021 multiplied by actual quantities for the assessment period*	28,767
Other regulated income	*Other income associated with supply of electricity distribution services*	346
Total actual revenue (AR)	*Sum of actual revenue from prices plus other regulated income*	**29,113**

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

3.2.3 Revenue foregone

Table 4 below shows the revenue foregone consistent with clause 4.2 of the 2020 DPP Determination.

Table 4

Revenue foregone RY21		
Term	Description	Value ($000)
Actual net allowable revenue (ANAR)	*Amount specified as forecast net allowable revenue for the first assessment period*	24,028
Revenue reduction percentage (RRP)	*1 - (actual revenue from prices / forecast revenue from prices)*	0.55%
Revenue foregone (RV)	*Actual net allowable revenue x (RRP- 20%) when RRP is greater than 20%, otherwise nil*	-

4. Quality standards

4.1 Statement of compliance with planned interruptions quality standards

Eastland Network is subject to a planned accumulated SAIDI limit and a planned accumulated SAIFI limit which are assessed for the DPP regulatory period as stated in clause 9.2 of the 2020 DPP Determination.

Table 5 and Table 6 below show the planned accumulated SAIDI and SAIFI limits for Eastland Network for the DPP regulatory period and the planned SAIDI and SAIFI assessed values for the first assessment period.

Table 5

Planned interruptions quality standard - SAIDI	
Sum of planned SAIDI assessed values ≤ Planned accumulated SAIDI limit	
Planned accumulated SAIDI limit	1,290.68
Planned SAIDI assessed value for the first assessment period	82.92
Compliance result	Compliant

Table 6

Planned interruptions quality standard - SAIFI	
Sum of planned SAIFI assessed values ≤ Planned accumulated SAIFI limit	
Planned accumulated SAIFI limit	7.4745
Planned SAIFI assessed value for the first assessment period	0.5361
Compliance result	Compliant

Further information supporting planned SAIDI and SAIFI assessed values is included in Section 4.1.1.

4.1.1 Planned SAIDI and SAIFI assessed values

Table 7 and Table 8 below show Eastland Network's planned SAIDI and SAIFI assessed values for the assessment period.

Table 7

Planned SAIDI assessed value RY21		
Term	Description	Value
Class B non-notified interruptions		17.49
Class B notified interruptions falling outside window		6.20
$SAIDI_B$	*Sum of Class B non-notified*	23.69
Class B notified interruptions falling inside window		110.12
Class B intended interruptions cancelled without notice		8.35
Class B intended interruptions cancelled with notice		-
$SAIDI_N$	*Sum of Class B notified interruptions*	118.47
Planned SAIDI assessed value	$SAIDI_B + (SAIDI_N /2)$	82.92

Table 8

Planned SAIFI assessed value RY21		
Term	Description	Value
Planned SAIFI assessed value	*Sum of Class B interruptions commencing within the assessment period*	0.5361

4.2 Statement of compliance with unplanned interruptions quality standards

As demonstrated in Table 9 and Table 10 below, and consistent with clause 9.7 of the 2020 DPP Determination, Eastland Network has complied with the unplanned interruptions quality standard.

Table 9

Unplanned interruptions quality standard RY21 - SAIDI		
Unplanned SAIDI assessed value ≤ Unplanned SAIDI limit		
Unplanned SAIDI limit		219.46
Unplanned SAIDI assessed value	*Sum of normalised SAIDI values for Class C interruptions commencing within the assessment period*	180.86
Compliance result		Compliant

Table 10

Unplanned interruptions quality standard RY21 - SAIFI		
Unplanned SAIFI assessed value ≤ Unplanned SAIFI limit		
Unplanned SAIFI limit		3.1525
Unplanned SAIFI assessed value	*Sum of normalised SAIFI values for Class C interruptions commencing within the assessment period*	2.7184
Compliance result		Compliant

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

4.2.1 Major events

Table 11 and Table 12 below show the SAIDI and SAIFI values attributed to major events which occurred during the assessment period.

Further information about major events is included in Appendix D.

Table 11

Unplanned SAIDI major events RY21			
Start	End	Pre-normalised unplanned SAIDI	Normalised unplanned SAIDI
26/09/2020 10:00	28/09/2020 7:30	18.29	3.2692

Table 12

Unplanned SAIFI major events RY21			
Start	End	Pre-normalised unplanned SAIFI	Normalised unplanned SAIFI
19/06/2020 15:00	21/06/2020 7:30	0.18	0.0093

4.3 Statement of compliance with extreme event standard

As demonstrated in Table 13 below, and consistent with clause 9.9 of the 2020 DPP Determination Eastland Network has complied with the extreme event standard.

Table 13

Extreme event standard RY21	
Unplanned SAIDI value ≤ 120 minutes, and customer interruption minutes ≤ six million during any 24-hour period, excluding unplanned interruptions from major external factors	
Number of extreme events	Compliance result
0	Compliant

4.4 Quality Incentive Adjustment

Table 14 below shows Eastland Network's quality incentive adjustment for the assessment period.

Table 14

Quality Incentive Adjustment RY21		
Term	Description	Value ($000)
SAIDI planned adjustment	$(SAIDI_{planned,\ target} - SAIDI_{planned,\ assessed}) \times 0.5 \times IR$	4
SAIDI unplanned adjustment	$(SAIDI_{unplanned,\ target} - SAIDI_{unplanned,\ assessed}) \times IR$	(20)
Total adjustment	*SAIDI planned adjustment + SAIDI unplanned adjustment*	(15)
Revenue at risk	*0.02 * ANAR*	481
Total penalty/reward		(15)
67th percentile estimate of post-tax WACC		4.23%
Quality incentive adjustment		**(17)**

Table 15 below shows Eastland Network's quality incentive adjustment inputs consistent with Schedule 4 of the 2020 DPP Determination.

Table 15

Quality Incentive Adjustment Inputs RY21					
Term	Units	Value	Term	Units	Value
SAIDI planned interruption cap	minutes	258.14	SAIDI unplanned interruption cap	minutes	219.46
SAIDI planned interruption collar	minutes	-	SAIDI unplanned interruption collar	minutes	-
SAIDI planned interruption target	minutes	86.05	SAIDI unplanned interruption target	minutes	173.85
Planned SAIDI assessed value	minutes	82.92	Unplanned SAIDI assessed value	minutes	180.86
Incentive rate		2,797			
Actual net allowable revenue (ANAR)	$000	24,028			
SAIDI planned interruption target	minutes	86	SAIDI unplanned interruption target	minutes	174
Minimum of the planned SAIDI cap and assessed value	minutes	83	Minimum of the unplanned SAIDI cap and assessed value	minutes	181
Planned SAIDI subject to incentive	minutes	3	Unplanned SAIDI subject to incentive	minutes	(7)
Adjustment (IR x 0.5)	$	1,399	Adjustment (IR)	$	2,797
SAIDI planned adjustment	$000	4	SAIDI unplanned adjustment	$000	(20)

5. Transactions

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

6. Director's certification

A Director's certificate in the form set out in Schedule 7 of the 2020 DPP Determination is included as Appendix E.

7. Assurance report

An assurance report meeting the requirements of Schedule 8 of the 2020 DPP Determination is included in Appendix F.

Appendix A – Pass-through and recoverable costs

Pass-through costs

Table 16

Actual and forecast pass-through costs RY21				
Actual pass-through costs	Actual ($000)	Forecast ($000)	Forecast variance ($000)	Explanation for variances
Rates on system fixed assets	269	347	(78)	Forecast erroneously based on GST inclusive amount + CPI increase
Commerce Act levies	56	58	(2)	Forecast based on prior year plus 2.5% CPI increase
Electricity Authority levies	60	66	(6)	
Utilities Disputes levies	15	20	(5)	
Total actual pass-through costs	**400**	**491**	**(91)**	

Recoverable costs

Table 17

Actual and forecast recoverable costs RY21				
Actual recoverable costs	Actual ($000)	Forecast ($000)	Forecast variance ($000)	Explanation for variances
IRIS incentive adjustment	(1,301)	(1,301)	-	
Transmission charges	5,445	5,445	(0)	
New investment contract charges	75	89	(15)	Forecast based on historic costs instead of Transpower advice
System operator services charges			-	
Avoided transmission charges			-	
Distributed generation allowance	264	264	0	
Claw-back			-	
Catastrophic event allowance			-	
Extended reserves allowance			-	
Quality incentive adjustment	229	229	-	
Capex wash-up adjustment			-	
Reconsideration event allowance			-	
Quality standard variation engineers fee			-	
Urgent project allowance			-	
Fire and Emergency NZ levies	30	28	2	
Innovation project allowance			-	
Total actual recoverable costs	**4,742**	**4,755**	**(13)**	

Pass-through balance

Table 18

Pass-through balance RY21		
Term	Description	Value ($000)
Pass-through balance	*Pass-through balance for the assessment period ending 31 March 2020*	358
67th percentile estimate of post-tax WACC		4.23%
Pass-through balance	*Pass-through balance x (1 + 67th percentile post-tax WACC)*	**374**

Appendix B – Prices and quantities

Table 19 shows the actual prices and quantities for actual revenue from prices for the first assessment period.

Table 19

Actual revenue from prices RY21				
Price Category	Unit	Unit price	Actual quantity	Actual revenue ($000)
LFC0030 Fixed Distribution Apr20 - Mar21	*$/day*	*0.1125*	*15,442*	*634*
LFC0030 Uncontrolled Distribution Apr20 - Nov20	*$/kWh*	*0.1368*	*41,867,983*	*5,728*
LFC0030 Uncontrolled Distribution Dec20 - Mar21	*$/kWh*	*0.0852*	*15,967,070*	*1,360*
LFC0030 Controlled Distribution Apr20 - Mar21	$/kWh	*0.0717*	*18,584,027*	*1,332*
STD0030 Fixed Distribution Apr20 - Mar21	$/day	*1.2211*	*10,260*	*4,573*
STD0030 Uncontrolled Distribution Apr20 - Nov20	$/kWh	*0.0364*	*53,637,222*	*1,952*
STD0030 Uncontrolled Distribution Dec20 - Mar21	$/kWh	*0.0309*	*23,668,902*	*731*
STD0030 Controlled Distribution Apr20 - Nov20	$/kWh	*0.0237*	*10,795,532*	*256*
STD0030 Controlled Distribution Dec20 - Mar21	$/kWh	*0.0201*	*4,276,187*	*86*
STD0100 Fixed Distribution Apr20 - Mar21	$/day	*5.2768*	*401*	*773*
STD0100 Uncontrolled Distribution Apr20 - Mar21	$/kWh	*0.0558*	*23,595,117*	*1,317*
STD0100 Controlled Distribution Apr20 - Mar21	$/kWh	*0.0363*	*493,407*	*18*
STD0300 Fixed Distribution Apr20 - Mar21	$/day	*10.9307*	*99*	*393*
STD0300 Uncontrolled Distribution Apr20 - Mar21	$/kWh	*0.0449*	*16,191,013*	*727*
STD0300 Controlled Distribution Apr20 - Mar21	$/kWh	*0.0296*	*11,705*	*0*
TOU0300 Fixed Distribution Apr20 - Mar21	$/day	*18.2181*	*8*	*53*
TOU0300 Evening Peak Distribution Apr20 - Mar21	$/kWh	*0.0406*	*627,655*	*25*
TOU0300 Morning Peak Distribution Apr20 - Mar21	$/kWh	*0.0377*	*955,765*	*36*
TOU0300 Off Peak Distribution Apr20 - Mar21	$/kWh	*0.0295*	*1,152,906*	*34*
TOU0300 Night Distribution Apr20 - Mar21	$/kWh	*0.0154*	*672,217*	*10*
TOU0500 Fixed Distribution Apr20 - Mar21	$/day	*20.5369*	*22*	*165*
TOU0500 Evening Peak Distribution Apr20 - Mar21	$/kWh	*0.0406*	*1,555,369*	*63*
TOU0500 Morning Peak Distribution Apr20 - Mar21	$/kWh	*0.0377*	*2,340,301*	*88*
TOU0500 Off Peak Distribution Apr20 - Mar21	$/kWh	*0.0295*	*3,086,491*	*91*
TOU0500 Night Distribution Apr20 - Mar21	$/kWh	*0.0154*	*2,633,498*	*41*
TOU1000 Fixed Distribution Apr20 - Mar21	$/day	*31.7988*	*25*	*291*
TOU1000 Evening Peak Distribution Apr20 - Mar21	$/kWh	*0.0406*	*4,940,802*	*201*
TOU1000 Morning Peak Distribution Apr20 - Mar21	$/kWh	*0.0377*	*7,525,163*	*284*
TOU1000 Off Peak Distribution Apr20 - Mar21	$/kWh	*0.0295*	*9,817,085*	*290*
TOU1000 Night Distribution Apr20 - Mar21	$/kWh	*0.0154*	*8,298,914*	*128*
TOU4500 Fixed Distribution Apr20 - Mar21	$/day	*79.4969*	*3*	*87*
TOU4500 Evening Peak Distribution Apr20 - Mar21	$/kWh	*0.04*	*3,898,624*	*156*
TOU4500 Morning Peak Distribution Apr20 - Mar21	$/kWh	*0.0371*	*5,579,059*	*207*
TOU4500 Off Peak Distribution Apr20 - Mar21	$/kWh	*0.0294*	*7,417,232*	*218*
TOU4500 Night Distribution Apr20 - Mar21	$/kWh	*0.0155*	*7,133,200*	*111*
TOU6500 Fixed Distribution Apr20 - Mar21	$/day	*120.9841*	*1*	*44*
TOU6500 Evening Peak Distribution Apr20 - Mar21	$/kWh	*0.04*	*975,340*	*39*
TOU6500 Morning Peak Distribution Apr20 - Mar21	$/kWh	*0.0371*	*1,771,633*	*66*
TOU6500 Off Peak Distribution Apr20 - Mar21	$/kWh	*0.0294*	*2,081,462*	*61*
TOU6500 Night Distribution Apr20 - Mar21	$/kWh	*0.0155*	*1,875,703*	*29*
GEN4500 Fixed Distribution Apr20 - Mar21	$/day	*77.4476*	*1*	*28*
STD0003 Fixed Distribution Apr20 - Mar21	$/day	*0.3313*	*261*	*32*
STD0003 Uncontrolled Distribution Apr20 - Mar21	$/kWh	*0.1108*	*843,362*	*93*

Price Category	Unit	Unit price	Actual quantity	Actual revenue ($000)
LFC0030 Fixed Transmission Apr20 - Mar21	$/day	*0.0375*	*16,235*	*222*
LFC0030 Uncontrolled Transmission Apr20 - Nov20	$/kWh	*0.0119*	*41,867,983*	*498*
LFC0030 Uncontrolled Transmission Dec20 - Mar21	$/kWh	*0.0072*	*15,967,070*	*115*
LFC0030 Controlled Transmission Apr20 - Mar21	$/kWh	*0.0063*	*18,584,027*	*117*
STD0030 Fixed Transmission Apr20 - Mar21	$/day	*0.7365*	*10,250*	*2,755*
STD0030 Uncontrolled Transmission Apr20 - Nov20	$/kWh	*0.0096*	*53,637,222*	*515*
STD0030 Uncontrolled Transmission Dec20 - Mar21	$/kWh	*0.0067*	*23,668,902*	*159*
STD0030 Controlled Transmission Apr20 - Nov20	$/kWh	*0.0062*	*10,795,532*	*67*
STD0030 Controlled Transmission Dec20 - Mar21	$/kWh	*0.0062*	*4,276,187*	*27*
STD0100 Fixed Transmission Apr20 - Mar21	$/day	*2.4915*	*402*	*365*
STD0100 Uncontrolled Transmission Apr20 - Mar21	$/kWh	*0.0069*	*23,595,117*	*163*
STD0100 Controlled Transmission Apr20 - Mar21	$/kWh	*0.0045*	*493,407*	*2*
STD0300 Fixed Transmission Apr20 - Mar21	$/day	*4.6981*	*99*	*169*
STD0300 Uncontrolled Transmission Apr20 - Mar21	$/kWh	*0.0056*	*16,191,013*	*91*
STD0300 Controlled Transmission Apr20 - Mar21	$/kWh	*0.0036*	*11,705*	*0*
TOU0300 Fixed Transmission Apr20 - Mar21	$/day	*7.8301*	*8*	*23*
TOU0300 Evening Peak Transmission Apr20 - Mar21	$/kWh	*0.0047*	*627,655*	*3*
TOU0300 Morning Peak Transmission Apr20 - Mar21	$/kWh	*0.0044*	*955,765*	*4*
TOU0300 Off Peak Transmission Apr20 - Mar21	$/kWh	*0.0035*	*1,152,906*	*4*
TOU0300 Night Transmission Apr20 - Mar21	$/kWh	*0.0019*	*672,217*	*1*
TOU0500 Fixed Transmission Apr20 - Mar21	$/day	*8.8266*	*22*	*71*
TOU0500 Evening Peak Transmission Apr20 - Mar21	$/kWh	*0.0047*	*1,555,369*	*7*
TOU0500 Morning Peak Transmission Apr20 - Mar21	$/kWh	*0.0044*	*2,340,301*	*10*
TOU0500 Off Peak Transmission Apr20 - Mar21	$/kWh	*0.0035*	*3,086,491*	*11*
TOU0500 Night Transmission Apr20 - Mar21	$/kWh	*0.0019*	*2,633,498*	*5*
TOU1000 Fixed Transmission Apr20 - Mar21	$/day	*13.6671*	*25*	*125*
TOU1000 Evening Peak Transmission Apr20 - Mar21	$/kWh	*0.0047*	*4,940,802*	*23*
TOU1000 Morning Peak Transmission Apr20 - Mar21	$/kWh	*0.0044*	*7,525,163*	*33*
TOU1000 Off Peak Transmission Apr20 - Mar21	$/kWh	*0.0035*	*9,817,085*	*34*
TOU1000 Night Transmission Apr20 - Mar21	$/kWh	*0.0019*	*8,298,914*	*16*
TOU4500 Fixed Transmission Apr20 - Mar21	$/day	*34.1677*	*3*	*37*
TOU4500 Evening Peak Transmission Apr20 - Mar21	$/kWh	*0.0046*	*3,898,624*	*18*
TOU4500 Morning Peak Transmission Apr20 - Mar21	$/kWh	*0.0043*	*5,579,059*	*24*
TOU4500 Off Peak Transmission Apr20 - Mar21	$/kWh	*0.0034*	*7,417,232*	*25*
TOU4500 Night Transmission Apr20 - Mar21	$/kWh	*0.0018*	*7,133,200*	*13*
TOU6500 Fixed Transmission Apr20 - Mar21	$/day	*51.9992*	*1*	*19*
TOU6500 Evening Peak Transmission Apr20 - Mar21	$/kWh	*0.0046*	*975,340*	*4*
TOU6500 Morning Peak Transmission Apr20 - Mar21	$/kWh	*0.0043*	*1,771,633*	*8*
TOU6500 Off Peak Transmission Apr20 - Mar21	$/kWh	*0.0034*	*2,081,462*	*7*
TOU6500 Night Transmission Apr20 - Mar21	$/kWh	*0.0018*	*1,875,703*	*3*
GEN6500 Fixed Distribution Apr20 - Mar21	$/day	*117.86524*	*1*	*43*
STD0003 Fixed Transmission Apr20 - Mar21	$/day	*0.1422*	*261*	*14*
STD0003 Uncontrolled Transmission Apr20 - Mar21	$/kWh	*0.014*	*843,362*	*12*
Tariff switches variance and prior period wash-ups				51
Total actual revenue from prices				28,767

Table 20 shows the forecast revenue from prices for the first assessment period from the price setting compliance statement.

Table 20

Forecast revenue from prices RY21	
Total forecast revenue from prices	28,926

Appendix C – Policies and procedures for measuring planned and unplanned interruptions

Following is a summary of policies and procedures used by Eastland Network during the assessment period for capturing, recording and calculating class B and class C interruptions and planned and unplanned SAIDI and SAIFI assessed values.

Processing planned and intended interruptions

1. Project manager issues a job to a network approved contractor.
2. The network approved contractor or project manager completes a work application form for a shutdown and emails it to the control room.
3. Work application is assessed and checked by the Network Control Manager or the Senior control room operator.
4. The information from the approved work application is entered into outage manager (an access database) as a new record.
5. When the data has been entered into outage manager an email is generated about the planned shutdown and sent to all retailers and MEP.
6. Attached with the work application is a list of transformers that will be affected by the shutdown. These transformers are listed into outage manager. This will generate a spreadsheet that will have a list of the number of ICPs (customers) affected. This is generated from Powerview (a live system) and these are the customers that are used as a basis for the customer minute calculations.
7. The outage is then entered onto Eastland Network website.
8. When the planned outage occurs, the switching is completed by the controller.
9. The controller completes an outage information form.
10. The outage information form is then checked by another controller to verify the information is correct.
11. The outage form is entered into the SAIDI/SAIFI model. This is an excel model that calculates SAIDI and SAIFI in accordance with the regulations set out in Electricity Distribution Services Default Price-Quality Path Determination 2020.
12. Senior Financial Analyst to check the monthly data. These checks include
    a. Cross check with outage manager to ensure all outages entered into outage manager are in the SAIDI SAIFI model.
    b. Cross check with outages displayed on website to ensure all outages entered onto website are in the SAIDI SAIFI model.
    c. Random spot check on notified interruptions with the control room email and website notification to ensure that they comply with the 10-day notification period.
13. The Senior Financial Analyst is to prepare monthly SAIDI SAIFI reports and present them to the Network team during the third week of the following month.

14. General Manager Networks to include the monthly SAIDI SAIFI reports in the monthly board papers.

Processing unplanned interruptions

1. The unplanned interruption occurs. The fault trips part of the network and this is alerted to the duty controller.
2. The controller completes the fault switching and the outage information form.
3. The outage form is then checked by another controller.
4. The outage form is entered into the SAIDI/SAIFI model. This is an excel model that calculates SAIDI and SAIFI in accordance with the regulations set out in Electricity Distribution Services Default Price-Quality Path Determination 2020
5. The Senior Financial Analyst is to prepare monthly SAIDI SAIFI reports and present them to the Network team during the third week of the following month.
6. General Manager Networks to include the monthly SAIDI SAIFI reports in the monthly board papers.

Numbers of customers used for switching sheets throughout the year

At the start of each regulatory period (1 April) the information office is responsible for completing the customer numbers as at 1 April. These customer numbers will be the ones that are used for the regulatory period and are to be used while completing the outage data forms.

ENL understands that throughout the year there will be customers disconnected from the network or new customers connections. However, the effort required to track these changes and update customer maps for customer minute purposes does not seem justified so Eastland will only use this one set of customer numbers for the entire period.

ICP count

The average customer numbers that are generated from Gentrack (billing system) as part of billing are to be used.

The definition for a customer is: Means any person who is supplied, or applies to be supplied, with electricity but does not include any electricity generator or any electricity distributor or retailer

This means that ICP status AC, RY, NU and RYNC are to be included in the average customer numbers for the year.

AC = Active, LTD = Long term disconnection, NU = New connection, RY = Ready to connect, RYNC = Ready with new connection.

Appendix D – SAIDI and SAIFI major events

The below table 21 and 22 show the normalisation of the SAIDI and SAIFI major events that took place during the assessment period, consistent with Schedule 3.2 of the 2020 DPP Determination.

Below each table there is further information pertaining to the major event including location of the event, equipment involved, Eastland Network's response and future step to avoid similar event occurring in the future.

Table 21

Normalisation of unplanned SAIDI major events RY21			
SAIDI unplanned boundary value			13.10
1/48th of the SAIDI unplanned boundary value	26/09/2020		
	Half hour commencing	Raw SAIDI value for Class C interruption	Normalised SAIDI value for Class C interruption
0.27	12:30 PM	0.32	0.27
0.27	04:30 AM	0.52	0.27
0.27	07:30 AM	1.17	0.27
0.27	08:00 AM	4.38	0.27
0.27	08:30 AM	5.72	0.27
0.27	09:00 AM	0.29	0.27
0.27	09:30 AM	1.08	0.27
0.27	10:00 AM	0.73	0.27
0.27	10:30 AM	2.26	0.27
0.27	11:00 AM	0.79	0.27
0.27	11:30 AM	0.76	0.27
0.27	12:30 PM	0.01	0.01
0.27	03:00 PM	0.03	0.03
0.27	06:00 PM	0.22	0.22
Total		18.27	3.26920

SAIDI Major Event Information	
Cause	Adverse Weather in the Gisborne and Wairoa Region.
Start Date	26/09/2020
Start Time	10:00 AM
End Date	28/09/2020
End Time	07:30 AM
SAIDI value of major event before replacement	18.2700
SAIDI value of major event	3.2692
Location of SAIDI major event	Various feeders on the network including 11kv and 50kv feeders. Feeders affected included Matawai, Raupunga, Waimata, Lavenham, Tiki Tiki, All of 50kV Coast, Frasertown, Mahia and Mata
Main equipment involved in SAIDI major event	Distribution and Subtransmission lines
How Eastland Network responded to the event	Repaired the network in a structured way with the resources available. Started with the most critical areas which were affecting most consumers and worked towards repairing all faults.
Mitigating factors that may have prevented or minimised the major event	Maintenance on the Eastcoast 50kV line needs to be prioritised and also continue with our strategy that was developed in 2020 to target maintenance on worst performing feeders
Steps taken to mitigate the risk of future major events	It was a large weather event with extreme weather conditions. Faults that occurred during this storm were due to extreme weather causing premature failure of assets. Asset replacements and maintenance for these areas have been identified in the 2021 reliability review. Continuation of our strategy to target worst performing feeders will determine whether our strategy is working. No immediate steps taken.

Table 22

Normalisation of unplanned SAIFI major events RY21			
SAIFI unplanned boundary value			0.1765
1/48th of the SAIFI unplanned boundary value	19/06/2020		
	Half hour commencing	Raw SAIFI value for Class C interruption	Normalised SAIFI value for Class C interruption
0.0037	12:00 AM	0.0005	0.0005
0.0037	05:30 AM	0.0027	0.0027
0.0037	08:00 AM	0.0023	0.0023
0.0037	02:00 PM	0.0001	0.0001
0.0037	02:30 PM	0.1756	0.0037
Total		**0.1812**	**0.0093**

SAIFI Major Event Information	
Cause	50kV Circuit Breaker tripped
Start Date	19/06/2020
Start Time	03:00 PM
End Date	21/06/2020
End Time	07:30 AM
SAIFI value of major event before replacement	0.1812
SAIFI value of major event	0.0093
Location of SAIFI major event	50kV line between Gisborne and Makaraka
Main equipment involved in SAIFI major event	Subtransmission lines (50kV)
How Eastland Network responded to the event	Conducted a visual inspection of the line and nothing obvious was found.
Mitigating factors that may have prevented or minimised the major event day	Cause type of the fault was unknown, patrolling of the line found no evidence of third-party interference or defective equipment. Mitigating factors are unknown until cause can be determined.
Any steps taken to mitigate the risk of future similar SAIFI major events	Increase the frequency of inspections of these lines to two times a year.

Appendix E – Director's certificate

Form of director's certificate for annual compliance statement

We, Jon Nichols and Candace Kinser, being directors of Eastland Network Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached annual compliance statement of Eastland Network, 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.

Jon Nichols

Candace Kinser

19 August 2021

Appendix F – Assurance report

Deloitte.

INDEPENDENT ASSURANCE REPORT
TO THE DIRECTORS OF EASTLAND NETWORK LIMITED
ON THE ANNUAL COMPLIANCE STATEMENT
FOR THE ASSESSMENT PERIOD ENDED 31 MARCH 2021
AS REQUIRED BY THE ELECTRICITY DISTRIBUTION SERVICES DEFAULT PRICE-QUALITY PATH DETERMINATION 2020

The Auditor-General is the auditor of Eastland Network Limited (the Company). The Auditor-General has appointed me, Brett Tomkins, using the staff and resources of Deloitte Limited, to undertake a reasonable assurance engagement, on his behalf, on whether the Annual Compliance Statement on pages 4 to 13 and 14 to 23 for the assessment period ended on 31 March 2021 has been prepared, in all material respects, in compliance with the Electricity Distribution Services Default Price-Quality Path Determination 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 2021.

Basis for opinion

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised) *Assurance Engagements on Compliance*, issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE (NZ) 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.
- For the 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 2021, 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.

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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 4 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 pages 11 to 12 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

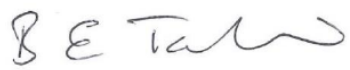
This report has been prepared for use by the directors of the Company and the Commerce Commission in accordance with clause 11.5 (e) of the Determination and is provided solely for the purpose of establishing whether the compliance requirements have been met. We disclaim any assumption of responsibility 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 independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

The Auditor-General, and his employees, and Deloitte Limited and its partners and 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, we have no relationship with or interests in the Company.



Brett Tomkins
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
19 August 2021